

ASSEMBLY, No. 5593

STATE OF NEW JERSEY

222nd LEGISLATURE

INTRODUCED OCTOBER 5, 2026

Sponsored by:

Assemblyman GERRY SCHARFENBERGER
District 13 (Monmouth)

Co-Sponsored by:

Assemblywoman Flynn and Assemblyman Clifton

SYNOPSIS

“Main Street Storefront Investment Credit Act”; provides corporation business and gross income tax credits to small businesses for certain property improvements.

CURRENT VERSION OF TEXT

As introduced.



1 AN ACT providing tax credits for certain improvements to small
2 business properties, designated as the “Main Street Storefront
3 Investment Credit Act,” and supplementing P.L.1945, c.162
4 (C.54:10A-1 et seq.) and Title 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. As used in this section:

10 “Eligible investment” means an expense incurred by a qualified
11 small business for improvements to a property owned or leased by
12 the business for use in its principal business operations, which
13 improvements are intended to increase the profitability of the
14 business, including, but not limited to: storefront improvements;
15 accessibility improvements; installation of a security system;
16 improvements to the exterior lighting, signage, awnings, and
17 façade; installation of energy-efficient windows; commercial
18 kitchen upgrades; and heating, ventilation, and air conditioning
19 improvements.

20 “Qualified small business” means a business with no more than
21 50 full-time employees, that is independently owned and operated,
22 has its principal place of business in the State, and is not delinquent
23 or deficient with respect to the payment of any State tax.

24 b. A taxpayer that is a qualified small business shall be allowed
25 a credit against the tax imposed pursuant to section 5 of P.L.1945,
26 c.162 (C.54:10A-5) in an amount equal to 30 percent of the eligible
27 investments incurred during the privilege period by the taxpayer,
28 provided that the total value of credits allowed to a taxpayer during
29 any privilege period shall not exceed \$30,000.

30 c. When filing a return that includes a claim for a tax credit
31 allowed pursuant to this section, a taxpayer shall include such
32 business records as may be required by the director documenting
33 the eligible investments incurred by the taxpayer during the
34 privilege period.

35 d. No tax credit shall be allowed pursuant to this section for
36 any costs or expenses included in the calculation of any other tax
37 credit or exemption granted pursuant to a claim made on a tax
38 return filed with the director, or included in the calculation of an
39 award of business assistance or incentive, for a period of time that
40 coincides with the privilege period for which a tax credit authorized
41 pursuant to this section is allowed.

42 e. The order of priority in which the tax credit allowed
43 pursuant to this section and any other tax credits allowed by law
44 may be taken shall be as prescribed by the director. The amount of
45 the tax credit applied under this section against the tax imposed
46 pursuant to section 5 of P.L.1945, c.162 (C.54:10A-5), for a
47 privilege period, when taken together with any other payments,
48 credits, deductions, and adjustments allowed by law shall not

1 reduce the tax liability of the taxpayer to an amount less than the
2 statutory minimum provided in subsection (e) of section 5 of
3 P.L.1945, c.162 (C.54:10A-5). The amount of the tax credit
4 otherwise allowable under this section which cannot be applied for
5 the privilege period due to the limitations of this subsection or
6 under other provisions of P.L.1945, c.162 (C.54:10A-1 et seq.) may
7 be carried forward, if necessary, to the seven privilege periods
8 following the privilege period for which the tax credit was allowed,
9 after which the credit shall expire.

10
11 2. a. As used in this section:

12 “Eligible investment” means an expense incurred by a qualified
13 small business for improvements to a property owned or leased by
14 the business for use in its principal business operations, which
15 improvements are intended to increase the profitability of the
16 business, including, but not limited to: storefront improvements;
17 accessibility improvements; installation of a security system;
18 improvements to the exterior lighting, signage, awnings, and
19 façade; installation of energy-efficient windows; commercial
20 kitchen upgrades; and heating, ventilation, and air conditioning
21 improvements.

