

SENATE, No. 2251

STATE OF NEW JERSEY

218th LEGISLATURE

INTRODUCED MARCH 8, 2018

Sponsored by:
Senator NILSA CRUZ-PEREZ
District 5 (Camden and Gloucester)

SYNOPSIS

The “New Jobs for New Jersey Act.”

CURRENT VERSION OF TEXT

As introduced.



1 **AN ACT** concerning tax credits for certain employers who hire
2 certain unemployed workers and supplementing P.L.1948, c.446
3 (C.34:1A-1 et seq.). P.L.1945, c.162 (C.54:10A-1 et seq.) and
4 Title 54A of the New Jersey Statutes.

5
6 **BE IT ENACTED** by the Senate and General Assembly of the
7 State of New Jersey:

8
9 1. This act shall be known and may be cited as the “New Jobs
10 for New Jersey Act.”

11
12 2. As used in this act:

13 “Average total number of full-time employees” means, for an
14 employer during any 12-month period, the average number of full-
15 time employees of the employer, based on the employer’s average
16 weekly rate of full-time employment during that period.

17 “Commissioner” means the Commissioner of Labor and
18 Workforce Development.

19 “Department” means the Department of Labor and Workforce
20 Development.

21 “Eligible individual” means an individual who was hired by an
22 employer as a full-time employee, was not previously employed by
23 the employer, and did not have full-time employment at any time
24 during a period of 30 days or more days immediately prior to being
25 hired by the employer. An eligible individual shall not include an
26 independent contractor or a consultant.

27 “Employer” means any nongovernmental business entity
28 including, but not limited to a corporation, S corporation, limited
29 liability company, partnership, limited partnership and sole
30 proprietorship, and shall include all entities related by common
31 ownership or control, that had an average weekly number of full-
32 time employees of not more than 100 employees during the 12
33 months immediately preceding April 1, 2014.

34 “Employer payroll taxes” means the sum of all taxes imposed on
35 an employer by the following: section 3111 of the Federal Insurance
36 Contributions Act (26 U.S.C. s.3111); the Federal Unemployment
37 Tax Act (26 U.S.C. s.3301 et seq.); subsections (a), (b), and (c) of
38 R.S.43:21-7 for purposes of the “unemployment compensation law”
39 (R.S.43:21-1 et seq.); subsection (e) of R.S.43:21-7 for purposes of
40 the “Temporary Disability Benefits Law,” P.L.1948, c.110
41 (C.43:21-25 et al.); section 2 of P.L.1992, c.44 (C.34:15D-13) for
42 purposes of the Workforce Development Partnership Fund; and
43 section 2 of P.L.2001, c.152 (C.34:15D-22) for purposes of the
44 Supplemental Workforce Fund for Basic Skills.

45 “Full-time employee” means an employee working not less than
46 35 hours per week for an employer.

1 3. a. There is established in the department a New Jobs for
2 New Jersey tax credit program to be administered by the
3 commissioner. The purpose of the program is to provide incentives
4 to private sector employers who increase their workforce by hiring
5 unemployed workers. Under the program, an employer shall be
6 eligible for a New Jobs for New Jersey tax credit in the amount
7 provided in subsection b. of this section against the corporation
8 business tax imposed pursuant to section 5 of P.L.1945, c.162
9 (C.54:10A-5) or the gross income tax imposed pursuant to the “New
10 Jersey Gross Income Tax Act,” N.J.S.54A:1-1 et seq., whichever of
11 the two taxes is applicable to the employer, for each eligible
12 individual employed by the employer in this State on a full-time
13 basis during a tax year, if the following requirements are met:

14 (1) The eligible individual or individuals are hired by the
15 employer after April 1, 2014 and employed full-time during the tax
16 year for which the tax credit is provided;

17 (2) The employer employs an average total number of full-time
18 employees during the tax year for which the tax credit is provided
19 which exceeds the average total number of full-time employees
20 employed by the employer during the 12-month period immediately
21 prior to April 1, 2014; and

22 (3) The employer applies for the tax credit in the manner
23 required by the commissioner and the commissioner approves the
24 application, and the employer makes available as requested by the
25 commissioner, all information regarding the number, wages, and
26 employer payroll taxes of employees of the employer, and any other
27 information deemed necessary by the commissioner to ensure
28 compliance with the requirements of this act.

29 b. The amount of the refundable tax credit provided to an
30 approved employer for each eligible individual employed during a
31 tax year shall be the total amount of the employer payroll taxes paid
32 during that tax year by the employer with respect to the eligible
33 individual, subject to the requirements of subsection a. of this
34 section. The employer shall receive the tax credit for the number of
35 eligible individuals employed full-time during the tax year, except
36 that the number of eligible individuals for which the employer
37 receives the tax credit shall not exceed the net increase in the total
38 number of full-time employees. For the purposes of this subsection,
39 “net increase in the total number of full-time employees” means the
40 increase, if any, which occurs in the average total number of
41 individuals employed by the employer full-time during the tax year
42 over the average total number of full-time employees employed by
43 the employer during the 12-month period immediately preceding
44 April 1, 2014.

45 c. An employer may apply for and qualify for a tax credit
46 pursuant to this act with respect to tax years beginning in calendar
47 year 2014, 2015, or 2016. If the employer’s application is approved
48 for any of those three tax years, the employer may continue to

1 receive an amount of tax credit computed pursuant to subsection b.
2 of this section for any of the tax years:

3 (1) which is in the four-year period immediately following the
4 first tax year for which the tax credit is approved; and

5 (2) during which the employer meets the requirements of this
6 section to qualify for the tax credit.

