

SENATE, No. 1895

STATE OF NEW JERSEY

219th LEGISLATURE

INTRODUCED FEBRUARY 24, 2020

Sponsored by:
Senator NILSA CRUZ-PEREZ
District 5 (Camden and Gloucester)

SYNOPSIS

Provides corporation business tax credits and gross income tax credits for purchase of certain compressed natural gas vehicles.

CURRENT VERSION OF TEXT

As introduced.



1 AN ACT providing corporation business tax credits and gross
2 income tax credits for the purchase of certain compressed natural
3 gas vehicles, and supplementing P.L.1945, c.162 (C.54:10A-1 et
4 seq.) and Title 54A of the New Jersey Statutes.

5
6 **BE IT ENACTED** by the Senate and General Assembly of the State
7 of New Jersey:

8
9 1. a. For privilege periods beginning in 2020, 2021, and 2022,
10 a taxpayer shall be allowed a credit against the tax imposed
11 pursuant to section 5 of P.L.1945, c.162 (C.54:10A-5) for the
12 amount paid during the privilege period to purchase a compressed
13 natural gas vehicle which is used directly and exclusively by the
14 taxpayer in the taxpayer's business, trade, or occupation.

15 For purchases made in privilege periods beginning in 2020, the
16 credit allowed pursuant to this section shall be in the amount of up
17 to \$3,500 for the purchase of a compressed natural gas vehicle.

18 For purchases made in privilege periods beginning in 2021, the
19 credit allowed pursuant to this section shall be in the amount of up
20 to \$2,500 for the purchase of a compressed natural gas vehicle.

21 For purchases made in privilege periods beginning in 2022, the
22 credit allowed pursuant to this section shall be in the amount of up
23 to \$1,500 for the purchase of a compressed natural gas vehicle.

24 b. (1) To qualify for the tax credit allowed pursuant to this
25 section, the taxpayer shall file an application for a certification from
26 the Commissioner of Environmental Protection that the vehicle
27 purchased by the taxpayer qualifies as a passenger automobile that
28 is fueled by compressed natural gas. The certification shall
29 specifically indicate the date of purchase of the vehicle, a
30 description of the vehicle, and the amount paid for the vehicle. The
31 commissioner shall prescribe the form for the application and
32 certification and may require the submission of supplemental
33 materials with an application including but not limited to a copy of
34 the receipt of purchase.

35 (2) The Commissioner of Environmental Protection shall have
36 90 days from the date of receipt of a complete application to make a
37 determination as to the issuance of a certification.

38 (3) Upon certification, the Commissioner of Environmental
39 Protection shall submit a copy thereof to the taxpayer and the
40 director. In filing a tax return that includes a claim for the credit
41 allowed pursuant to this section, the taxpayer shall include a copy
42 of the certification.

43 c. The amount of the credit applied under this section against
44 the tax imposed pursuant to section 5 of P.L.1945, c.162, for a
45 privilege period, when taken together with any other credits allowed
46 against the tax imposed pursuant to section 5 of P.L.1945, c.162,
47 shall not exceed 50 percent of the tax liability otherwise due and
48 shall not reduce the tax liability to an amount less than the statutory

1 minimum provided in subsection (e) of section 5 of P.L.1945,
2 c.162. The priority in which credits allowed pursuant to this section
3 and any other credits shall be taken shall be as determined by the
4 Director of the Division of Taxation. The amount of the credit
5 otherwise allowable under this section which cannot be applied for
6 the privilege period due to the limitations of this subsection or
7 under other provisions of P.L.1945, c.162 may be carried over, if
8 necessary, to the seven privilege periods following the privilege
9 period for which the credit was allowed.

10

11 2. a. For privilege periods beginning in 2020, 2021, and 2022,
12 a taxpayer shall be allowed a credit against the tax imposed
13 pursuant to section 5 of P.L.1945, c.162 (C.54:10A-5) for the
14 amount paid during the privilege period to purchase a Class 8
15 compressed natural gas truck which is used directly and exclusively
16 by the taxpayer in the taxpayer's business, trade, or occupation.

17 For purchases made in privilege periods beginning in 2020, the
18 credit allowed pursuant to this section shall be in the amount of up
19 to \$25,000 for the purchase of a Class 8 compressed natural gas
20 truck.

21 For purchases made in privilege periods beginning in 2021, the
22 credit allowed pursuant to this section shall be in the amount of up
23 to \$15,000 for the purchase of a Class 8 compressed natural gas
24 truck.

