

SENATE, No. 427

STATE OF NEW JERSEY
220th LEGISLATURE

PRE-FILED FOR INTRODUCTION IN THE 2022 SESSION

Sponsored by:
Senator BOB SMITH
District 17 (Middlesex and Somerset)

SYNOPSIS

Provides CBT tax credit for retrofit of existing warehouses with solar-ready zone once solar panels are installed.

CURRENT VERSION OF TEXT

Introduced Pending Technical Review by Legislative Counsel.



1 **AN ACT** providing a tax credit under the corporation business tax
2 for the retrofit of existing warehouses with solar-ready zones and
3 supplementing P.L.1945, c.162 (C.54:10A-1 et seq.).
4

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

8 1. a. (1) A taxpayer that retrofits an existing warehouse with a
9 solar-ready zone, shall be allowed a credit against the tax imposed
10 pursuant to section 5 of P.L.1945, c.162 (C.54:10A-5), to be
11 calculated as provided in paragraph (2) of this subsection, to
12 compensate the taxpayer for the costs incurred as a result of
13 retrofitting an existing warehouse with a solar ready-zone, provided
14 that the taxpayer installs solar panels on the warehouse.

15 (2) The amount of the credit authorized shall not exceed the
16 lesser of: (a) fifty percent of the cost incurred to retrofit an existing
17 warehouse with a solar-ready zone, or (b) \$250,000. A taxpayer
18 may claim the credit authorized pursuant to this section for the cost
19 of retrofitting an existing warehouse with a solar-ready zone for up
20 to eight existing warehouses owned or operated by the same
21 taxpayer in a single privilege period.

22 b. A taxpayer that retrofits an existing warehouse with a solar-
23 ready zone shall demonstrate to the director that solar panels have
24 been installed on the warehouse prior to receiving the tax credit
25 provided in this section.

26 c. The director shall prescribe the order of priority of the
27 application of the tax credit allowed pursuant to this section, and
28 any other credits allowed against the tax imposed pursuant to
29 section 5 of P.L.1945, c.162 (C.54:10A-5) for a privilege period.
30 The amount of the credit applied pursuant to this section against the
31 tax imposed pursuant to section 5 of P.L.1945, c.162 (C.54:10A-5)
32 shall not reduce a taxpayer's tax liability to an amount less than the
33 statutory minimum provided in subsection (e) of section 5 of
34 P.L.1945, c.162 (C.54:10A-5). The amount of the tax credit
35 otherwise allowable under this section which cannot be applied for
36 the privilege period due to the limitations of this subsection or
37 under other provisions of P.L.1945, c.162 (C.54:10A-1 et seq.) may
38 be carried forward, if necessary, to the seven privilege periods
39 following the privilege period for which the tax credit was allowed.

40 d. The value of the tax credits provided pursuant to this section
41 by the director shall not exceed a cumulative total of \$25 million.

42 e. The director shall certify a taxpayer that retrofits an existing
43 warehouse with a solar-ready zone as eligible to receive the tax
44 credit provided in this section if:

45 (1) the warehouse meets the size criteria required pursuant to
46 subsection g. of this section;

47 (2) the warehouse has been retrofitted with a solar-ready zone as
48 defined in subsection g. of this subsection; and

1 (3) solar panels have been installed on the warehouse's solar-
2 ready zone.

3 f. The director, in consultation with the Department of
4 Community Affairs, shall adopt, pursuant to the "Administrative
5 Procedure Act," P.L.1968, c.410 (C.52:14B-1 et seq.), rules and
6 regulations as are necessary to implement the provisions of this
7 section. The director may require the submission of any
8 information the director deems necessary to award a tax credit
9 pursuant to this section.

10 g. As used in this section:

11 "Retrofit" means a change in design, construction, or equipment
12 already in operation in order to incorporate later improvements.

13 "Solar panel" means an elevated panel or plate, or a canopy or
14 array thereof, that captures and converts solar radiation to produce
15 power, and includes flat plate, focusing solar collectors, or
16 photovoltaic solar cells and includes the base or foundation of the
17 panel, plate, canopy, or array.

18 "Solar-ready zone" means a section of a roof or building
19 overhang designated and reserved for the future installation of a
20 solar photovoltaic or solar thermal system, which is at least 40
21 percent of the roof area calculated as the horizontally projected
22 areas minus the area covered by skylights, occupied roof decks,
23 vegetative roof areas, and mandatory access or set back areas
24 required by the State Uniform Construction Code, or as otherwise
25 provided in the 2018 International Energy Conservation Code,
26 Appendix CA, and any successor model code, concerning solar-
27 ready zones.

28 "Warehouse" means any building, room, structure, or facility of
29 at least 100,000 square feet used primarily for the storage of goods
30 intended for sale.

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32 2. This act shall take effect immediately.

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STATEMENT

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37 The bill would incentivize the retrofitting of existing warehouses
38 with solar-ready zones by providing a tax credit against the
39 corporation business tax to compensate a taxpayer who retrofits an
40 existing warehouse with a solar-ready zone. The tax credit would
41 be available once the taxpayer installs solar panels on the
42 warehouse. The bill defines "warehouse" as a building, room,
43 structure, or facility of at least 100,000 square feet used primarily
44 for the storage of goods intended for sale. The bill defines "solar-
45 ready zone" as a section of a roof or building overhang designated
46 and reserved for the future installation of a solar photovoltaic or
47 solar thermal system, which is at least 40 percent of the roof area
48 calculated as the horizontally projected areas minus the area

1 covered by skylights, occupied roof decks, vegetative roof areas,
2 and mandatory access or set back areas required by the State
3 Uniform Construction Code, or as otherwise provided in the 2018
4 International Energy Conservation Code, Appendix CA, and any
5 successor model code, concerning solar-ready zones.

6 The amount of the tax credit provided by the bill may not exceed
7 the lesser of: (1) fifty percent of the cost incurred to retrofit an
8 existing warehouse with a solar-ready zone, or (2) \$250,000. A
9 taxpayer may claim the credit authorized under the bill for the cost
10 of retrofitting an existing warehouse with a solar-ready zone for up
11 to eight existing warehouses owned or operated by the same
12 taxpayer in a single privilege period.

13 The bill would require a taxpayer that retrofits an existing
14 warehouse with a solar-ready zone to demonstrate to the Director of
15 the Division of Taxation in the Department of the Treasury
16 (director) that solar panels have been installed on the warehouse
17 prior to receiving the tax credit provided in the bill. Requiring the
18 installation of solar panels on the solar-ready zones of warehouses,
19 prior to receiving the tax credit, would ensure an environmental
20 benefit attributable to the credit.

21 The bill would also limit the cumulative total of tax credits
22 awarded pursuant to the bill to \$25 million. The director would be
23 required to certify taxpayers as eligible to receive the tax credit
24 provided in the bill. A taxpayer that retrofits an existing warehouse
25 with a solar-ready zone would be eligible to receive the tax credit
26 provided in this section if:

27 (1) the warehouse meets the size criteria required pursuant to the
28 bill;

29 (2) the warehouse has been retrofitted with a solar-ready zone;
30 and

31 (3) solar panels have been installed on the warehouse's solar-
32 ready zone.

33 The director may require the submission of any information the
34 director deems necessary to award a tax credit pursuant to the bill.
35 Finally, the bill would require the director, in consultation with the
36 Department of Community Affairs, to adopt rules and regulations as
37 are necessary to implement the bill's provisions.