SENATE, No. 3404

STATE OF NEW JERSEY

219th LEGISLATURE

INTRODUCED FEBRUARY 4, 2021

Sponsored by:
Senator VIN GOPAL
District 11 (Monmouth)
Senator JOSEPH A. LAGANA
District 38 (Bergen and Passaic)

Co-Sponsored by:
Senators Diegnan and Thompson

SYNOPSIS
    Allows certain restaurant owners to accelerate depreciation of certain expenditures under corporation business and gross income taxes.

CURRENT VERSION OF TEXT
    As introduced.

(Sponsorship Updated As Of: 3/9/2021)

1   **AN ACT** allowing certain restaurant owners to accelerate
2   depreciation of certain expenditures under corporation business
3   and gross income taxes, supplementing P.L.1945, c.162 and Title
4   54A of Revised Statutes.
5
6   **BE IT ENACTED** *by the Senate and General Assembly of the State*
7   *of New Jersey:*
8
9   1.   a.   Notwithstanding paragraph (12) of subsection (k) of
10   section 4 of P.L.1945, c.162 (C.54:10A-4), a taxpayer who is a
11   small business restaurant owner shall be allowed the additional
12   depreciation allowance of subsection (k) of section 168 of the
13   federal Internal Revenue Code of 1986 (26 U.S.C. s.168) for up to
14   $150,000 of eligible property expenditures for the restaurant. The
15   director shall prescribe the rules and regulations necessary to carry
16   out the provisions of this section.
17   b.   As used in this section:
18   "Director" means Director of the Division of Taxation in the
19   Department of the Treasury.
20   "Eligible property expenditures" means capital expenditures
21   incurred by the taxpayer to comply with the health and safety
22   requirements imposed under the executive orders issued by the
23   Governor in response to the COVID-19 pandemic, including but not
24   limited to the purchase of heaters and overhangs.
25   "Small business restaurant" means a restaurant as defined in
26   section 1 of P.L.1983, c.488 (C.26:3E-1) with not more than 100
27   employees, but shall not include a restaurant with more than two
28   separate locations outside the State.
29
30   2.   a.   Notwithstanding section 26 of P.L.2004, c.65 (C.54A:5-
31   1.2), a taxpayer who is a small business restaurant owner shall be
32   allowed the additional depreciation allowance of subsection (k) of
33   section 168 of the federal Internal Revenue Code of 1986 (26
34   U.S.C. s.168) for up to $150,000 of eligible property expenditures
35   for the restaurant, provided that, section 26 of P.L.2004, c.65
36   (C.54A:5-1.2) prohibited such additional depreciation allowance.
37   The director shall prescribe the rules and regulations necessary to
38   carry out the provisions of this section.
39   b.   As used in this section:
40   "Director" means Director of the Division of Taxation in the
41   Department of the Treasury.
42   "Eligible property expenditures" means capital expenditures
43   incurred by the taxpayer to comply with the health and safety
44   requirements imposed under the executive orders issued by the
45   Governor in response to the COVID-19 pandemic, including but not
46   limited to the purchase of heaters and overhangs.

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3   employees, but shall not include a restaurant with more than two
4   separate locations outside the State.
5
6   3.   This act shall take effect immediately.
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9   STATEMENT
10
11   This bill allows restaurant owners who have no more than 100
12   employees and are not chain restaurants to use a bonus depreciation
13   allowance of up to $150,000 for capital expenditures incurred to
14   comply with the health and safety requirements of the Governor's
15   executive orders regarding the COVID-19 pandemic. These capital
16   expenditures include but are not limited to the purchase of heaters
17   and overhangs.
18   Bonus depreciation allows a business to immediately deduct a
19   large percentage of the purchase price of certain property. New
20   Jersey decoupled from the federal rules regarding bonus
21   depreciation in 2002. This bill re-couples to the federal rules for
22   small business restaurant owners on up to $150,000 of expenditures
23   incurred to comply with the Governor's COVID-19 executive
24   orders.