## ASSEMBLY, No. 5218

# **STATE OF NEW JERSEY**

### 219th LEGISLATURE

INTRODUCED JANUARY 7, 2021

**Sponsored by:** 

Assemblyman ROY FREIMAN
District 16 (Hunterdon, Mercer, Middlesex and Somerset)
Assemblyman JOHN ARMATO
District 2 (Atlantic)
Assemblyman P. CHRISTOPHER TULLY
District 38 (Bergen and Passaic)

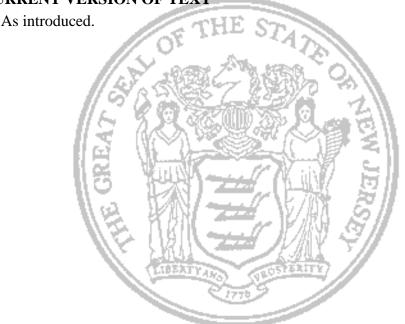
Co-Sponsored by:

Assemblymen Mazzeo, Johnson, Dancer, Assemblywomen Dunn and Reynolds-Jackson

#### **SYNOPSIS**

Allows certain restaurant owners to accelerate depreciation of certain expenditures under corporation business and gross income taxes.

#### **CURRENT VERSION OF TEXT**



(Sponsorship Updated As Of: 3/8/2021)

**AN ACT** allowing certain restaurant owners to accelerate depreciation of certain expenditures under corporation business and gross income taxes, supplementing P.L.1945, c.162 and Title 54A of Revised Statutes.

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

- 1. a. Notwithstanding paragraph (12) of subsection (k) of section 4 of P.L.1945, c.162 (C.54:10A-4), a taxpayer who is a small business restaurant owner shall be allowed the additional depreciation allowance of subsection (k) of section 168 of the federal Internal Revenue Code of 1986 (26 U.S.C. s.168) for up to \$150,000 of eligible property expenditures for the restaurant. The director shall prescribe the rules and regulations necessary to carry out the provisions of this section.
  - b. As used in this section:

"Director" means Director of the Division of Taxation in the Department of the Treasury.

"Eligible property expenditures" means capital expenditures incurred by the taxpayer to comply with the health and safety requirements imposed under the executive orders issued by the Governor in response to the COVID-19 pandemic, including but not limited to the purchase of heaters and overhangs.

"Small business restaurant" means a restaurant as defined in section 1 of P.L.1983, c.488 (C.26:3E-1) with not more than 100 employees, but shall not include a restaurant with more than two separate locations outside the State.

- 2. a. Notwithstanding section 26 of P.L.2004, c.65 (C.54A:5-1.2), a taxpayer who is a small business restaurant owner shall be allowed the additional depreciation allowance of subsection (k) of section 168 of the federal Internal Revenue Code of 1986 (26 U.S.C. s.168) for up to \$150,000 of eligible property expenditures for the restaurant, provided that, section 26 of P.L.2004, c.65 (C.54A:5-1.2) prohibited such additional depreciation allowance. The director shall prescribe the rules and regulations necessary to carry out the provisions of this section.
  - b. As used in this section:

"Director" means Director of the Division of Taxation in the Department of the Treasury.

"Eligible property expenditures" means capital expenditures incurred by the taxpayer to comply with the health and safety requirements imposed under the executive orders issued by the Governor in response to the COVID-19 pandemic, including but not limited to the purchase of heaters and overhangs.

"Small business restaurant" means a restaurant, as defined in section 1 of P.L.1983, c.488 (C.26:3E-1) with not more than 100

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1	employees, but shall not include a restaurant with more than two
2	separate locations outside the State.

3. This act shall take effect immediately.

STATEMENT

This bill allows restaurant owners who have no more than 100 employees and are not chain restaurants to use a bonus depreciation allowance of up to \$150,000 for capital expenditures incurred to comply with the health and safety requirements of the Governor's executive orders regarding the COVID-19 pandemic. These capital expenditures include but are not limited to the purchase of heaters and overhangs.

Bonus depreciation allows a business to immediately deduct a large percentage of the purchase price of certain property. New Jersey decoupled from the federal rules regarding bonus depreciation in 2002. This bill re-couples to the federal rules for small business restaurant owners on up to \$150,000 of expenditures incurred to comply with the Governor's COVID-19 executive orders.