LEGISLATIVE FISCAL ESTIMATE

[First Reprint]

ASSEMBLY, No. 4840

STATE OF NEW JERSEY
219th LEGISLATURE

DATED: DECEMBER 21, 2020

SUMMARY

Synopsis: Provides temporary corporation business tax and gross income tax credits for job creation related to manufacturing of personal protective equipment.

Type of Impact: Multi-year State revenue loss to the General Fund and Property Tax Relief Fund.

Agencies Affected: Department of the Treasury.

Office of Legislative Services Estimate

Fiscal Impact	Year 1	Year 2	Year 3
State Revenue Loss		Indeterminate	

- The Office of Legislative Services (OLS) anticipates that this bill will reduce State revenues by an indeterminate amount over a multi-year period. The OLS cannot quantify the magnitude of the these reductions or their exact timing because the OLS has no way of knowing the number of taxpayers that will successfully apply for the bill's tax credits in a given fiscal year or the value of each tax credit that will be approved.

- The OLS notes that the bill does limit the combined value of tax credits that can be approved during a fiscal year to $10 million, and that the tax credit amount allowed is based on taxpayer activity from taxable years and privilege periods ending in 2020, 2021, and 2022. Each individual tax credit approved is also capped at $500,000.

BILL DESCRIPTION

This bill provides corporation business tax and gross income tax credits to taxpayers that make investments and create or retain jobs involved in the manufacturing of personal protective equipment in a qualified facility in the State. Under the bill, personal protective equipment includes coveralls, face shields, gloves, gowns, masks, respirators, and other equipment designed to protect the wearer from the spread of infection or illness. The credits will be allowed for privilege periods ending in 2020, 2021, and 2022 under the corporation business tax and taxable

years 2020, 2021, and 2022 under the gross income tax. The maximum credit for any individual taxpayer is $500,000 and the overall cap on the value of all credits awarded is $10 million for each State fiscal year. The bill provides that if the amount of the credit exceeds the tax due, the amount in excess is to be treated as an overpayment and be refunded to the taxpayer. The bill takes effect immediately.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

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Section:	*Revenue, Finance and Appropriations*
Analyst:	*Jordan M. DiGiovanni* *Revenue Analyst*
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This legislative fiscal estimate has been produced by the Office of Legislative Services due to the failure of the Executive Branch to respond to our request for a fiscal note.

This fiscal estimate has been prepared pursuant to P.L.1980, c.67 (C.52:13B-6 et seq.).