

ASSEMBLY APPROPRIATIONS COMMITTEE

STATEMENT TO

ASSEMBLY, No. 2001

with Assembly committee amendments

STATE OF NEW JERSEY

DATED: NOVEMBER 6, 1997

The Assembly Appropriations Committee reports favorably Assembly Bill No. 2001, with committee amendments.

Assembly Bill No. 2001 extends the carryforward of the research and development tax credit under the corporation business tax from seven to 15 years for certain advanced technology corporations.

The research and development tax credit allows a credit for increases in qualified research expenditures over a base amount and for certain basic research payments incurred in New Jersey beginning in January, 1994. Currently, this credit may be carried forward up to seven years after the tax year in which the eligible expenditures are incurred if the full amount of the credit cannot be used because of tax liability limitations.

For high-technology businesses in the fields of advanced computing, advanced materials, biotechnology, electronic device technology, environmental technology, and medical device technology this bill extends the carryforward period of the research and development tax credit from seven to 15 years following a credit's tax year.

As amended, the bill is identical to Senate Bill No. 449, as reported by this committee.

FISCAL IMPACT:

In a fiscal note prepared by the Office of Legislative Services, the Division of Taxation in the Department of Treasury noted that any annual revenue loss would not begin to occur until the extension of the credit carryforward commences in fiscal year 2005, which would be the expected first fiscal year following the current, maximum, seven year credit carryforward period. According to the division the revenue loss would gradually increase after this point and reach a plateau of \$1.5 million per year in fiscal year 2012.

COMMITTEE AMENDMENTS:

The committee amendments are technical in nature and serve to clarify the intent of the sponsors.