SENATE ENVIRONMENT AND ENERGY COMMITTEE

STATEMENT TO

SENATE, No. 209

STATE OF NEW JERSEY

DATED: FEBRUARY 5, 2024

The Senate Environment and Energy Committee reports favorably Senate Bill No. 209.

This bill would incentivize the retrofitting of existing warehouses with solar-ready zones by providing a tax credit against the corporation business tax to compensate a taxpayer who retrofits an existing warehouse with a solar-ready zone. The tax credit would be available once the taxpayer installs solar panels on the warehouse. The bill defines "warehouse" as a building, room, structure, or facility of at least 100,000 square feet used primarily for the storage of goods intended for sale. The bill defines "solar-ready zone" as a section of a roof or building overhang designated and reserved for the future installation of a solar photovoltaic or solar thermal system, which is at least 40 percent of the roof area calculated as the horizontally projected areas minus the area covered by skylights, occupied roof decks, vegetative roof areas, and mandatory access or set back areas required by the State Uniform Construction Code, or as otherwise provided in the 2018 International Energy Conservation Code, Appendix CA, and any successor model code, concerning solar-ready zones.

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

The bill would require a taxpayer that retrofits an existing warehouse with a solar-ready zone to demonstrate to the Director of the Division of Taxation in the Department of the Treasury (director) that solar panels have been installed on the warehouse prior to receiving the tax credit provided in the bill. The bill would also limit the cumulative total of tax credits awarded pursuant to the bill to $25 million. The director would be required to certify taxpayers as eligible to receive the tax credit provided in the bill. A taxpayer that retrofits an existing warehouse with a solar-ready zone would be eligible to receive the tax credit if:

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

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

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

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

This bill was pre-filed for introduction in the 2024-2025 session pending technical review. As reported, the bill includes the changes required by technical review, which has been performed.