

# ASSEMBLY, No. 3402

## STATE OF NEW JERSEY 211th LEGISLATURE

INTRODUCED OCTOBER 18, 2004

**Sponsored by:**

**Assemblyman DAVID R. MAYER**

**District 4 (Camden and Gloucester)**

**Assemblyman JEFF VAN DREW**

**District 1 (Cape May, Atlantic and Cumberland)**

**SYNOPSIS**

Allows corporation business tax credit for value of supplies and equipment donated to public schools.

**CURRENT VERSION OF TEXT**

As introduced.



1 AN ACT allowing a credit against the corporation business tax for the  
2 value of supplies and equipment donated to a public school,  
3 supplementing P.L.1945, c.162 (C.54:10A-1 et seq.).  
4

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

8 1. a. A taxpayer shall be allowed a credit against the tax imposed  
9 pursuant to section 5 of P.L.1945, c.162 (C.54:10A-5) in an amount  
10 equal to 20% of the fair market value of supplies and equipment  
11 donated to a public school or to a public school district. As used in  
12 this section, "supplies and equipment" includes books, furniture,  
13 instructional materials or equipment, study guides or aids, computers  
14 and information processing equipment, software, communications and  
15 media facilities and equipment, athletic equipment and supplies, band  
16 and other musical instruments, and any other tangible property  
17 approved by the board of education of the school district pursuant to  
18 subsection d. of this section.

19 b. The order of priority of the credit allowed under this section and  
20 any other credits allowed by law shall be as prescribed by the Director  
21 of the Division of Taxation. The amount of the credit applied under  
22 this section against the tax imposed pursuant to section 5 of P.L.1945,  
23 c.162 (C.54:10A-5) for a privilege period, together with any other  
24 credits allowed by law, shall not exceed 50% of the tax liability  
25 otherwise due and shall not reduce the tax liability to an amount less  
26 than the statutory minimum provided in subsection (e) of section 5 of  
27 P.L.1945, c.162 (C.54:10A-5).

28 c. The amount of any credit otherwise allowable under this section  
29 that cannot be applied for the privilege period due to the limitations of  
30 subsection b. of this section may be carried over to the five privilege  
31 periods following the period for which the amount was allowed.

32 d. A taxpayer intending to claim a credit under this section for the  
33 donation of equipment and supplies shall first obtain from the board of  
34 education of the recipient school district, or of the school district in  
35 which the recipient public school is located, a certified statement of  
36 the approval of the donation by the board of education, in such form  
37 as the Director of the Division of Taxation shall prescribe, which  
38 statement shall include an itemized inventory of the supplies and  
39 equipment indicating for each item its fair market value, together with  
40 any additional information as the director may require. When filing a  
41 tax return that includes a claim for a credit pursuant to this section, the  
42 taxpayer shall include a copy of that certified statement.  
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44 2. This act shall take effect immediately and shall apply to privilege  
45 periods beginning on or after the January 1 next following enactment.

STATEMENT

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This bill allows a credit against the corporation business tax equal to 20 percent of the fair market value of supplies and equipment donated to a public school or to a public school district.

This tax credit, together with any other allowable tax credit, is limited to 50 percent of the corporation business tax otherwise due in any year, and may not reduce tax liability to less than the statutory minimum. The amount of any unused tax credit in a tax year resulting from these limitations may be carried over to any of the next three tax years.

Under the bill, "supplies and equipment" include books, furniture, instructional materials or equipment, study guides or aids, computers and information processing equipment, software, communications and media facilities and equipment, athletic equipment and supplies, band and other musical instruments, and any other tangible personal property.

To prevent the public schools from becoming a dumping ground for obsolete or irrelevant equipment, the bill requires that donations be approved by the board of education of the recipient school district, or of the school district in which the recipient public school is located, before a credit for a donation may be allowed.