

ASSEMBLY, No. 3206

STATE OF NEW JERSEY 215th LEGISLATURE

INTRODUCED JUNE 21, 2012

Sponsored by:

Assemblywoman PAMELA R. LAMPITT

District 6 (Burlington and Camden)

Assemblywoman BONNIE WATSON COLEMAN

District 15 (Hunterdon and Mercer)

Co-Sponsored by:

Senators Stack, Turner and Ruiz

SYNOPSIS

Expands neighborhood revitalization State tax credit to include gross income taxpayers; increases annual total amount of tax credits allowable from \$10,000,000 to \$15,000,000.

CURRENT VERSION OF TEXT

As introduced.



(Sponsorship Updated As Of: 12/21/2012)

1 AN ACT expanding the neighborhood revitalization State tax credit
2 to include gross income taxpayers and increasing the annual total
3 amount of tax credits allowable from \$10,000,000 to
4 \$15,000,000, amending P.L.2001, c.415.

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

8
9 1. Section 3 of P.L.2001, c.415 (C.52:27D-492) is amended to
10 read as follows:

11 3. A business entity shall be eligible for a certificate for
12 neighborhood revitalization State tax credits if it has provided
13 funding for a qualified project that has been approved in accordance
14 with sections 4 and 5 of P.L.2001, c.415 (C.52:27D-493 and
15 C.52:27D-494).

16 a. Credits may be granted in an amount up to 100 percent of
17 the approved assistance provided to a nonprofit organization to
18 implement a qualified neighborhood preservation and revitalization
19 project.

20 b. The credit may be applied by the business entity receiving
21 the certificate as credit against tax imposed on business related
22 income[, other than tax imposed under the New Jersey Gross
23 Income Tax,] including, but not limited to, business income subject
24 to the provisions of the Corporation Business Tax Act (1945),
25 P.L.1945, c.162 (C.54:10A-1 et al.), "New Jersey Gross Income
26 Tax Act," N.J.S.54A:1-1 et seq., "The Savings Institution Tax Act,"
27 P.L.1973, c.31 (C.54:10D-1 et seq.), the tax imposed on marine
28 insurance companies pursuant to R.S.54:16-1 et seq., the tax
29 imposed on insurers generally, pursuant to P.L.1945, c.132
30 (C.54:18A-1 et seq.), the sewer and water utility excise tax imposed
31 pursuant to section 6 of P.L.1940, c.5 (C.54:30A-54) and the
32 petroleum products gross receipts tax imposed pursuant to section 3
33 of P.L.1990, c.42 (C.54:15B-3).

34 For a taxpayer applying credit to liability due pursuant to the
35 "New Jersey Gross Income Tax Act," N.J.S.54A:1-1 et seq., the
36 credit allowed pursuant to this section shall only be applied to the
37 amount of gross income tax liability for the taxable year, which as a
38 percentage of gross income tax liability, is equal to the percentage
39 of the taxpayer's gross income that is attributable to the taxpayer's
40 business entity through which the taxpayer provided the funding for
41 the qualified project. For purposes of determining the amount of
42 gross income tax liability to which a credit allowed pursuant to this
43 section may be applied, gross income shall be calculated without
44 the application of exclusions or deductions.

EXPLANATION – Matter enclosed in bold-faced brackets [thus] in the above bill is
not enacted and is intended to be omitted in the law.

Matter underlined thus is new matter.

1 c. The credit allowed to a business entity under this section
2 may not exceed for any taxable year \$1,000,000 or the total amount
3 of tax otherwise payable by the business entity for the taxable year
4 and, in addition, shall not exceed limitations placed on the amounts
5 of credits or carryforward credits allowed, if any, under the relevant
6 statute as enumerated in subsection b. of this section concerning the
7 tax for which a credit is being claimed.

8 d. Credit shall not be allowed for activities for which the
9 business entity is receiving credit under any other provision against
10 any tax on business related income [other than the New Jersey
11 Gross Income Tax,] including, but not limited to, the [corporate]
12 corporation business tax, New Jersey gross income tax, corporate
13 income tax, insurance premiums tax, petroleum products gross
14 receipts tax, public utilities franchise tax, public utilities gross
15 receipts tax, public utility excise tax, railroad franchise tax, and the
16 saving institution tax.

17 e. The tax credit shall be awarded only for assistance provided
18 within the same year in which the commissioner issued the
19 certificate, or if the commissioner approved assistance for more
20 than one year, within the year in which payment was scheduled and
21 made. The provisions of this subsection may be waived for good
22 cause shown.

23 f. The total tax credits certified for all qualified projects
24 proposed in a fiscal year shall not exceed [\$10,000,000]
25 \$15,000,000.

