

**ASSEMBLY, No. 1661**

**STATE OF NEW JERSEY**  
**213th LEGISLATURE**

PRE-FILED FOR INTRODUCTION IN THE 2008 SESSION

**Sponsored by:**

**Assemblywoman ALISON LITTELL MCHOSE**

**District 24 (Sussex, Hunterdon and Morris)**

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**District 24 (Sussex, Hunterdon and Morris)**

**SYNOPSIS**

Allows corporation business tax and gross income tax credits to businesses providing employment to certain National Guard or reservists.

**CURRENT VERSION OF TEXT**

Introduced Pending Technical Review by Legislative Counsel



1 AN ACT allowing a credit against the corporation business tax and  
2 the New Jersey gross income tax to businesses employing  
3 National Guard members and reservists, supplementing  
4 P.L.1945, c.162 (C.54:10A-1 et seq.) and Title 54A of the New  
5 Jersey Statutes.

6

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

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10 1. a. A taxpayer shall be allowed a credit against the tax  
11 imposed pursuant to section 5 of P.L.1945, c.162 (C.54:10A-5), in  
12 an amount equal to 20% of the salary and wages paid by the  
13 taxpayer during the privilege period for the employment of a  
14 qualified employee but not to exceed \$2,000 for each qualified  
15 person for the privilege period.

16 b. As used in this section:

17 "Qualified employee" means an employee, who is also a member  
18 of the National Guard or of a reserve component of the Armed  
19 Forces of the United States, receiving orders for mobilization to  
20 active duty service.

21 c. The amount of the credit applied under this section against the  
22 tax imposed pursuant to section 5 of P.L.1945, c.162, for a privilege  
23 period, when taken together with any other credits allowed against  
24 the tax imposed pursuant to section 5 of P.L.1945, c.162, shall not  
25 exceed 50% of the tax liability otherwise due and shall not reduce  
26 the tax liability to an amount less than the statutory minimum  
27 provided in subsection (e) of section 5 of P.L.1945, c.162. The  
28 priority in which credits allowed pursuant to this section and any  
29 other credits taken shall be as determined by the Director of the  
30 Division of Taxation. The amount of the credit otherwise allowable  
31 under this section which cannot be applied for the privilege period  
32 due to the limitations of this subsection or under other provisions of  
33 P.L.1945, c.162 may be carried over, if necessary, to the seven  
34 privilege periods following the privilege period for which the credit  
35 was allowed.

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37 2. a. A taxpayer shall be allowed a credit against the tax  
38 otherwise due for the taxable year under the "New Jersey Gross  
39 Income Tax Act," N.J.S.54A:1-1 et seq., in an amount equal to 20%  
40 of the salary and wages paid by the taxpayer during the taxable year  
41 for the employment of a qualified employee during the taxable year  
42 but not to exceed \$2,000 for each qualified person for the taxable  
43 year.

44 b. As used in this section:

45 "Qualified employee" means an employee, who is also a member  
46 of the National Guard or of a reserve component of the Armed  
47 Forces of the United States, receiving orders for mobilization to  
48 active duty service.

1 c. The amount of the credits applied under this section for a  
2 taxable year, when taken together with any other credits allowed  
3 against the tax imposed pursuant to N.J.S.54A:1-1 et seq., shall not  
4 exceed 50% of that amount of the taxpayer's liability for tax for the  
5 taxable year that bears the same proportional relationship to the  
6 total amount of such liability as the amount of the taxpayer's gross  
7 income, derived from New Jersey sources and attributable to the  
8 business or professional activity in which the taxpayer employs the  
9 qualified employee during that taxable year, bears to the taxpayer's  
10 entire gross income for that year. Credits allowed pursuant to this  
11 section shall be taken only after the taxpayer has taken all credits  
12 allowed under section 2 of P.L.2000, c.80 (C.54A:4-7). The  
13 amount of the credit otherwise allowable under this section which  
14 cannot be applied for the taxable year due to the limitations of this  
15 subsection may be carried over, if necessary to the seven taxable  
16 years following the taxable year for which the credit was allowed.

17 d. A partnership shall not be allowed a credit under this section  
18 directly, but the amount of credit of a taxpayer in respect of a  
19 distributive share of partnership income under the "New Jersey  
20 Gross Income Tax Act," N.J.S.54A:1-1 et seq., shall be determined  
21 by allocating to the taxpayer that proportion of the credit acquired  
22 by the partnership that is equal to the taxpayer's share, whether or  
23 not distributed, of the total distributive income or gain of the  
24 partnership for its taxable year ending within or with the taxpayer's  
25 taxable year.

26  
27 3. This act shall take effect immediately, and sections 1 and 2  
28 shall apply respectively to privilege periods and taxable years  
29 beginning after enactment.

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STATEMENT

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34 This provides for corporation business tax and gross income tax  
35 credits to businesses that have employees who are also members of  
36 the National Guard or a reserve component of the Armed Forces of  
37 the United States and receive mobilization orders for active duty  
38 service.

39 The amount of credit shall be equal to 20 percent of salary but  
40 not to exceed \$2,000 for each qualified employee.