

# ASSEMBLY, No. 5023

## STATE OF NEW JERSEY 219th LEGISLATURE

INTRODUCED NOVEMBER 19, 2020

**Sponsored by:**

**Assemblyman BRIAN BERGEN**

**District 25 (Morris and Somerset)**

**Assemblyman WILLIAM F. MOEN, JR.**

**District 5 (Camden and Gloucester)**

**Assemblywoman SERENA DIMASO**

**District 13 (Monmouth)**

**Co-Sponsored by:**

**Assemblymen DePhillips, Zwicker and DiMaio**

**SYNOPSIS**

“Made in New Jersey Tax Credit Act”; provides CBT tax credits to taxpayers that purchase “New Jersey made” products.

**CURRENT VERSION OF TEXT**

As introduced.



(Sponsorship Updated As Of: 12/7/2020)

1 AN ACT providing tax credits under the corporation business tax to  
2 taxpayers that purchase New Jersey made products,  
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. This act shall be known and may be cited as the “Made in  
9 New Jersey Tax Credit Act.”  
10

11 2. a. A taxpayer shall be allowed a credit against the tax  
12 imposed pursuant to section 5 of P.L.1945, c.162 (C.54:10A-5) in  
13 an amount equal to 25 percent multiplied by the ratio between (1)  
14 the costs incurred in the purchase of New Jersey made products for  
15 the purposes of retail sales, manufacturing, or a manufacturing  
16 production process and (2) the taxpayer’s costs incurred in the  
17 purchase of any products for the purposes of retail sales,  
18 manufacturing, or a manufacturing production process. Total costs  
19 incurred shall exclude any costs for products that the taxpayer  
20 demonstrates could not have been substituted with a similar made in  
21 New Jersey product.

22 A taxpayer shall not be eligible for this credit if two thirds or  
23 more of total costs incurred are excluded because the taxpayer  
24 demonstrates that they could not have been substituted with a  
25 similar made in New Jersey product.

26 An unused credit may be carried forward, if necessary, for use in  
27 the seven privilege periods following the privilege period for which  
28 the credit is allowed.

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

38 b. As used in this section:

39 “Director” means the Director of the Division of Taxation.

40 “New Jersey made product” means a product for which all or  
41 virtually all significant parts, processing, and labor that produce the  
42 product originate or are sourced from New Jersey. New Jersey  
43 made products shall not include any product that contains anything  
44 more than negligible out of state content.  
45

46 3. Notwithstanding any provision of the “Administrative  
47 Procedure Act,” P.L.1968, c.410 (C.52:14B-1 et seq.) to the  
48 contrary, the Director of the Division of Taxation in the Department

1 of the Treasury is authorized to adopt immediately upon filing with  
2 the Office of Administrative Law such rules and regulations  
3 necessary to implement this act, including, but not limited to, rules  
4 and regulations specifying annual application, documentation,  
5 verification, and award requirements related to the purchase of New  
6 Jersey made products. The rules and regulations adopted pursuant  
7 to this section shall be effective for a period not to exceed 360 days  
8 following the date of filing and may thereafter be amended,  
9 adopted, or readopted by the director in accordance with the  
10 requirements of P.L.1968, c.410 (C.52:14B-1 et seq.).

11

12 4. This act shall take effect immediately and apply to privilege  
13 periods beginning on or after January 1, 2021.

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#### STATEMENT

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18 This bill, designated the “Made in New Jersey Tax Credit Act,”  
19 provides tax credits under the corporation business tax to taxpayers  
20 who produce purchase New Jersey made products for the purposes  
21 of retail sales, manufacturing, or a manufacturing production  
22 process. The tax credit is equal to 25 percent multiplied by the ratio  
23 between the costs incurred in the purchase of the New Jersey made  
24 products and the taxpayer’s total costs incurred in the purchase of  
25 products for the purposes of retail sales or manufacturing. The total  
26 costs exclude any costs for products that the taxpayer can  
27 demonstrate could not have been substituted with a similar made in  
28 New Jersey product. However, if two-thirds or more of a  
29 taxpayer’s total costs incurred are excluded, then the taxpayer is  
30 ineligible for the credit. When this credit is combined with other  
31 credits, it cannot exceed the tax liability otherwise due and cannot  
32 reduce the tax liability below the statutory minimum. The credit  
33 can be carried forward up to seven privilege periods after the  
34 privilege period for which the credit is allowed.

35 “New Jersey made” means that all or virtually all the significant  
36 parts, processing, and labor that produce that product originate or  
37 are sourced in the State of New Jersey, and that the products do not  
38 contain or contain only negligible out of state content.