ASSEMBLY, No. 5812

STATE OF NEW JERSEY

222nd LEGISLATURE

INTRODUCED NOVEMBER 16, 2026

Sponsored by:
Assemblyman ALEX SAUICKIE
District 12 (Burlington, Middlesex, Monmouth and Ocean)

SYNOPSIS

Provides CBT and GIT tax credits to certain food and drink establishments for purchase of certain local ingredients and products.

CURRENT VERSION OF TEXT

As introduced.

AN ACT providing corporation business and gross income tax credits to taxpayers that purchase certain local ingredients and products, and supplementing P.L.1945, c.162 (C.54:10A-1 et seq.) and Title 54A of the New Jersey Statutes.

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

1. As used in section 2 through 4 of P.L. , c. (C. to C.):

"Bar" means a business establishment which is devoted to the selling and serving of alcoholic beverages for consumption by the patrons on the premises and in which the serving of food, if served at all, is only incidental to the sale and consumption of such beverages.

"Brewery" means a brewery operating under a plenary brewery license or limited brewery license pursuant to R.S.33:1-10.

"Director" means the Director of the Division of Taxation in the Department of the Treasury.

"Eligible ingredients" means any fruits, vegetables, crops, or other ingredients that were grown or manufactured in this State.

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

"Qualifying food establishment" means a restaurant, bar, food manufacturing establishment, or limited brewery or restricted brewery licensed pursuant to R.S.33:1-10.

"Restaurant" means a business establishment where meals or refreshments, both food and drink, are sold and served for consumption by patrons on the premises.

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

2. a. A taxpayer that owns or operates a restaurant or bar located in this State shall be allowed a credit against the tax imposed pursuant to section 5 of P.L.1945, c.162 (C.54:10A-5) in an amount equal to 10 percent of the costs incurred by the taxpayer during the privilege period for the purchase of wine or beer produced in New Jersey, provided that the wine or beer is offered for sale to patrons of the restaurant or bar. The value of the credit allowed pursuant to this section shall not exceed $10,000 per taxpayer per privilege period.

b. To claim the tax credit allowed pursuant to this section, the taxpayer shall attach to any return which the taxpayer is required to file under P.L.1945, c.162 (C.54:10A-1 et seq.): a copy of the receipt for each sale of beer or wine purchased by the taxpayer during the privilege period; proof that the wine or beer was produced in this

State; a copy of one or more menus demonstrating that the beer or wine is offered for sale to patrons of the restaurant or bar; and any other documentation that may be required by the director.

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

3. a. A taxpayer that owns or operates a brewery or winery in the State shall be allowed a credit against the tax imposed pursuant to section 5 of P.L.1945, c.162 (C.54:10A-5) in an amount equal to the costs incurred during the privilege period to purchase commodities from a Jersey Fresh Quality Grading Program licensee for use in the production of beer or wine. The amount of the credit allowed pursuant to this section shall not exceed $10,000 per taxpayer per taxable year.

b. To claim the tax credit allowed pursuant to this section, the taxpayer shall attach to any return which the taxpayer is required to file under P.L.1945, c. 162 (C.54:10A-1 et seq.): a copy of the receipt for each sale of a commodity purchased by the taxpayer during the privilege period; documentation from the Department of Agriculture verifying that the commodity was purchased from a Jersey Fresh Quality Grading Program licensee; a signed affidavit stating that the commodity was purchased for use in the production of beer or wine; and any other documentation that may be required by the director.

c. The order of priority of the application of the credits allowed pursuant to this section and any other credits allowed by law shall be as prescribed by the director. The amount of the credits applied under this section against the corporation business tax liability of the taxpayer for a privilege period, together with any other credits allowed by law, shall not exceed 50 percent of the tax liability otherwise due and shall not reduce the tax liability to an amount less than the statutory minimum provided in subsection (e) of section 5 of P.L.1945, c.162 (C.54:10A-5). The amount of the credit allowable under this section which cannot be used to reduce the taxpayer's corporation business tax liability for the privilege period due to the limitations of this section may be carried forward and applied to the

earliest available use within the 20 privilege periods immediately following the privilege period for which the credits are allowed.

d. A taxpayer shall not be allowed a tax credit under this section related to any expenses for which the taxpayer claims a tax credit pursuant to section 4 of P.L. , c. (C.) (pending before the Legislature as this bill).

