

P.L. 1997, CHAPTER 350, *approved January 15, 1998*
Senate, No. 447 (*First Reprint*)

1 **AN ACT** extending for certain taxpayers the carryforward of the net
2 operating loss deduction under the corporation business tax, and
3 supplementing P.L.1945, c.162 (C.54:10A-1 et seq.).
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5 **BE IT ENACTED** by the Senate and General Assembly of the State
6 of New Jersey:

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8 1. a. Notwithstanding the provisions of paragraph (6) of subsection
9 k. of section 4 of P.L.1945, c.162 (C.54:10A-4) to the contrary, a
10 taxpayer that has for the fiscal or calendar accounting period (referred
11 to hereafter as the "tax year"), qualified research expenses as defined
12 in section 41 of the federal Internal Revenue Code of 1986, 26 U.S.C.
13 § 41, as in effect on June 30, 1992, paid or incurred for research
14 conducted in this State, in the fields of advanced computing, advanced
15 materials, biotechnology, electronic device technology, environmental
16 technology, or medical device technology, shall be allowed to carry
17 over a net operating loss for that tax year to each of the 15 tax years
18 following the year of the loss.

19 b. As used in this section:

20 "Advanced computing" means a technology used in the designing
21 and developing of computing hardware and software, including
22 innovations in designing the full spectrum of hardware from hand-held
23 calculators to super computers, and peripheral equipment;

24 "Advanced materials" means materials with engineered properties
25 created through the development of specialized processing and
26 synthesis technology, including ceramics, high value-added metals,
27 electronic materials, composites, polymers, and biomaterials;

28 "Biotechnology" means the continually expanding body of
29 fundamental knowledge about the functioning of biological systems
30 from the macro level to the molecular and sub-atomic levels, as well
31 as novel products, services, technologies and sub-technologies

EXPLANATION - Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and intended to be omitted in the law.

Matter underlined thus is new matter.

Matter enclosed in superscript numerals has been adopted as follows:

¹ Senate amendments adopted in accordance with Governor's recommendations January 12, 1998.

1 developed as a result of insights gained from research advances which
2 add to that body of fundamental knowledge ;

3 "Electronic device technology" means a technology involving
4 microelectronics, semiconductors, electronic equipment, and
5 instrumentation, radio frequency, microwave, and millimeter
6 electronics, and optical and optic-electrical devices, or data and digital
7 communications and imaging devices;

8 "Environmental technology" means assessment and prevention of
9 threats or damage to human health or the environment, environmental
10 cleanup, or the development of alternative energy sources; and

11 "Medical device technology" means a technology involving any
12 medical equipment or product (other than a pharmaceutical product)
13 that has therapeutic value, diagnostic value, or both, and is regulated
14 by the federal Food and Drug Administration.

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16 2. This act shall take effect immediately ¹[and section 1 shall apply
17 to tax years beginning on or after January 1 next following enactment]
18 but shall apply only to net operating losses which occur during
19 privilege periods which begin on or after July 1, 1998, but no later
20 than June 30, 2001¹.

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24 Provides 15 year net operating loss deduction carryforward under
25 corporation business tax for certain high-technology companies.