

SENATE, No. 447

STATE OF NEW JERSEY

INTRODUCED JANUARY 18, 1996

By Senators SINGER and MCGREEVEY

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

34 "Electronic device technology" means a technology involving
35 microelectronics, semiconductors, electronic equipment, and
36 instrumentation, radio frequency, microwave, and millimeter
37 electronics, and optical and optic-electrical devices, or data and digital
38 communications and imaging devices;

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

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

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9 2. This act shall take effect immediately and section 1 shall apply
10 to tax years beginning on or after January 1 next following enactment.

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13 STATEMENT

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15 This bill extends for certain companies with advanced technology
16 research expenditures in New Jersey the carryforward of the net
17 operating loss deduction under the corporation business tax.

18 Taxpayers contributing to advanced technology research in New
19 Jersey will be able, under this bill, to carry forward their net operating
20 loss deduction for up to 15 years instead of the seven years allowed
21 for other taxpayers. High technology, research intensive companies
22 typically do not show a profit during their early years and often cannot
23 fully utilize the carryforward of the net operating loss deduction
24 during the first seven years following a net operating loss.

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