

**SENATE, No. 3217**

**STATE OF NEW JERSEY**

**221st LEGISLATURE**

INTRODUCED MAY 13, 2024

**Sponsored by:**

**Senator MICHAEL L. TESTA, JR.**

**District 1 (Atlantic, Cape May and Cumberland)**

**Senator NILSA I. CRUZ-PEREZ**

**District 5 (Camden and Gloucester)**

**SYNOPSIS**

Provides tax credits equal to cost of Jersey Fresh products purchased by breweries and wineries to be used in production of beer or wine.

**CURRENT VERSION OF TEXT**

As introduced.



1 AN ACT providing tax credits for certain purchases of Jersey Fresh  
2 products by owners and operators of breweries and wineries,  
3 supplementing P.L.1945, c.162 (C.54:10A-1 et seq.) and Title  
4 54A of the New Jersey Statutes.

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

8  
9 1. a. A taxpayer that owns or operates a brewery or winery in  
10 the State shall be allowed a credit against the corporation business  
11 tax imposed pursuant to section 5 of P.L.1945, c.162 (C.54:10A-5)  
12 in an amount equal to the amount paid during the privilege period to  
13 purchase commodities from a Jersey Fresh Quality Grading  
14 Program licensee to be used in the production of beer or wine. The  
15 value of the credits allowed pursuant to this section shall not exceed  
16 \$10,000.

17 b. To qualify for the tax credit allowed pursuant to subsection  
18 a. of this section, the taxpayer shall attach receipts for sales of the  
19 commodities purchased by the taxpayer during the privilege period,  
20 documentation from the Department of Agriculture verifying that  
21 the commodities were purchased from a Jersey Fresh Quality  
22 Grading Program licensee, and a signed affidavit stating that the  
23 commodities were purchased to be used in the production of beer or  
24 wine.

25 c. The order of priority of the application of the credits allowed  
26 pursuant to this section and any other credits allowed by law shall  
27 be as prescribed by the director. The amount of the credits applied  
28 under this section against the corporation business tax liability of  
29 the taxpayer for a privilege period, together with any other credits  
30 allowed by law, shall not exceed 50 percent of the tax liability  
31 otherwise due and shall not reduce the tax liability to an amount  
32 less than the statutory minimum provided in subsection (e) of  
33 section 5 of P.L.1945, c.162 (C.54:10A-5). The amount of the  
34 credit allowable under this section which cannot be used to reduce  
35 the taxpayer's corporation business tax liability for the privilege  
36 period due to the limitations of this section may be carried forward  
37 and applied to the earliest available use within the 20 privilege  
38 periods immediately following the privilege period for which the  
39 credits are allowed.

40 d. As used in this section:

41 "brewery" means a brewery operating under a brewery license  
42 pursuant to R.S.33:1-10.

43 "Jersey Fresh Quality Grading Program licensee" means any  
44 entity that has applied for and been granted approval by the  
45 Department of Agriculture to package commodities using a  
46 department-approved "Jersey Fresh" logo.

47 "winery" means a commercial farm where the owner or operator  
48 of the commercial farm has been issued and is operating in

1 compliance with a plenary winery license or farm winery license  
2 pursuant to R.S.33:1-10.

3

4 2. a. A taxpayer that owns or operates a brewery or winery in  
5 the State shall be allowed a credit against the tax otherwise due  
6 under the "New Jersey Gross Income Tax Act," N.J.S.54A:1-1 et  
7 seq., in an amount equal to the amount paid during the taxable year  
8 to purchase commodities from a Jersey Fresh Quality Grading  
9 Program licensee to be used in the production of beer or wine. The  
10 value of the credits allowed pursuant to this section shall not exceed  
11 \$10,000.

12 b. To qualify for the tax credit allowed pursuant to subsection  
13 a. of this section, the taxpayer shall attach receipts for sales of the  
14 commodities purchased by the taxpayer during the taxable year,  
15 documentation from the Department of Agriculture verifying that  
16 the commodities were purchased from a Jersey Fresh Quality  
17 Grading Program licensee, and a signed affidavit stating that the  
18 commodities were purchased for use in the production of beer or  
19 wine.