26 (cf: P.L.2007, c.89, s.1)
27

28 2. Section 6 of P.L.2001, c.415 (C.52:27D-495) is amended to
29 read as follows:

30 6. a. The department shall determine in accordance with law
31 and regulation whether a project proposed by a nonprofit
32 organization is qualified for assistance for which a tax credit
33 certificate will be granted pursuant to P.L.2001, c.415 (C.52:27D-
34 490 et seq.).

35 b. The department shall determine that a project proposed by a
36 nonprofit organization or jointly by two or more nonprofit
37 organizations is qualified for assistance if it meets all the following
38 standards:

39 (1) The project consists of neighborhood preservation and
40 revitalization activities within an eligible low and moderate income
41 neighborhood. If two or more nonprofits propose a project jointly,
42 all the proposed activities are within the same eligible low and
43 moderate income neighborhood. The department may establish
44 standards for waiver of compliance with this paragraph for
45 activities located outside an eligible neighborhood but which
46 particularly benefit residents of that neighborhood or for activities
47 that benefit more than one eligible neighborhood.

1 (2) The project is reasonably designed to accomplish its
2 intended purpose and it would further the purposes of a
3 neighborhood preservation and revitalization plan approved in
4 accordance with section 5 of this act.

5 (3) The nonprofit organization demonstrates that it has the
6 capacity to carry out the activities.

7 (4) The nonprofit organization provides adequate assurances
8 that the assistance will be expended exclusively for the proposed
9 activities.

10 (5) "Housing and economic development activities" make up at
11 least 60 percent of the total cost of the neighborhood preservation
12 and revitalization activities in the proposed project. If two or more
13 nonprofit organizations jointly propose a project, the total cost shall
14 include the aggregate cost of all the activities included in the joint
15 proposal.

16 c. The department shall establish by regulation the standards
17 and procedures for determining which projects shall be determined
18 to be qualified if the total tax credits certified under P.L.2001, c.415
19 (C.52:27D-490 et seq.) will exceed, or appears likely to exceed,
20 ~~[\$10,000,000]~~ \$15,000,000 for the year, so as to remain within that
21 annual limit. Such standards shall establish criteria for rating
22 projects which shall take into account, among other things, the
23 following factors:

24 (1) The extent to which the project is addressing urban distress,
25 as measured by existing levels of poverty and unemployment within
26 the neighborhood;

27 (2) The extent to which the project is likely to attract private or
28 public investment to the subject project or other projects in the
29 neighborhood; and

30 (3) The extent to which the nonprofit organization has
31 demonstrated the capacity to carry out the project.

32 Such standards shall focus exclusively on the relative merits of
33 the project (including the capacity of the nonprofit to carry out the
34 project) and shall not include any consideration of whether the
35 project has, or does not yet have, a proposed source of assistance by
36 a business entity.

37 (cf: P.L.2001, c.415, s.6)

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39 3. This act shall take effect immediately and apply to tax years
40 beginning on or after January 1, 2012.

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43 STATEMENT

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45 This bill expands the availability of the neighborhood
46 revitalization State tax credit to include gross income taxpayers and
47 increases the annual total amount of tax credits allowable from
48 \$10,000,000 to \$15,000,000.

1 Currently, the Neighborhood Revitalization State Tax Credit
2 Program provides tax credits to businesses, other than gross income
3 taxpayers, that invest in neighborhood revitalization and
4 preservation projects sponsored by nonprofit corporations. A
5 business entity that contributes financial assistance to a nonprofit
6 sponsor may be granted a tax credit certificate that may be applied
7 against tax liability on business income. The tax credits may be
8 granted in an amount up to 100 percent of the approved assistance
9 provided to a nonprofit organization to implement a qualified
10 project that is part of an approved neighborhood preservation and
11 revitalization plan. Per taxable year, the credit allowed to a business
12 entity may not exceed \$1,000,000 or the total amount of tax
13 otherwise due. Additionally, the credit may not exceed statutory
14 limits established under the particular tax for which the credit is
15 claimed.

16 The business entity receiving the certificate may apply the credit
17 to business income liability under various taxes, including but not
18 limited to the corporation business tax and the insurance premiums
19 tax. However, the tax credit is specifically not allowed against the
20 gross income tax. This bill expands the availability of the credit to
21 include gross income taxpayers, beginning with tax years starting
22 on or after January 1, 2012. The bill limits the application of the tax
23 credit for gross income taxpayers to the amount of gross income tax
24 liability for a taxable year, which as a percentage of gross income
25 tax liability, is equal to the percentage of the taxpayer's gross
26 income that is attributable to the taxpayer's business entity through
27 which the taxpayer provided the funding for the qualified project.