

ASSEMBLY, No. 1850

STATE OF NEW JERSEY 221st LEGISLATURE

PRE-FILED FOR INTRODUCTION IN THE 2024 SESSION

Sponsored by:

Assemblyman HERB CONAWAY, JR.

District 7 (Burlington)

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District 18 (Middlesex)

SYNOPSIS

Provides corporation business tax credits and gross income tax credits for purchase of certain hydrogen fuel cell vehicles.

CURRENT VERSION OF TEXT

Introduced Pending Technical Review by Legislative Counsel.



1 AN ACT providing corporation business tax credits and gross
2 income tax credits for the purchase of certain hydrogen fuel cell
3 vehicles, and supplementing P.L.1945, c.162 (C.54:10A-1 et
4 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 “Hydrogen fuel cell vehicle” means a motor vehicle that is
11 propelled by power derived from one or more cells that convert
12 chemical energy directly into electricity by combining oxygen with
13 hydrogen fuel.

14 b. (1) For the taxpayer’s privilege period beginning in calendar
15 year 2023, a taxpayer shall be allowed a credit against the tax
16 imposed pursuant to section 5 of P.L.1945, c.162 (C.54:10A-5) for
17 the amount paid during the privilege period to purchase a hydrogen
18 fuel cell vehicle which is used directly and exclusively by the
19 taxpayer in the taxpayer’s business, trade, or occupation. The credit
20 allowed pursuant to this paragraph shall be 25 percent of the
21 amount paid to purchase a hydrogen fuel cell vehicle, up to \$15,000
22 per vehicle.

23 (2) For the taxpayer’s privilege period beginning in calendar
24 year 2024, a taxpayer shall be allowed a credit against the tax
25 imposed pursuant to section 5 of P.L.1945, c.162 (C.54:10A-5) for
26 the amount paid during the privilege period to purchase a hydrogen
27 fuel cell vehicle which is used directly and exclusively by the
28 taxpayer in the taxpayer’s business, trade, or occupation. The credit
29 allowed pursuant to this paragraph shall be 15 percent of the
30 amount paid to purchase a hydrogen fuel cell vehicle, up to \$9,000
31 per vehicle.

32 (3) For the taxpayer’s privilege period beginning in calendar
33 year 2025, a taxpayer shall be allowed a credit against the tax
34 imposed pursuant to section 5 of P.L.1945, c.162 (C.54:10A-5) for
35 the amount paid during the privilege period to purchase a hydrogen
36 fuel cell vehicle which is used directly and exclusively by the
37 taxpayer in the taxpayer’s business, trade, or occupation. The credit
38 allowed pursuant to this paragraph shall be eight percent of the
39 amount paid to purchase a hydrogen fuel cell vehicle, up to \$5,000
40 per vehicle.

41 c. (1) To qualify for the tax credit allowed pursuant to this
42 section, the taxpayer shall file an application for a certification from
43 the Commissioner of Environmental Protection that the vehicle
44 purchased by the taxpayer qualifies as a hydrogen fuel cell vehicle.
45 The certification shall specifically indicate the date of purchase of
46 the vehicle, a description of the vehicle, and the amount paid for the
47 vehicle. The commissioner shall prescribe the form for the
48 application and certification and may require the submission of

1 supplemental materials with an application, including but not
2 limited to a copy of the receipt of purchase.

3 (2) The Commissioner of Environmental Protection shall have
4 90 days from the date of receipt of a complete application to make a
5 determination as to the issuance of a certification.

6 (3) Upon certification, the Commissioner of Environmental
7 Protection shall submit a copy thereof to the taxpayer and the
8 Director of the Division of Taxation. In filing a tax return that
9 includes a claim for the credit allowed pursuant to this section, the
10 taxpayer shall include a copy of the certification.

11 d. The amount of the credit applied under this section against
12 the tax imposed pursuant to section 5 of P.L.1945, c.162
13 (C.54:10A-5), for a privilege period, when taken together with any
14 other credits allowed against the tax imposed pursuant to section 5
15 of P.L.1945, c.162 (C.54:10A-5), shall not exceed 50 percent of the
16 tax liability otherwise due and shall not reduce the tax liability to an
17 amount less than the statutory minimum provided in subsection (e)
18 of section 5 of P.L.1945, c.162 (C.54:10A-5). The priority in which
19 credits allowed pursuant to this section and any other credits shall
20 be taken shall be as determined by the Director of the Division of
21 Taxation. The amount of the credit otherwise allowable under this
22 section which cannot be applied for the privilege period due to the
23 limitations of this subsection or under other provisions of P.L.1945,
24 c.162 (C.54:10A-5 et seq.) may be carried over, if necessary, to the
25 seven privilege periods following the privilege period for which the
26 credit was allowed.

