

SENATE, No. 3735

STATE OF NEW JERSEY

219th LEGISLATURE

INTRODUCED MAY 11, 2021

Sponsored by:

Senator MICHAEL L. TESTA, JR.

District 1 (Atlantic, Cape May and Cumberland)

SYNOPSIS

Provides a corporation business tax credit for investment in certain manufacturing equipment, facility renovation, modernization, and expansion.

CURRENT VERSION OF TEXT

As introduced.



1 **AN ACT** providing a corporation business tax credit for investment
2 in certain manufacturing equipment, facility renovation,
3 modernization, and expansion, and supplementing P.L.1945,
4 c.162 (C.54:10A-1 et seq.).

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

8
9 1. a. A taxpayer shall be allowed a credit against the tax
10 imposed pursuant to section 5 of P.L.1945, c.162 (C.54:10A-5), in
11 an amount equal to 20 percent of the amount paid during the
12 privilege period for:

13 (1) manufacturing equipment installed at a manufacturing
14 facility in this State; and

15 (2) the acquisition, construction, reconstruction, installation, or
16 erection of improvements or additions that result in the renovation,
17 modernization, or expansion of a manufacturing facility in this
18 State.

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

22 b. A credit shall not be allowed under P.L.1993, c.170
23 (C.54:10A-5.4 et seq.), P.L.1993, c.171 (C.54:10A-5.16 et al.),
24 P.L.1993, c.175 (C.54:10A-5.24), or P.L.2001, c.321 (C.54:10A-
25 5.31 et seq.) for expenditures for which a credit is allowed pursuant
26 to this section.

27 c. The order of priority of the application of the credit allowed
28 under this section and any other credits allowed by law shall be as
29 prescribed by the director. The amount of the credit applied under
30 this section against the tax imposed pursuant to section 5 of
31 P.L.1945, c.162 (C.54:10A-5) for a privilege period, together with
32 any other credits allowed against the tax imposed pursuant to
33 section 5 of P.L.1945, c.162 (C.54:10A-5), shall not exceed 50
34 percent of the tax liability otherwise due and shall not reduce the
35 tax liability to an amount less than the statutory minimum provided
36 in subsection (e) of section 5 of P.L.1945, c.162 (C.54:10A-5).

37 d. As used in this section:

38 "Manufacturing equipment" means machinery, apparatus, or
39 equipment, including, but not limited to, any machinery, apparatus,
40 or equipment employing an advanced technological process, used in
41 the production of tangible personal property that is eligible for the
42 sales tax exemption pursuant to subsection a. of section 25 of
43 P.L.1980, c.105 (C.54:32B-8.13); and

44 "Manufacturing facility" means a business location, including,
45 but not limited to, a factory, mill, or plant, at which more than 50
46 percent of the business personal property that is housed in the
47 facility is manufacturing equipment.

1 2. This act shall take effect immediately and apply to amounts
2 paid in privilege periods beginning after the date of enactment.

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STATEMENT

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7 This bill allows a corporation business tax credit for 20 percent
8 of the costs of certain manufacturing equipment installed at a
9 manufacturing facility in this State and 20 percent of the costs of
10 improvements or additions that result in the renovation,
11 modernization, or expansion of a manufacturing facility in this
12 State.

13 The bill provides that expenditures for certain manufacturing
14 equipment, facility renovation, modernization, and expansion for
15 which a credit is allowed under this bill are not to be considered
16 expenditures for which a credit is allowed under the New Jobs
17 Investment Tax Credit, the Manufacturing and Employment
18 Investment Tax Credit, the Research and Development Credit, or
19 the Effluent Treatment and Conveyance Equipment Credit.

20 The bill defines "manufacturing equipment" as machinery,
21 apparatus or equipment, including, but not limited to, any
22 machinery, apparatus, or equipment employing an advanced
23 technological process, used in the production of tangible personal
24 property that is eligible for the sales tax exemption for
25 manufacturing equipment. The bill defines a "manufacturing
26 facility" as a business location, including, but not limited to, a
27 factory, mill, or plant, at which more than 50 percent of the
28 business personal property that is housed in the facility is
29 manufacturing equipment.