25 For purchases made in privilege periods beginning in 2022, the
26 credit allowed pursuant to this section shall be in the amount of up
27 to \$7,500 for the purchase of a Class 8 compressed natural gas
28 truck.

29 b. (1) To qualify for the tax credit allowed pursuant to this
30 section, the taxpayer shall file an application for a certification from
31 the Commissioner of Environmental Protection that the truck
32 purchased by the taxpayer qualifies as a Class 8 compressed natural
33 gas truck. The certification shall specifically indicate the date of
34 purchase of the truck, a description of the truck, and the amount
35 paid for the truck. The commissioner shall prescribe the form for
36 the application and certification and may require the submission of
37 supplemental materials with an application including but not limited
38 to a copy of the receipt of purchase.

39 (2) The Commissioner of Environmental Protection shall have
40 90 days from the date of receipt of a complete application to make a
41 determination as to the issuance of a certification.

42 (3) Upon certification, the Commissioner of Environmental
43 Protection shall submit a copy thereof to the taxpayer and the
44 director. In filing a tax return that includes a claim for the credit
45 allowed pursuant to this section, the taxpayer shall include a copy
46 of the certification.

47 c. The amount of the credit applied under this section against
48 the tax imposed pursuant to section 5 of P.L.1945, c.162, for a

1 privilege period, when taken together with any other credits allowed
2 against the tax imposed pursuant to section 5 of P.L.1945, c.162,
3 shall not exceed 50 percent of the tax liability otherwise due and
4 shall not reduce the tax liability to an amount less than the statutory
5 minimum provided in subsection (e) of section 5 of P.L.1945,
6 c.162. The priority in which credits allowed pursuant to this section
7 and any other credits shall be taken shall be as determined by the
8 Director of the Division of Taxation. The amount of the credit
9 otherwise allowable under this section which cannot be applied for
10 the privilege period due to the limitations of this subsection or
11 under other provisions of P.L.1945, c.162 may be carried over, if
12 necessary, to the seven privilege periods following the privilege
13 period for which the credit was allowed.

14

15 3. a. For taxable years beginning in 2020, 2021, and 2022, a
16 taxpayer shall be allowed a credit against the tax imposed pursuant
17 to the “New Jersey Gross Income Tax Act,” N.J.S.54A:1-1 et seq.,
18 for the amount paid by the taxpayer during the taxable year to
19 purchase a compressed natural gas vehicle. No taxpayer shall be
20 allowed more than one credit pursuant to this section per taxable
21 year, except that a taxpayer filing a joint return shall be allowed no
22 more than two credits pursuant to this section per taxable year.

23 For taxable years beginning in 2020, a taxpayer shall be allowed
24 a credit of up to \$3,500 for the amount paid to purchase a
25 compressed natural gas vehicle.

26 For taxable years beginning in 2021, a taxpayer shall be allowed
27 a credit of up to \$2,500 for the amount paid to purchase a
28 compressed natural gas vehicle.

29 For taxable years beginning in 2022, a taxpayer shall be allowed
30 a credit of up to \$1,500 for the amount paid to purchase a
31 compressed natural gas vehicle.

32 b. (1) To qualify for the tax credit allowed pursuant to this
33 section, the taxpayer shall file an application for a certification from
34 the Commissioner of Environmental Protection that the vehicle
35 purchased by the taxpayer qualifies as a passenger automobile that
36 is fueled by compressed natural gas. The certification shall
37 specifically indicate the date of purchase of the vehicle, a
38 description of the vehicle, and the amount paid for the vehicle. The
39 commissioner shall prescribe the form for the application and
40 certification and may require the submission of supplemental
41 materials with an application including but not limited to a copy of
42 the receipt of purchase.

43 (2) The Commissioner of Environmental Protection shall have
44 90 days from the date of receipt of a complete application to make a
45 determination as to the issuance of a certification.

46 (3) Upon certification, the Commissioner of Environmental
47 Protection shall submit a copy thereof to the taxpayer and the
48 director. In filing a tax return that includes a claim for the credit

1 allowed pursuant to this section, the taxpayer shall include a copy
2 of the certification.

3
4 4. a. For taxable years beginning in 2020, 2021, and 2022, a
5 taxpayer operating a business as a sole proprietor or through a
6 partnership shall be allowed a credit against the tax imposed
7 pursuant to the “New Jersey Gross Income Tax Act,” N.J.S.54A:1-1
8 et seq., for the amount paid during the taxable year to purchase a
9 compressed natural gas vehicle which is used directly and
10 exclusively by the taxpayer in the taxpayer’s business, trade, or
11 occupation.