27

28 2. a. As used in this section:

29 “Hydrogen fuel cell vehicle” means a motor vehicle that is
30 propelled by power derived from one or more cells that convert
31 chemical energy directly into electricity by combining oxygen with
32 hydrogen fuel.

33 b. (1) For the taxpayer’s privilege period beginning in calendar
34 year 2023, a taxpayer shall be allowed a credit against the tax
35 imposed pursuant to the “New Jersey Gross Income Tax Act,”
36 N.J.S.54A:1-1 et seq., for the amount paid during the privilege
37 period to purchase a hydrogen fuel cell vehicle. The credit allowed
38 pursuant to this paragraph shall be 25 percent of the amount paid to
39 purchase a hydrogen fuel cell vehicle, up to \$15,000 per vehicle.

40 (2) For the taxpayer’s privilege period beginning in calendar
41 year 2024, a taxpayer shall be allowed a credit against the tax
42 imposed pursuant to the “New Jersey Gross Income Tax Act,”
43 N.J.S.54A:1-1 et seq., for the amount paid during the privilege
44 period to purchase a hydrogen fuel cell vehicle. The credit allowed
45 pursuant to this paragraph shall be 15 percent of the amount paid to
46 purchase a hydrogen fuel cell vehicle, up to \$9,000 per vehicle.

47 (3) For the taxpayer’s privilege period beginning in calendar
48 year 2025, a taxpayer shall be allowed a credit against the tax

1 imposed pursuant to the “New Jersey Gross Income Tax Act,”
2 N.J.S.54A:1-1 et seq., for the amount paid during the privilege
3 period to purchase a hydrogen fuel cell vehicle. The credit allowed
4 pursuant to this paragraph shall be eight percent of the amount paid
5 to purchase a hydrogen fuel cell vehicle, up to \$5,000 per vehicle.

6 c. (1) To qualify for the tax credit allowed pursuant to this
7 section, the taxpayer shall file an application for a certification from
8 the Commissioner of Environmental Protection that the vehicle
9 purchased by the taxpayer qualifies as a hydrogen fuel cell vehicle.
10 The certification shall specifically indicate the date of purchase of
11 the vehicle, a description of the vehicle, and the amount paid for the
12 vehicle. The commissioner shall prescribe the form for the
13 application and certification and may require the submission of
14 supplemental materials with an application, including but not
15 limited to a copy of the receipt of purchase.

16 (2) The Commissioner of Environmental Protection shall have
17 90 days from the date of receipt of a complete application to make a
18 determination as to the issuance of a certification.

19 (3) Upon certification, the Commissioner of Environmental
20 Protection shall submit a copy thereof to the taxpayer and the
21 Director of the Division of Taxation. In filing a tax return that
22 includes a claim for the credit allowed pursuant to this section, the
23 taxpayer shall include a copy of the certification.

24 d. No taxpayer shall be allowed more than one credit pursuant
25 to this section per taxable year, except that a taxpayer filing a joint
26 return shall be allowed no more than two credits pursuant to this
27 section per taxable year.

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29 3. a. As used in this section:

30 “Hydrogen fuel cell vehicle” means a motor vehicle that is
31 propelled by power derived from one or more cells that convert
32 chemical energy directly into electricity by combining oxygen with
33 hydrogen fuel.

34 b. (1) For the taxpayer’s privilege period beginning in calendar
35 year 2023, a taxpayer operating a business as a sole proprietor or
36 through a partnership shall be allowed a credit against the tax
37 imposed pursuant to the “New Jersey Gross Income Tax Act,”
38 N.J.S.54A:1-1 et seq., for the amount paid during the privilege
39 period to purchase a hydrogen fuel cell vehicle which is used
40 directly and exclusively by the taxpayer in the taxpayer’s business,
41 trade, or occupation. The credit allowed pursuant to this paragraph
42 shall be 25 percent of the amount paid to purchase a hydrogen fuel
43 cell vehicle, up to \$15,000 per vehicle.

