LEGISLATIVE FISCAL ESTIMATE

[First Reprint]

SENATE, No. 3732

STATE OF NEW JERSEY
219th LEGISLATURE

DATED: DECEMBER 22, 2021

SUMMARY

Synopsis: Provides CBT tax credit for certain deliveries of low carbon concrete and for costs of conducting environmental product declaration analyses of low carbon concrete.

Type of Impact: Annual State expenditure increase to the General Fund; annual State revenue decrease to the General Fund.

Agencies Affected: Department of Environmental Protection, Department of the Treasury.

Office of Legislative Services Estimate

Fiscal Impact	Annual
State Expenditure Increase	Indeterminate
State Revenue Decrease	Up to $11 million

- The Office of Legislative Services (OLS) determines that the bill would result in an annual revenue decrease to the General Fund, since it authorizes two new corporation business tax (CBT) credits for concrete producers in the State. The OLS cannot quantify the extent of this decrease, since it is unclear how many concrete producers will be eligible for the tax credits. In addition, the amount of one tax credit is dependent on formulae to be developed by the DEP and so the revenue loss cannot be projected.

- The OLS notes, however, that the CBT tax credit for the delivery of low carbon concrete is capped by the bill at $10 million annually Statewide. The CBT tax credit for conducting an environmental product declaration analysis is not subject to a Statewide cap, although it is capped at $24,000 annually for each concrete producer. According to information provided to the OLS, there are only a few dozen concrete producers in the State, so it is likely that the total extent of this CBT tax credit would not exceed around $1 million annually.

- The OLS also determines that this bill would increase the administrative workload of the Department of Environmental Protection (DEP) and the Department of the Treasury, but it is likely that these tasks can be subsumed within existing resources and using current staff.

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BILL DESCRIPTION

The bill would provide a CBT credit to concrete producers that deliver certain forms of concrete associated with reduced greenhouse gas emissions, pursuant to a contract or subcontract with a State agency, which is used by a construction or improvement project that requires the purchase of 50 cubic yards or more of concrete. The bill would also provide a CBT credit to taxpayers that produce concrete or a major component of concrete for the costs of conducting environmental production declaration analyses.

Specifically, the bill would authorize a CBT credit for the delivery of low embodied carbon concrete of up to five percent of the cost of the concrete, and a CBT credit for the delivery of concrete that incorporates carbon capture, utilization, and storage technology of up to three percent of the cost of the concrete. Concrete that meets both criteria could receive a tax credit of up to eight percent of the cost of the concrete. The actual amount of the CBT credit would be determined using a formula to be developed by the DEP, which would make the tax credit proportional to the greenhouse gas emissions reduction achieved by the specific type of concrete used.

In order to qualify for the CBT credit, the concrete producer would be required to submit a certified environmental product declaration to the DEP that provides a global warming potential score for the concrete used. The bill would also establish certain additional requirements to receive the credit. A concrete producer could not receive a CBT credit greater than $1 million annually. In addition, the Statewide amount of the tax credit would be capped at $10 million annually.

The bill would also provide a CBT credit to compensate a taxpayer that produces concrete or a major component of concrete for costs incurred as a result of conducting an environmental product declaration analysis to determine the product-based embodied carbon emissions of concrete produced at one or more production facilities that the taxpayer owns or operates. The amount of the tax credit would not exceed the lesser of: (1) the full cost incurred for an environmental product declaration analysis of a single concrete, cement, aggregate, or related production facility, or (2) $3,000. However, a taxpayer may claim the credit authorized under the bill for the cost of completing environmental product declaration analyses at up to eight production facilities owned or operated by the same taxpayer in a single privilege period.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

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there are only a few dozen concrete producers in the State, so it is likely that the total extent of this CBT tax credit would not exceed around $1 million annually.

The OLS also determines that this bill would result in a marginal annual expenditure increase from the General Fund, since it requires the DEP and the Department of the Treasury to take certain actions to implement the CBT tax credits authorized by the bill, including adopting rules and regulations and reviewing applications for the CBT tax credits. It is likely that these tasks can be subsumed within existing duties and would not represent more than a minimal workload increase.

Section:	*Environment, Agriculture, Energy, and Natural Resources*
Analyst:	*Eric Hansen* *Associate Research Analyst*
Approved:	*Thomas Koenig* *Legislative Budget and Finance Officer*

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.).