

Bill S2875

Session 2022 - 2023



SENATE ECONOMIC GROWTH COMMITTEE

STATEMENT TO

SENATE, No. 2875

**STATE OF NEW
JERSEY**

DATED: NOVEMBER 3, 2022

The Senate Economic Growth Committee reports favorably Senate Bill No. 2875.

As reported, this bill allows taxpayers to claim a deduction for depreciation, under the Gross Income Tax and the Corporation Business Tax, based on a percentage of eligible property expenditures, meaning capital expenditures incurred by the taxpayer in connection with the construction of a new affordable housing development owned by the taxpayer. Under the bill, a taxpayer may claim this deduction over a ten-year period.

To calculate the percentage of eligible property expenditures that may be depreciated, the taxpayer would be required to apply the following formula: $2 \times (\text{the number of affordable housing units in the development} / \text{the number of non-affordable housing units in the development})$.

As defined in the bill, “affordable housing development” means a development that includes one or more units of housing, at least 20 percent of which qualify as affordable housing. The bill defines “affordable housing” as housing occupied or restricted to occupancy by households with income no greater than 80 percent of the regional median income, including, but not limited to, housing that is deed restricted as affordable pursuant to the “Fair Housing Act.”