44 (2) For the taxpayer’s privilege period beginning in calendar
45 year 2024, a taxpayer operating a business as a sole proprietor or
46 through a partnership shall be allowed a credit against the tax
47 imposed pursuant to the “New Jersey Gross Income Tax Act,”
48 N.J.S.54A:1-1 et seq., for the amount paid during the privilege

1 period to purchase a hydrogen fuel cell vehicle which is used
2 directly and exclusively by the taxpayer in the taxpayer's business,
3 trade, or occupation. The credit allowed pursuant to this paragraph
4 shall be 15 percent of the amount paid to purchase a hydrogen fuel
5 cell vehicle, up to \$9,000 per vehicle.

6 (3) For the taxpayer's privilege period beginning in calendar
7 year 2025, a taxpayer operating a business as a sole proprietor or
8 through a partnership shall be allowed a credit against the tax
9 imposed pursuant to the "New Jersey Gross Income Tax Act,"
10 N.J.S.54A:1-1 et seq., for the amount paid during the privilege
11 period to purchase a hydrogen fuel cell vehicle which is used
12 directly and exclusively by the taxpayer in the taxpayer's business,
13 trade, or occupation. The credit allowed pursuant to this paragraph
14 shall be eight percent of the amount paid to purchase a hydrogen
15 fuel cell vehicle, up to \$5,000 per vehicle.

16 c. (1) To qualify for the tax credit allowed pursuant to this
17 section, the taxpayer shall file an application for a certification from
18 the Commissioner of Environmental Protection that the vehicle
19 purchased by the taxpayer qualifies as a hydrogen fuel cell vehicle.
20 The certification shall specifically indicate the date of purchase of
21 the vehicle, a description of the vehicle, and the amount paid for the
22 vehicle. The commissioner shall prescribe the form for the
23 application and certification and may require the submission of
24 supplemental materials with an application, including but not
25 limited to a copy of the receipt of purchase.

26 (2) The Commissioner of Environmental Protection shall have
27 90 days from the date of receipt of a complete application to make a
28 determination as to the issuance of a certification.

29 (3) Upon certification, the Commissioner of Environmental
30 Protection shall submit a copy thereof to the taxpayer and the
31 Director of the Division of Taxation. In filing a tax return that
32 includes a claim for the credit allowed pursuant to this section, the
33 taxpayer shall include a copy of the certification.

34 d. The amount of the credit applied under this section against
35 the tax imposed pursuant to the "New Jersey Gross Income Tax
36 Act" N.J.S.54A:1-1 et seq., for a taxable year, when taken together
37 with any other credits allowed against the tax imposed pursuant to
38 the "New Jersey Gross Income Tax Act", shall not exceed 50
39 percent of the tax liability otherwise due. The priority in which
40 credits allowed pursuant to this section and any other credits shall
41 be taken shall be as determined by the Director of the Division of
42 Taxation.

43 e. A partnership shall not be allowed a credit under this section
44 directly, but the amount of credit of a taxpayer in respect of a
45 distributive share of partnership income under the "New Jersey
46 Gross Income Tax Act," N.J.S.54A:1-1 et seq., shall be determined
47 by allocating to the taxpayer that proportion of the credit that is
48 equal to the taxpayer's share, whether or not distributed, of the total

1 distributive income or gain of the partnership for its taxable year
2 ending within or with the taxpayer's taxable year.

3

4 4. This act shall take effect immediately.

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STATEMENT

8

9 This bill provides corporation business tax credits and gross
10 income tax credits for the purchase of certain hydrogen fuel cell
11 vehicles. The credits are available to both businesses and
12 individuals.

13 The credits are available for the taxpayer tax periods beginning
14 in calendar years 2023, 2024 and 2025. For hydrogen fuel cell
15 vehicles purchased in 2023 tax periods, a taxpayer will be allowed a
16 credit in an amount of 25 percent of the cost, up to \$15,000 per
17 vehicle. For vehicles purchased and installed in 2024 tax periods,
18 the credit is 15 percent of the cost, up to \$9,000 per vehicle. For a
19 vehicle purchased and installed in 2025 tax periods, the credit is
20 eight percent of the cost, up to \$5,000 per vehicle. To qualify for
21 the bill's tax credits, the taxpayer must file an application for a
22 certification with the Commissioner of Environmental Protection
23 that the hydrogen fuel cell vehicle purchased by the taxpayer is a
24 qualified hydrogen fuel cell vehicle.

25 Hydrogen fuel cell vehicles are electrically powered and they
26 produce only water vapor as an emission. Hydrogen fuel cell
27 vehicles typically have a longer range than battery-powered electric
28 vehicles and they can be refueled in approximately the same time
29 and manner as a gasoline-powered vehicle. This bill would
30 encourage New Jersey businesses to purchase hydrogen fuel cell
31 vehicles by defraying their purchase costs.