4. a. A taxpayer that owns and operates a qualifying food establishment in this State shall be allowed a credit against the tax imposed pursuant to section 5 of P.L.1945, c.162 (C.54:10A-5) in an amount equal to 10 percent of the costs incurred by the taxpayer during the privilege period for the purchase of any eligible ingredients used in the preparation of foods or beverages at the qualifying food establishment.

b. To claim the tax credit allowed pursuant to this section, a taxpayer shall attach to any return which the taxpayer is required to file under P.L.1945, c.162 (C.54:10A-1 et seq.): a copy of the receipt for each sale of an eligible ingredient purchased by the taxpayer during the privilege period from a producer located in this State; a signed affidavit from the producer confirming that the eligible ingredient was grown or manufactured in the State; and any other documentation as may be required by the director.

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

d. A taxpayer shall not be allowed a tax credit under this section related to any expenses for which the taxpayer claims a tax credit pursuant to section 3 of P.L. , c. (C.) (pending before the Legislature as this bill).

5. As used in section 6 through 8 of P.L. , c. (C. to C.):

"Bar" means a business establishment which is devoted to the selling and serving of alcoholic beverages for consumption by the patrons on the premises and in which the serving of food, if served at all, is only incidental to the sale and consumption of such beverages.

"Brewery" means a brewery operating under a plenary brewery license or limited brewery license pursuant to R.S.33:1-10.

"Director" means the Director of the Division of Taxation in the Department of the Treasury.

"Eligible ingredients" means any fruits, vegetables, crops, or other ingredients that were grown or manufactured in this State.

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

"Qualifying food establishment" means a restaurant, bar, food manufacturing establishment, or limited brewery or restricted brewery licensed pursuant to R.S.33:1-10.

"Restaurant" means a business establishment where meals or refreshments, both food and drink, are sold and served for consumption by patrons on the premises.

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

6. a. A taxpayer that owns or operates a restaurant or bar located in this State shall be allowed a credit against the tax otherwise due under the "New Jersey Gross Income Tax Act," N.J.S.54A:1-1 et seq., in an amount equal to 10 percent of the costs incurred by the taxpayer during the taxable year for the purchase of wine or beer produced in New Jersey, provided that the wine or beer is offered for sale to patrons of the restaurant or bar. The value of the credit allowed pursuant to this section shall not exceed $10,000 per taxpayer per taxable year.

b. To claim the tax credit allowed pursuant to this section, the taxpayer shall attach to any return which the taxpayer is required to file under N.J.S.54A:1-1 et seq.: a copy of the receipt for each sale of beer or wine purchased by the taxpayer during the taxable year; proof that the beer or wine was produced in this State; a copy of one or more menus demonstrating that the wine or beer offered for sale to patrons of the restaurant or bar; and any other documentation that may be required by the director.

c. The order of priority of the application of the credit allowed pursuant to this section, and any other credits allowed against the tax imposed pursuant to N.J.S.54A:1-1 et seq. for a taxable year, shall be as prescribed by the director. The amount of the credit applied under this section against the New Jersey gross income tax imposed pursuant to N.J.S.54A:1-1 et seq. for a taxable year, when taken together with any other payments, credits, deductions, and adjustments allowed by law, shall not reduce a taxpayer's tax liability to an amount less than zero. The amount of the tax credit otherwise allowable under this section which cannot be applied for the taxable

year due to the limitations of this section or other provisions of N.J.S.54A:1-1 et seq. may be carried forward, if necessary, to the five taxable years following the taxable year for which the tax credit was allowed.

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

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

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

b. To claim the tax credit allowed pursuant to this section, the taxpayer shall attach, to any return which the taxpayer is required to file under N.J.S.54A:1-1 et seq.: a copy of the receipt for each sale of a commodity purchased by the taxpayer during the taxable year; documentation from the Department of Agriculture verifying that the commodity was purchased from a Jersey Fresh Quality Grading Program licensee; a signed affidavit stating that the commodity was purchased for use in the production of beer or wine; and any other documentation that may be required by the director.

c. The order of priority of the application of the credit allowed pursuant to this section, and any other credits allowed against the tax imposed pursuant to N.J.S.54A:1-1 et seq. for a taxable year, shall be as prescribed by the director. The amount of the credit applied under this section against the New Jersey gross income tax imposed pursuant to N.J.S.54A:1-1 et seq. for a taxable year, when taken together with any other payments, credits, deductions, and adjustments allowed by law, shall not reduce a taxpayer's tax liability to an amount less than zero. The amount of the tax credit otherwise

allowable under this section which cannot be applied for the taxable year due to the limitations of this section or other provisions of N.J.S.54A:1-1 et seq. may be carried forward, if necessary, to the five taxable years following the taxable year for which the tax credit was allowed.