22 “Qualified small business” means a business with no more than
23 50 full-time employees, that is independently owned and operated,
24 has its principal place of business in the State, and is not delinquent
25 or deficient with respect to the payment of any State tax.

26 b. A taxpayer that is a qualified small business shall be allowed
27 a credit against the tax otherwise due for the taxable year under the
28 “New Jersey Gross Income Tax Act,” N.J.S.54A:1-1 et seq. in an
29 amount equal to 30 percent of the eligible investments incurred
30 during the taxable year by the taxpayer, provided that the total value
31 of credits allowed to a taxpayer during any taxable year shall not
32 exceed \$30,000.

33 c. When filing a return that includes a claim for a tax credit
34 allowed pursuant to this section, a taxpayer shall include such
35 business records as may be required by the director documenting
36 the eligible investments incurred by the taxpayer during the taxable
37 year.

38 d. No tax credit shall be allowed pursuant to this section for
39 any costs or expenses included in the calculation of any other tax
40 credit or exemption granted pursuant to a claim made on a tax
41 return filed with the director, or included in the calculation of an
42 award of business assistance or incentive, for a period of time that
43 coincides with the taxable year for which a tax credit authorized
44 pursuant to this section is allowed.

45 e. The order of priority in which the tax credit allowed
46 pursuant to this section and any other tax credits allowed by law
47 may be taken shall be as prescribed by the director. The amount of
48 the tax credit applied under this section against the tax imposed

1 pursuant to “New Jersey Gross Income Tax Act,” N.J.S.54A:1-1 et
2 seq. for a taxable year, when taken together with any other
3 payments, credits, deductions, and adjustments allowed by law,
4 shall not reduce the tax liability of the taxpayer to an amount less
5 than zero. The amount of the tax credit otherwise allowable under
6 this section which cannot be applied for the taxable year due to the
7 limitations of this section or other provisions of N.J.S.54A:1-1 et
8 seq. may be carried forward, if necessary, to the seven taxable years
9 following the taxable year for which the tax credit was allowed,
10 after which the credit shall expire.

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

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

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30 3. The Director of the Division of Taxation in the Department
31 of the Treasury shall adopt, pursuant to the “Administrative
32 Procedure Act,” P.L.1968, c.410 (C.52:14B-1 et seq.), rules and
33 regulations necessary to implement the provisions of
34 P.L. , c. (C.) (pending before the Legislature as this bill).

35

36 4. This act shall take effect immediately and shall apply to
37 privilege periods and taxable years beginning on or after the
38 effective date of this act.

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41 STATEMENT

42

43 This bill, to be known as the “Main Street Storefront Investment
44 Credit Act,” creates a corporation business tax and gross income tax
45 credit for qualified small businesses that make certain
46 improvements to their business properties.

47 Under the bill, a qualified small business may claim a credit
48 equal to 30 percent of the eligible investments incurred during the

1 tax period, up to \$30,000 per tax period. When filing a tax return
2 that includes a claim for the tax credit allowed under the bill, a
3 taxpayer is required to include such business records as may be
4 required by the Director of the Division of Taxation in the
5 Department of the Treasury documenting the eligible investments
6 incurred by the taxpayer.

7 Under the bill, “qualified small business” means a business with
8 no more than 50 full-time employees that is independently owned
9 and operated, has its principal place of business in this State, and is
10 not delinquent or deficient with respect to the payment of any State
11 tax.

12 The bill defines “eligible investment” as an expense incurred by
13 a qualified small business for improvements to property owned or
14 leased by the business for use in its principal business operations,
15 which improvements are intended to increase the profitability of the
16 business, including, but not limited to: storefront improvements;
17 accessibility improvements; installation of a security system;
18 improvements to the exterior lighting, signage, awnings, and
19 façade; installation of energy-efficient windows; commercial
20 kitchen upgrades; and heating, ventilation, and air conditioning
21 improvements.