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

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

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

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

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

   b. The credit may be applied by the business entity receiving
   the certificate as credit against tax imposed on business related
   income [ other than tax imposed under the New Jersey Gross
   Income Tax,] including, but not limited to, business income subject
to the provisions of the Corporation Business Tax Act (1945),
P.L.1973, c.31 (C.54:10D-1 et seq.), the tax imposed on marine
insurance companies pursuant to R.S.54:16-1 et seq., the tax
imposed on insurers generally, pursuant to P.L.1945, c.132
(C.54:18A-1 et seq.), the sewer and water utility excise tax imposed
pursuant to section 6 of P.L.1940, c.5 (C.54:30A-54) and the
petroleum products gross receipts tax imposed pursuant to section 3

For a taxpayer applying credit to liability due pursuant to the
credit allowed pursuant to this section shall only be applied to the
amount of gross income tax liability for the taxable year, which as a
percentage of gross income tax liability, is equal to the percentage
of the taxpayer’s gross income that is attributable to the taxpayer’s
business entity through which the taxpayer provided the funding for
the qualified project. For purposes of determining the amount of
gross income tax liability to which a credit allowed pursuant to this
section may be applied, gross income shall be calculated without
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.
c. The credit allowed to a business entity under this section may not exceed for any taxable year $1,000,000 or the total amount of tax otherwise payable by the business entity for the taxable year and, in addition, shall not exceed limitations placed on the amounts of credits or carryforward credits allowed, if any, under the relevant statute as enumerated in subsection b. of this section concerning the tax for which a credit is being claimed.

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

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

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

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

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

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

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

(1) The project consists of neighborhood preservation and revitalization activities within an eligible low and moderate income neighborhood. If two or more nonprofits propose a project jointly, all the proposed activities are within the same eligible low and moderate income neighborhood. The department may establish standards for waiver of compliance with this paragraph for activities located outside an eligible neighborhood but which particularly benefit residents of that neighborhood or for activities that benefit more than one eligible neighborhood.
(2) The project is reasonably designed to accomplish its intended purpose and it would further the purposes of a neighborhood preservation and revitalization plan approved in accordance with section 5 of this act.

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

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

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

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

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

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

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

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

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

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

STATEMENT

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

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