12 For purchases made in taxable years beginning in 2020, the
13 credit allowed pursuant to this section shall be in the amount of up
14 to \$3,500 for the purchase of a compressed natural gas vehicle.

15 For purchases made in taxable years beginning in 2021, the
16 credit allowed pursuant to this section shall be in the amount of up
17 to \$2,500 for the purchase of a compressed natural gas vehicle.

18 For purchases made in taxable years beginning in 2022, the
19 credit allowed pursuant to this section shall be in the amount of up
20 to \$1,500 for the purchase of a compressed natural gas vehicle.

21 b. (1) To qualify for the tax credit allowed pursuant to this
22 section, the taxpayer shall file an application for a certification from
23 the Commissioner of Environmental Protection that the vehicle
24 purchased by the taxpayer qualifies as a passenger automobile that
25 is fueled by compressed natural gas. The certification shall
26 specifically indicate the date of purchase of the vehicle, a
27 description of the vehicle, and the amount paid for the vehicle. The
28 commissioner shall prescribe the form for the application and
29 certification and may require the submission of supplemental
30 materials with an application including but not limited to a copy of
31 the receipt of purchase.

32 (2) The Commissioner of Environmental Protection shall have
33 90 days from the date of receipt of a complete application to make a
34 determination as to the issuance of a certification.

35 (3) Upon certification, the Commissioner of Environmental
36 Protection shall submit a copy thereof to the taxpayer and the
37 director. In filing a tax return that includes a claim for the credit
38 allowed pursuant to this section, the taxpayer shall include a copy
39 of the certification.

40 c. The amount of the credit applied under this section against
41 the tax imposed pursuant to the “New Jersey Gross Income Tax
42 Act,” N.J.S.54A:1-1 et seq., for a taxable year, when taken together
43 with any other credits allowed against the tax imposed pursuant to
44 the “New Jersey Gross Income Tax Act,” shall not exceed 50
45 percent of the tax liability otherwise due. The priority in which
46 credits allowed pursuant to this section and any other credits shall
47 be taken shall be as determined by the Director of the Division of
48 Taxation.

1 d. A partnership shall not be allowed a credit under this section
2 directly, but the amount of credit of a taxpayer in respect of a
3 distributive share of partnership income under the “New Jersey
4 Gross Income Tax Act,” N.J.S.54A:1-1 et seq., shall be determined
5 by allocating to the taxpayer that proportion of the credit that is
6 equal to the taxpayer's share, whether or not distributed, of the total
7 distributive income or gain of the partnership for its taxable year
8 ending within or with the taxpayer's taxable year.

9
10 5. a. For taxable years beginning in 2020, 2021, and 2022, a
11 taxpayer operating a business as a sole proprietor or through a
12 partnership shall be allowed a credit against the tax imposed
13 pursuant to the “New Jersey Gross Income Tax Act,” N.J.S.54A:1-1
14 et seq., for the amount paid during the privilege period to purchase
15 a Class 8 compressed natural gas truck which is used directly and
16 exclusively by the taxpayer in the taxpayer's business, trade, or
17 occupation.

18 For purchases made in taxable years beginning in 2020, the
19 credit allowed pursuant to this section shall be in the amount of up
20 to \$25,000 for the purchase of a Class 8 compressed natural gas
21 truck.

22 For purchases made in taxable years beginning in 2021, the
23 credit allowed pursuant to this section shall be in the amount of up
24 to \$15,000 for the purchase of a Class 8 compressed natural gas
25 truck.

26 For purchases made in taxable years beginning in 2022, the
27 credit allowed pursuant to this section shall be in the amount of up
28 to \$7,500 for the purchase of a Class 8 compressed natural gas
29 truck.

30 b. (1) To qualify for the tax credit allowed pursuant to this
31 section, the taxpayer shall file an application for a certification from
32 the Commissioner of Environmental Protection that the truck
33 purchased by the taxpayer qualifies as a Class 8 compressed natural
34 gas truck. The certification shall specifically indicate the date of
35 purchase of the truck, a description of the truck, and the amount
36 paid for the truck. The commissioner shall prescribe the form for
37 the application and certification and may require the submission of
38 supplemental materials with an application including but not limited
39 to a copy of the receipt of purchase.

