

**ASSEMBLY, No. 5216**

---

**STATE OF NEW JERSEY**

**219th LEGISLATURE**

---

INTRODUCED JANUARY 7, 2021

**Sponsored by:**

**Assemblyman ROY FREIMAN**

**District 16 (Hunterdon, Mercer, Middlesex and Somerset)**

**SYNOPSIS**

Allows certain microbusiness cannabis licensees to accelerate depreciation of property under corporation business and gross income taxes.

**CURRENT VERSION OF TEXT**

As introduced.



1 AN ACT allowing certain microbusiness cannabis licensees to  
2 accelerate depreciation of property under corporation business  
3 and gross income taxes, supplementing P.L.1945, c.162  
4 (C.54:10A-1 et seq.) and Title 54A of Revised Statutes.

5  
6 **BE IT ENACTED** *by the Senate and General Assembly of the State*  
7 *of New Jersey:*

8  
9 1. a. Notwithstanding paragraph (12) of subsection (k) of  
10 section 4 of P.L.1945, c.162 (C.54:10A-4), a taxpayer who is a  
11 microbusiness cannabis licensee operating in an impact zone shall  
12 be allowed the additional depreciation allowance of subsection (k)  
13 of section 168 of the federal Internal Revenue Code of 1986 (26  
14 U.S.C. s.168) for up to \$250,000 of aggregate property costs of the  
15 cannabis business. The director shall prescribe the rules and  
16 regulations necessary to carry out the provisions of this section.

17 b. As used in this section:

18 “Cannabis licensee” means the same as defined in section 3 of  
19 P.L. , c. (C. ) (pending before the Legislature as Assembly  
20 Bill No. 21 and Senate Bill No. 21) of 2020.

21 “Microbusiness” means the same as defined in section 3 of  
22 P.L. , c. (C. ) (pending before the Legislature as Assembly  
23 Bill No. 21 and Senate Bill No. 21) of 2020.

24 “Impact zone” means the same as defined in section 3 of P.L. ,  
25 c. (C. ) (pending before the Legislature as Assembly Bill No.  
26 21 and Senate Bill No. 21 of 2020.

27  
28 2. a. Notwithstanding section 26 of P.L.2004, c.65 (C.54A:5-  
29 1.2), a taxpayer who is a microbusiness cannabis licensee operating  
30 in an impact zone shall be allowed the additional depreciation  
31 allowance of subsection (k) of section 168 of the federal Internal  
32 Revenue Code of 1986 (26 U.S.C. s.168) for up to \$250,000 of  
33 aggregate property costs of the cannabis business; provided that,  
34 section 26 of P.L.2004, c.65 (C.54A:5-1.2) prohibited such  
35 additional depreciation allowance. . The director shall prescribe the  
36 rules and regulations necessary to carry out the provisions of this  
37 section.

38 b. As used in this section:

39 “Cannabis licensee” means the same as defined in section 3 of  
40 P.L. , c. (C. ) (pending before the Legislature as Assembly  
41 Bill No. 21 and Senate Bill No. 21) of 2020.

42 “Microbusiness” means the same as defined in section 3 of  
43 P.L. , c. (C. ) (pending before the Legislature as Assembly  
44 Bill No. 21 and Senate Bill No. 21 of 2020.

45 “Impact zone” means the same as defined in section 3 of P.L. ,  
46 c. (C. ) (pending before the Legislature as Assembly Bill No.  
47 21 and Senate Bill No. 21 of 2020.

1       3. This act shall take effect immediately.

2

3

4

STATEMENT

5

6       This bill allows microbusinesses cannabis licensees who operate  
7 in impact zones to use a bonus depreciation allowance on up to  
8 \$250,000 of property. The bonus depreciation allowance allows a  
9 business to immediately deduct a large percentage of the purchase  
10 price of certain assets. New Jersey had decoupled from the federal  
11 rules regarding bonus depreciation in 2002. This bill allows certain  
12 microbusinesses to use a bonus depreciation allowance similar to  
13 the federal bonus depreciation of the “Tax Cuts and Jobs Act.”

14       The Director of the Division of Taxation in the Department of  
15 Treasury will establish rules and regulations to carry out this  
16 provision.

17       The terms cannabis licensee, microbusinesses, and impact zones  
18 have the same meaning as in Senate Bill No. 21 and Assembly Bill  
19 No. 21 of 2020.