

**SENATE, No. 2718**

**STATE OF NEW JERSEY**  
**220th LEGISLATURE**

INTRODUCED MAY 26, 2022

**Sponsored by:**

**Senator JAMES BEACH**

**District 6 (Burlington and Camden)**

**Co-Sponsored by:**

**Senator Diegnan**

**SYNOPSIS**

Provides tax credits to owners of certain food and drink establishments for eligible health and safety expenditures made during COVID-19 pandemic.

**CURRENT VERSION OF TEXT**

As introduced.



**(Sponsorship Updated As Of: 6/2/2022)**

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1 AN ACT providing tax credits to owners of certain food and drink  
2 establishments for eligible health and safety expenditures made  
3 during the COVID-19 pandemic.

4  
5 **BE IT ENACTED** by the Senate and General Assembly of the State  
6 of New Jersey:

7  
8 1. a. For the first privilege period beginning after the date of  
9 enactment of P.L. , c. (pending before the Legislature as this  
10 bill), a taxpayer that is the owner of an alcoholic beverage  
11 manufacturer, bar, or restaurant shall be allowed a credit against the  
12 tax imposed pursuant to section 5 of P.L.1945, c.162 (C.54:10A-5)  
13 in an amount equal to the costs incurred by the taxpayer during the  
14 state of emergency declared by the Governor in Executive Order  
15 No. 103 of 2020, as extended, for eligible health and safety  
16 expenditures.

17 b. The total credit allowed to a taxpayer during a privilege  
18 period shall not exceed \$1,000.

19 c. The amount of the credit applied under this section against  
20 the tax imposed pursuant to section 5 of P.L.1945, c.162, for a tax  
21 year shall not reduce the tax liability to an amount less than the  
22 statutory minimum provided in subsection (e) of section 5 of  
23 P.L.1945, c.162.

24 d. The Director of the Division of Taxation in the Department  
25 of the Treasury shall promulgate procedures and forms by which a  
26 taxpayer may certify that the taxpayer has qualified for the credit  
27 under this section.

28 e. As used in this section:

29 “Alcoholic beverage manufacturer” means a limited brewery,  
30 winery, distillery, cidery, or meadery licensed pursuant to R.S.33:1-  
31 21.

32 “Bar” means a business establishment or any portion of a  
33 nonprofit entity that is devoted to the selling and serving of  
34 alcoholic beverages for consumption by the public, guests, patrons,  
35 or members on the premises and in which the serving of food, if  
36 served at all, is only incidental to the sale or consumption of such  
37 beverages.

38 “Eligible health and safety expenditures” means capital  
39 expenditures incurred and personal protective equipment purchased  
40 by the taxpayer to comply with the health and safety requirements  
41 imposed under the executive orders issued by the Governor in  
42 response to the COVID-19 pandemic.

43 “Personal protective equipment” means coveralls, face shields,  
44 gloves, gowns, masks, respirators, and other equipment designed to  
45 protect the wearer from the spread of infection or illness.

46 “Restaurant” means a facility or part thereof in which food is  
47 prepared and provided or served for consumption on the premises.

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1       2. a. For the first taxable year following the date of enactment  
2 of P.L.     , c.     (pending before the Legislature as this bill), a  
3 taxpayer that is the owner of an alcoholic beverage manufacturer,  
4 bar, or restaurant, shall be allowed a credit against the tax imposed  
5 pursuant to the “New Jersey Gross Income Tax Act” N.J.S.54A:1-1  
6 et seq., in an amount equal to the costs incurred by the taxpayer  
7 during the state of emergency declared by the Governor in  
8 Executive Order No. 103 of 2020, as extended, for eligible health  
9 and safety expenditures.

10       b. The total credit allowed to a taxpayer during the taxable year  
11 shall not exceed \$1,000.

12       c. A credit allowed pursuant to this section shall not reduce the  
13 tax liability otherwise due pursuant to N.J.S.54A:1-1 et seq. for a  
14 taxable year to an amount less than zero.

15       d. (1) A business entity that is classified as a partnership for  
16 federal income tax purposes shall not be allowed a tax credit  
17 pursuant to this section directly, but the amount of tax credit of a  
18 taxpayer in respect to distributive share of entity income, shall be  
19 determined by allocating to the taxpayer that proportion of the tax  
20 credit acquired by the entity that is equal to the taxpayer’s share,  
21 whether or not distributed, of the total distributive income or gain  
22 of the entity for its taxable year ending within or with the  
23 taxpayer’s taxable year.

24       (2) A New Jersey S Corporation shall not be allowed a tax credit  
25 pursuant to this section directly, but the amount of the tax credit of  
26 a taxpayer in respect of a pro rata share of S Corporation income,  
27 shall be determined by allocating to the taxpayer that proportion of  
28 the tax credit acquired by the New Jersey S Corporation that is  
29 equal to the taxpayer’s share, whether or not distributed, of the total  
30 pro rata share of S Corporation income of the New Jersey S  
31 Corporation for its privilege period ending within or with the  
32 taxpayer’s taxable year.

33       e. The Director of the Division of Taxation in the Department  
34 of the Treasury shall promulgate procedures and forms by which a  
35 taxpayer may certify that the taxpayer has qualified for the credit  
36 under this section.

37       f. As used in this section:

38       “Alcoholic beverage manufacturer” means a limited brewery,  
39 winery, distillery, cidery, or meadery licensed pursuant to R.S.33:1-  
40 21.

41       “Bar” means a business establishment or any portion of a  
42 nonprofit entity that is devoted to the selling and serving of  
43 alcoholic beverages for consumption by the public, guests, patrons,  
44 or members on the premises and in which the serving of food, if  
45 served at all, is only incidental to the sale or consumption of such  
46 beverages.

47       “Eligible health and safety expenditures” means capital  
48 expenditures incurred and personal protective equipment purchased

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1 by the taxpayer to comply with the health and safety requirements  
2 imposed under the executive orders issued by the Governor in  
3 response to the COVID-19 pandemic.

4 “Personal protective equipment” means coveralls, face shields,  
5 gloves, gowns, masks, respirators, and other equipment designed to  
6 protect the wearer from the spread of infection or illness.

7 “Restaurant” means a facility or part thereof in which food is  
8 prepared and provided or served for consumption on the premises.

9  
10 3. This act shall take effect immediately.

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STATEMENT

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15 This bill provides one-time, nonrefundable corporation business  
16 tax and gross income tax credits to taxpayers that are owners of  
17 alcoholic beverage manufacturers, bars, or restaurants, for eligible  
18 health and safety expenditures incurred by taxpayers during the  
19 COVID-19 state of emergency. The state of emergency began on  
20 March 9, 2020, and has not yet ended as of April 2022.

21 The total credit allowed to a taxpayer during the taxable year or  
22 privilege period will not exceed \$1,000. A taxpayer will only be  
23 allowed to claim a credit provided under the bill in the first tax year  
24 following enactment of the bill but may include expenses incurred  
25 at any point during the state of emergency but prior to the claiming  
26 of the credit.

27 Under the bill, “eligible health and safety expenditures” means  
28 capital expenditures incurred and personal protective equipment  
29 purchased by the taxpayer to comply with the health and safety  
30 requirements imposed under the executive orders issued by the  
31 Governor in response to the COVID-19 pandemic. “Personal  
32 protective equipment” is defined in the bill as coveralls, face  
33 shields, gloves, gowns, masks, respirators, and other equipment  
34 designed to protect the wearer from the spread of infection or  
35 illness.