

SENATE, No. 449

STATE OF NEW JERSEY

INTRODUCED JANUARY 18, 1996

By Senators SINGER and MCGREEVEY

1 AN ACT extending for certain taxpayers the carryforward of the  
2 research and development tax credit against the corporation  
3 business tax, and supplementing P.L.1983, c.175 (C.54:10A-5.24).  
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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. Notwithstanding the provisions of subsection b. of section 1 of  
9 P.L.1993, c.175 (C.54:10A-5.24) to the contrary, a taxpayer that has  
10 been allowed a credit pursuant to that section for the fiscal or calendar  
11 accounting period (referred to hereafter as the "tax year") in which the  
12 qualified research payments have been incurred in this State in the  
13 fields of advanced computing, advanced materials, biotechnology,  
14 electronic device technology, environmental technology, and medical  
15 device technology, shall be allowed to carry over the amount of the tax  
16 year credit which cannot be applied for the tax year to each of the 15  
17 tax years following the credit's tax year.

18 b. As used in this section:

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

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

27 "Biotechnology" means the continually expanding body of  
28 fundamental knowledge about the functioning of biotechnology  
29 systems from the macro level to the molecular and sub-atomic levels,  
30 as well as novel products, services, technologies and sub-technologies  
31 developed as a result of insights gained from research advances which  
32 add to that body of fundamental knowledge;

33 "Electronic device technology" means a technology involving  
34 microelectronics, semiconductors, electronic equipment, and  
35 instrumentation, radio frequency, microwave, and millimeter  
36 electronics, and optical and optic-electrical devices, or data and digital  
37 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 the carryforward of the research and development  
16 tax credit under the corporation business tax from seven to 15 years  
17 for certain advanced technology corporations. The research and  
18 development tax credit allows a credit for increases in qualified  
19 research expenditures over a base amount and for certain basic  
20 research payments incurred in New Jersey beginning in January, 1994.  
21 Generally, the credit may be carried forward up to seven years if it  
22 cannot be used because of tax liability limitations.

23 However, high-technology businesses in the fields of advanced  
24 computing, advanced materials, biotechnology, electronic device  
25 technology often must invest in years of research before reaching a  
26 stage in their business development cycle when they can maintain a  
27 taxable business profit. Extending the carryforward period of the  
28 research and development tax credit for these high-technology firms  
29 will increase the likelihood that the credit will serve as a useful tax  
30 incentive to those corporations whose research efforts may not bear  
31 profits under the corporation business tax for an extended period of  
32 time.

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37 Provides 15 year carryforward of research and development tax credit  
38 under the corporation business tax for certain high-technology  
39 companies.