40 (2) The Commissioner of Environmental Protection shall have
41 90 days from the date of receipt of a complete application to make a
42 determination as to the issuance of a certification.

43 (3) Upon certification, the Commissioner of Environmental
44 Protection shall submit a copy thereof to the taxpayer and the
45 director. In filing a tax return that includes a claim for the credit
46 allowed pursuant to this section, the taxpayer shall include a copy
47 of the certification.

1 c. The amount of the credit applied under this section against
2 the tax imposed pursuant to the “New Jersey Gross Income Tax
3 Act,” N.J.S.54A:1-1 et seq., for a taxable year, when taken together
4 with any other credits allowed against the tax imposed pursuant to
5 the “New Jersey Gross Income Tax Act,” shall not exceed 50
6 percent of the tax liability otherwise due. The priority in which
7 credits allowed pursuant to this section and any other credits shall
8 be taken shall be as determined by the Director of the Division of
9 Taxation. The amount of the credit otherwise allowable under this
10 section which cannot be applied for the taxable year due to the
11 limitations of this section or under other provisions of “New Jersey
12 Gross Income Tax Act” may be carried over, if necessary, to the
13 seven taxable years following the taxable year for which the credit
14 was allowed.

15 d. A partnership shall not be allowed a credit under this section
16 directly, but the amount of credit of a taxpayer in respect of a
17 distributive share of partnership income under the “New Jersey
18 Gross Income Tax Act,” N.J.S.54A:1-1 et seq., shall be determined
19 by allocating to the taxpayer that proportion of the credit that is
20 equal to the taxpayer's share, whether or not distributed, of the total
21 distributive income or gain of the partnership for its taxable year
22 ending within or with the taxpayer's taxable year.

23
24 6. This act shall take effect immediately.

25 26 27 STATEMENT

28
29 This bill provides corporation business tax credits and gross
30 income tax credits for the purchase of certain compressed natural
31 gas (CNG) vehicles. The tax credits are available for purchases
32 made in tax years beginning in 2020, 2021, and 2022.

33 For business entities, the bill provides a credit for the purchase
34 of CNG passenger automobiles and a credit for the purchase of
35 Class 8 CNG trucks. Each credit is available under the corporation
36 business tax and gross income tax. To qualify for these credits, the
37 business entity taxpayer must use the vehicle directly and
38 exclusively in the taxpayer's business, trade, or occupation.

39 These business credits are allowed for tax years beginning in a
40 three year period and are gradually reduced each year. For CNG
41 passenger automobiles purchased in a tax year beginning in 2020 a
42 business taxpayer is allowed a credit of up to \$3,500. For CNG
43 passenger automobiles purchased in a tax year beginning in 2021 a
44 business taxpayer is allowed a credit of up to \$2,500. For CNG
45 passenger automobiles purchased in a tax year beginning in 2022 a
46 business taxpayer is allowed a credit of up to \$1,500. For Class 8
47 CNG trucks purchased in a tax year beginning in 2020 a business
48 taxpayer is allowed a credit of up to \$25,000. For Class 8 CNG

1 trucks purchased in a tax year beginning in 2021 a business
2 taxpayer is allowed a credit of up to \$15,000. For Class 8 CNG
3 trucks purchased in a tax year beginning in 2022 a business
4 taxpayer is allowed a credit of up to \$7,500.

5 For personal income taxpayers, the bill provides a gross income
6 tax credit for the purchase of CNG passenger automobiles. These
7 personal income taxpayer credits are allowed for tax years
8 beginning in a three year period and are gradually reduced each
9 year. For CNG passenger automobiles purchased in a tax year
10 beginning in 2020 a personal income taxpayer is allowed a credit of
11 up to \$3,500. For CNG passenger automobiles purchased in a tax
12 year beginning in 2021 a personal income taxpayer is allowed a
13 credit of up to \$2,500. For CNG passenger automobiles purchased
14 in a tax year beginning in 2022 a personal income taxpayer is
15 allowed a credit of up to \$1,500. The bill limits personal income
16 taxpayers to one of these credits per tax year, except joint filers are
17 allowed two credits per tax year.

18 To qualify for any of the credits allowed under this bill a
19 taxpayer must file an application for a certification from the
20 Commissioner of Environmental Protection that the vehicle or truck
21 purchased by the taxpayer qualifies as a passenger automobile
22 fueled by CNG or a Class 8 CNG truck.