SENATE, No. 3183

STATE OF NEW JERSEY

219th LEGISLATURE

INTRODUCED NOVEMBER 16, 2020

Sponsored by:
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District 14 (Mercer and Middlesex)
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SYNOPSIS

"Made in New Jersey Tax Credit Act"; provides CBT tax credits to taxpayers that purchase "New Jersey made" products.

CURRENT VERSION OF TEXT

As introduced.

AN ACT providing tax credits under the corporation business tax to taxpayers that purchase New Jersey made products, supplementing P.L.1945, c.162 (C.54:10A-1 et seq.).

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

1. This act shall be known and may be cited as the "Made in New Jersey Tax Credit Act."

2. a. A taxpayer shall be allowed a credit against the tax imposed pursuant to section 5 of P.L.1945, c.162 (C.54:10A-5) in an amount equal to 25 percent multiplied by the ratio between (1) the costs incurred in the purchase of New Jersey made products for the purposes of retail sales, manufacturing, or a manufacturing production process and (2) the taxpayer's costs incurred in the purchase of any products for the purposes of retails sales, manufacturing, or a manufacturing production process. Total costs incurred shall exclude any costs for products that the taxpayer demonstrates could not have been substituted with a similar made in New Jersey product.

A taxpayer shall not be eligible for this credit if two thirds or more of total costs incurred are excluded because the taxpayer demonstrates that they could not have been substituted with a similar made in New Jersey product.

An unused credit may be carried forward, if necessary, for use in the seven privilege periods following the privilege period for which the credit is allowed.

The order of priority of the application of the credit allowed pursuant to this section and any other credits allowed by law shall be prescribed by the director. The amount of the credit applied under this section against the tax imposed pursuant to section 5 of P.L.1945, c.162 (C.54:10A-5) for a privilege period, together with any other credits allowed by law, shall not exceed the amount otherwise due and shall not reduce the tax liability to an amount less than the statutory minimum provided in subsection (e) of section 5 of P.L.1945, c.162 (54:10A-5).

b. As used in this section:

"Director" means the Director of the Division of Taxation.

"New Jersey made product" means a product for which all or virtually all significant parts, processing, and labor that produce the product originate or are sourced from New Jersey. New Jersey made products shall not include any product that contains anything more than negligible out of state content.

3. Notwithstanding any provision of the "Administrative Procedure Act," P.L.1968, c.410 (C.52:14B-1 et seq.) to the contrary, the Director of the Division of Taxation in the Department

of the Treasury is authorized to adopt immediately upon filing with the Office of Administrative Law such rules and regulations necessary to implement this act, including, but not limited to, rules and regulations specifying annual application, documentation, verification, and award requirements related to the purchase of New Jersey made products. The rules and regulations adopted pursuant to this section shall be effective for a period not to exceed 360 days following the date of filing and may thereafter be amended, adopted, or readopted by the director in accordance with the requirements of P.L.1968, c.410 (C.52:14B-1 et seq.).

4. This act shall take effect immediately and apply to privilege periods beginning on or after January 1, 2021.

STATEMENT

This bill, designated the "Made in New Jersey Tax Credit Act," provides tax credits under the corporation business tax to taxpayers who produce purchase New Jersey made products for the purposes of retail sales, manufacturing, or a manufacturing production process. The tax credit is equal to 25 percent multiplied by the ratio between the costs incurred in the purchase of the New Jersey made products and the taxpayer's total costs incurred in the purchase of products for the purposes of retail sales or manufacturing. The total costs exclude any costs for products that the taxpayer can demonstrate could not have been substituted with a similar made in New Jersey product. However, if two-thirds or more of a taxpayer's total costs incurred are excluded, then the taxpayer is ineligible for the credit. When this credit is combined with other credits, it cannot exceed the tax liability otherwise due and cannot reduce the tax liability below the statutory minimum. The credit can be carried forward up to seven privilege periods after the privilege period for which the credit is allowed.

"New Jersey made" means that all or virtually all the significant parts, processing, and labor that produce that product originate or are sourced in the State of New Jersey, and that the products do not contain or contain only negligible out of state content.