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

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

e. A taxpayer shall not be allowed a tax credit under this section related to any expenses for which the taxpayer claims a tax credit pursuant to section 8 of P.L. , c. (C.) (pending before the Legislature as this bill.

8. a. A taxpayer that owns and operates a qualifying food establishment in this State shall be allowed a credit against the tax otherwise due under the "New Jersey Gross Income Tax Act," N.J.S.54A:1-1 et seq., in an amount equal to 10 percent of the costs incurred by the taxpayer during the taxable year for the purchase of any eligible ingredients used in the preparation of foods or beverages at the qualifying food establishment.

b. In order to claim the tax credit allowed pursuant to this section, a taxpayer shall attach to any return which the taxpayer is required to file under N.J.S.54A:1-1 et seq.: a copy of the receipt for each sale of an eligible ingredient purchased by the taxpayer during the privilege period from a producer located in this State; a signed affidavit from the producer confirming that the eligible ingredient was grown or manufactured in the State; and any other documentation as may be required by the director.

c. The order of priority of the application of the credit allowed pursuant to this section and any other credits allowed by law shall be as prescribed by the director. The amount of the credits applied under this section against the gross income tax liability of the taxpayer for a taxable year, together with any other credits allowed by law, shall not reduce a taxpayer's tax liability to an amount less than zero. The

amount of the credits allowable under this section which cannot be used to reduce the taxpayer's gross income tax liability for the taxable year due to the limitations of this section may be carried forward, if necessary to the five taxable years following the taxable year for which the credits are allowed.

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

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

e. A taxpayer shall not be allowed a tax credit under this section related to any expenses for which the taxpayer claims a tax credit pursuant to section 7 of P.L. , c. (C.) (pending before the Legislature as this bill).

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

10. This act shall take effect immediately and shall apply to privilege periods and taxable years beginning on or after January 1 of the year next following enactment.

STATEMENT

This bill provides corporation business tax and gross income tax credits to certain food and drink establishments related to the purchase certain local ingredients and products that are used for the operations of the establishment.

Specifically, the bill provides tax credits to taxpayers that own or operate a restaurant or bar in the State in an amount equal to 10 percent of the costs incurred by the taxpayer for the purchase of any wine or beer that is produced in New Jersey and offered for sale to patrons of the restaurant or bar. The amount of the credit allowed

would not exceed $10,000 per taxpayer per year. To claim the credits, the taxpayer would be required to submit, with their tax return: a copy of the receipts for the sales of the beer or wine purchased by the taxpayer; proof that the beer or wine was produced in this State; a copy of one or more menus demonstrating that the beer or wine is offered for sale to patrons of the restaurant or bar, and any other documentation that may be required by the director.

The bill also provides tax credits to the owners and operators of breweries and wineries for purchases of Jersey Fresh products. The amount of the credit would be equal to the costs incurred to purchase commodities from a Jersey Fresh Quality Grading Program licensee for use in the production of beer or wine. The value of the credits allowed for this purpose would not exceed $10,000 per taxpayer per year. To claim the credit, a taxpayer would be required to submit, with their tax return: a copy of the receipts for the sales of a commodity purchased by the taxpayer; documentation from the Department of Agriculture verifying that the commodities were purchased from a Jersey Fresh Quality Grading Program licensee; a signed affidavit stating that the commodity was purchased for business use; and any other documentation that may be required by the director. The bill defines a "Jersey Fresh Quality Program licensee" as any entity that has applied for and been granted approval by the Department of Agriculture to package commodities using a department-approved "Jersey Fresh" logo.

Additionally, the bill provides tax credits to qualifying food establishments for 10 percent of the costs incurred to purchase any fruits, vegetables, crops, and other ingredients that are grown or manufactured in the State for use in the preparation of foods or beverages at the qualifying food establishment. A "qualifying food establishment" is defined under the bill as a restaurant, food manufacturing establishment, and a limited brewery license or restricted brewery licensed under State law. The bill defines "eligible ingredients" as any fruits, vegetables, crops, or other ingredients that were grown or manufactured in this State.