

ASSEMBLY, No. 2006

STATE OF NEW JERSEY

218th LEGISLATURE

PRE-FILED FOR INTRODUCTION IN THE 2018 SESSION

Sponsored by:

Assemblyman CRAIG J. COUGHLIN

District 19 (Middlesex)

Assemblyman THOMAS P. GIBLIN

District 34 (Essex and Passaic)

Assemblyman ERIC HOUGHTALING

District 11 (Monmouth)

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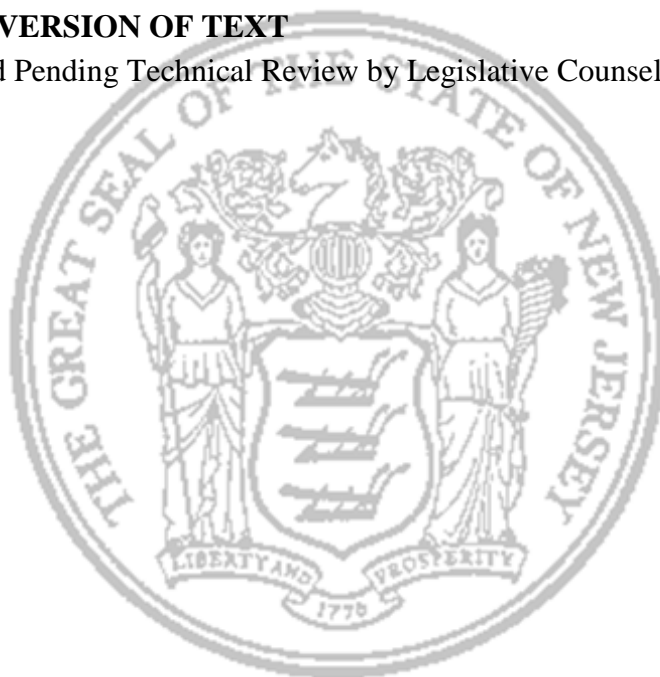
Assemblywomen Lampitt, Handlin and Assemblyman Wimberly

SYNOPSIS

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

CURRENT VERSION OF TEXT

Introduced Pending Technical Review by Legislative Counsel.



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

5

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% of the amount paid during the privilege
12 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. 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 for a privilege period, together with any other
32 credits allowed against the tax imposed pursuant to section 5 of
33 P.L.1945, c.162, shall not exceed 50% of the tax liability otherwise
34 due and shall not reduce the tax liability to an amount less than the
35 statutory minimum provided in subsection (e) of section 5 of
36 P.L.1945, c.162.

37 d. As used in this section:

38 "Manufacturing equipment" means machinery, apparatus or
39 equipment used in the production of tangible personal property that
40 is eligible for the sales tax exemption pursuant to subsection a. of
41 section 25 of P.L.1980, c.105 (C.54:32B-8.13); and

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

46

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

STATEMENT

This bill allows a corporation business tax credit for 20% of the costs of manufacturing equipment installed at a manufacturing facility in this State and 20% of the costs of improvements or additions that result in the renovation, modernization, or expansion of a manufacturing facility in this State.

The bill provides that expenditures for manufacturing equipment and manufacturing facility renovation, modernization, and expansion for which a credit is allowed under this bill will not be expenditures for which a credit will be allowed under the New Jobs Investment Tax Credit, the Manufacturing and Employment Investment Tax Credit, the Research and Development Credit, or the Effluent Treatment and Conveyance Equipment Credit.

The bill defines "manufacturing equipment" as machinery, apparatus, or equipment used in the production of tangible personal property that is eligible for the sales tax exemption for manufacturing equipment. That is machinery, apparatus, or equipment for use or consumption directly and primarily in the production of tangible personal property by manufacturing, processing, assembling, or refining, whose use is not incidental to those activities, and which has a useful life of more than one year. The bill defines a "manufacturing facility" as a business location, including but not limited to a factory, mill, or plant, at which more than 50% of the business personal property that is housed in the facility is manufacturing equipment.