

ASSEMBLY COMMERCE AND ECONOMIC DEVELOPMENT COMMITTEE

STATEMENT TO **ASSEMBLY, No. 5389**

with committee amendments

STATE OF NEW JERSEY

DATED: MARCH 8, 2021

The Assembly Commerce and Economic Development Committee reports favorably and with committee amendments Assembly Bill No. 5389.

This bill, as amended, allows corporation business tax and gross income tax credits for nonresidential and multifamily building improvement expenses to reduce the spread of COVID-19. The credit will be allowed for expenditures made during calendar years 2020, 2021, and 2022.

The following expenditures will be includable in calculation of the credit: expenditures for (1) bi-polar ionization and ultraviolet lighting to disinfect indoor air and surfaces, including in elevators and work areas; (2) infrared thermometers for screening visitors in common areas; (3) transparent sneeze guards or shields; (4) touchless entryway and security; (5) ventilation; and (6) other materials, supplies, and equipment to reduce the spread of COVID-19 and necessary to create a safe environment for building occupants.

The amount of credit allowed will be equal to: 75 percent of the taxpayer's expenditures for a location of less than 30,000 square feet, but the credit for such expenditures cannot exceed \$100,000; and 50 percent of the taxpayer's expenditures for a location of 30,000 square feet or more, but the credit for such expenditures cannot exceed \$250,000. A taxpayer that claims a credit pursuant to this bill will be required to add back into their calculation of income the amount of any expenditures that the taxpayer deducted. This requirement ensures that the taxpayer does not get the double benefit of being allowed to deduct expenses from income and get a credit against their tax liability to cover the cost of those expenses.

As amended and reported by the committee Assembly Bill No. 5389 is identical to Senate Bill No. 3305 (1R), which also was amended and reported by the committee.

COMMITTEE AMENDMENTS:

The committee amended the bill to:

- add a provision allowing tax credits for corporation business taxpayers;
- allow a credit for multifamily buildings, in addition to allowing a credit for nonresidential buildings;
- allow the carryforward of unused credit for up to seven years;
- require a taxpayer to add back into their calculation of income the amount of any expenditures outlined in the bill that the taxpayer deducted; and
- allow any immediately issued regulations to be in effect for 18 months, instead of 360 days.