20 c. The order of priority of the application of the credit allowed  
21 pursuant to this section, and any other credits allowed against the  
22 tax imposed pursuant to N.J.S.54A:1-1 et seq. for a taxable year,  
23 shall be as prescribed by the director. The amount of the credit  
24 applied under this section against the New Jersey gross income tax  
25 imposed pursuant to N.J.S.54A:1-1 et seq. for a taxable year, when  
26 taken together with any other payments, credits, deductions, and  
27 adjustments allowed by law, shall not reduce a taxpayer's tax  
28 liability to an amount less than zero. The amount of the tax credit  
29 otherwise allowable under this section which cannot be applied for  
30 the taxable year due to the limitations of this section or other  
31 provisions of N.J.S.54A:1-1 et seq. may be carried forward, if  
32 necessary, to the five taxable years following the taxable year for  
33 which the tax credit was allowed.

34 d. (1) A business entity that is classified as a partnership for  
35 federal income tax purposes shall not be allowed a credit under this  
36 section directly, but the amount of credit of a taxpayer in respect of  
37 a distributive share of partnership income under the "New Jersey  
38 Gross Income Tax Act," N.J.S.54A:1-1 et seq., shall be determined  
39 by allocating to the taxpayer that proportion of the credit acquired  
40 by the partnership that is equal to the taxpayer's share, whether or  
41 not distributed, of the total distributive income or gain of the  
42 partnership for its taxable year ending within or with the taxpayer's  
43 taxable year.

44 (2) A New Jersey S Corporation shall not be allowed a credit  
45 under this section directly, but the amount of the tax credit of a  
46 taxpayer in respect of a pro rata share of S Corporation income,  
47 shall be determined by allocating to the taxpayer that proportion of  
48 the tax credit acquired by the New Jersey S Corporation that is

1 equal to the taxpayer's share, whether or not distributed, of the total  
2 pro rata share of S Corporation income of the New Jersey S  
3 Corporation for its privilege period ending within or with the  
4 taxpayer's taxable year.

5 e. As used in this section:

6 "brewery" means a brewery operating under a brewery license  
7 pursuant to R.S.33:1-10.

8 "Jersey Fresh Quality Grading Program licensee" means any  
9 entity that has applied for and been granted approval by the  
10 Department of Agriculture to package commodities using a  
11 department-approved "Jersey Fresh" logo.

12 "winery" means a commercial farm where the owner or operator  
13 of the commercial farm has been issued and is operating in  
14 compliance with a plenary winery license or farm winery license  
15 pursuant to R.S.33:1-10.

16

17 3. The Director of the Division of Taxation in the Department  
18 of the Treasury shall adopt rules and regulations pursuant to the  
19 "Administrative Procedure Act," P.L.1968, c.410 (C.52:14B-1 et  
20 seq.) as the director may deem necessary to effectuate sections 1  
21 and 2 of this act.

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23 4. This act shall take effect immediately and shall apply to  
24 taxable years beginning on or after January 1 following enactment.

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#### STATEMENT

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29 This bill provides tax credits to the owners and operators of  
30 breweries and wineries for purchases of Jersey Fresh products. The  
31 amount of the credit would be equal to the amount paid to purchase  
32 commodities from a Jersey Fresh Quality Grading Program licensee  
33 to be used in the production of beer or wine. The value of the  
34 credits allowed under the bill would not exceed \$10,000. To  
35 qualify for the credit, a taxpayer would be required to attach  
36 receipts for sales of the commodities purchased by the taxpayer  
37 during the tax year or tax period, documentation from the  
38 Department of Agriculture verifying that the commodities were  
39 purchased from a Jersey Fresh Quality Grading Program licensee,  
40 and a signed affidavit stating that the commodities were purchased  
41 for business use.