7 d. Upon a determination by the commissioner that the
8 employer submitting the application is in compliance with the
9 requirements of this act, the commissioner shall certify to the
10 Director of the Division of Taxation that the employer is eligible for
11 a tax credit under this act and the amount of the tax credit, and shall
12 provide a copy of the certification to the employer.

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14 4. The commissioner shall provide to the Legislature and the
15 public, not later than July 1, 2014 and July 1 of each subsequent
16 year, until and including 2020, a report on the program which shall
17 include, for the tax year immediately preceding the report each
18 year, comprehensive data on the costs and benefits of the program,
19 including the number of participating employers, total amount of
20 tax credits, and the number of new jobs created and any resulting
21 benefits of the new jobs, including increased tax revenues. The
22 report shall include any recommendations the commissioner deems
23 appropriate regarding the possible extension of the duration, or
24 other modification, of the program.

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26 5. The commissioner shall promulgate rules and regulations
27 necessary for the effective implementation of this act.
28 Notwithstanding any provision of the "Administrative Procedure
29 Act," P.L.1968, c.410 (C.52:14B-1 et seq.) to the contrary, the
30 commissioner may adopt, immediately upon filing with the Office
31 of Administrative Law, such regulations as are necessary to
32 implement the provisions of this act, which shall be effective for a
33 period not to exceed 12 months following enactment, and may
34 thereafter be amended, adopted, or readopted by the commissioner
35 in accordance with the requirements of the "Administrative
36 Procedure Act," P.L.1968, c.410 (C.52:14B-1 et seq.).

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38 6. A taxpayer shall be allowed a credit against the corporation
39 business tax imposed pursuant to section 5 of P.L.1945, c.162
40 (C.54:10A-5) in the amount certified by the Commissioner of Labor
41 and Workforce Development as the taxpayer's New Jobs for New
42 Jersey tax credit amount pursuant to section 3 of
43 P.L. , c. (C.) (pending before the Legislature as this
44 bill). To claim the New Jobs for New Jersey tax credit amount for a
45 privilege period, the taxpayer shall include, with the taxpayer's
46 annual corporation business tax return, the certificate of credit
47 issued for that privilege period by the Commissioner of Labor and

1 Workforce Development pursuant to section 3 of P.L. ,
2 c. (C.) (pending before the Legislature as this bill).

3 Notwithstanding the minimum tax schedule imposed pursuant to
4 subsection (e) of section 5 of P.L.1945, c.162 (C.54:10A-5), if the
5 amount of the tax credit allowed exceeds the amount of corporation
6 business tax otherwise due pursuant to section 5 of P.L.1945, c.162
7 (C.54:10A-5), the amount of excess shall be treated as a refundable
8 overpayment except that interest shall not be paid pursuant to
9 section 7 of P.L.1992, c.175 (C.54:49-15.1) on the amount of
10 overpayment attributable to the New Jobs for New Jersey tax credit
11 amount. The Director of the Division of Taxation shall determine
12 the order of priority of the application of the credit allowed
13 pursuant to this section and any other credits allowed by law.
14

15 7. A taxpayer shall be allowed a credit against the gross
16 income tax imposed pursuant to the “New Jersey Gross Income Tax
17 Act” N.J.S.54A:1-1 et seq. in the amount certified by the
18 Commissioner of Labor and Workforce Development as the
19 taxpayer’s New Jobs for New Jersey tax credit amount pursuant to
20 section 3 of P.L. , c. (C.) (pending before the Legislature
21 as this bill). To claim the New Jobs for New Jersey tax credit
22 amount for a taxable year the taxpayer shall include, with the
23 taxpayer’s annual gross income tax return, the certificate of credit
24 issued for that taxable year by the Commissioner of Labor and
25 Workforce Development pursuant to section 3 of P.L. ,
26 c. (C.) (pending before the Legislature as this bill).

27 If the amount of the credit allowed exceeds the amount of gross
28 income tax otherwise due pursuant to the “New Jersey Gross
29 Income Tax Act,” N.J.S.54A:1-1 et seq. the amount of excess shall
30 be treated as a refundable overpayment except that interest shall not
31 be paid pursuant to subsection (f) of N.J.S.54A:9-7 on the amount
32 of overpayment attributable to the New Jobs for New Jersey tax
33 credit amount. The Director of the Division of Taxation shall
34 determine the order of priority of the application of the credit
35 allowed pursuant to this section and any other credits allowed by
36 law.
37

38 8. This act shall take effect immediately.
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41 STATEMENT

42

43 This bill establishes a New Jobs for New Jersey tax credit
44 program to be administered by the Commissioner of Labor and
45 Workforce Development. The purpose of the program is to provide
46 incentives to small private sector employers who increase their
47 workforce by hiring unemployed workers.

1 The bill makes an employer of 100 or fewer full-time employees
2 eligible for a refundable New Jobs for New Jersey tax credit against
3 the corporation business tax or the gross income tax, whichever
4 applies to the employer, for each eligible individual employed by
5 the employer on a full-time basis during a tax year, if the following
6 requirements are met:

7 1. The eligible individual is hired by the employer after April
8 1, 2014, is employed full-time during the tax year for which the tax
9 credit is provided, was not previously employed by the employer,
10 and did not have full-time employment for 30 or more days prior to
11 being hired by the employer;

12 2. The employer employs an average total number of full-time
13 employees during the tax year for which the tax credit is provided
14 which exceeds the average total number of full-time employees
15 employed by the employer during the 12-month period immediately
16 prior to April 1, 2014; and

17 3. The employer submits an application for the tax credit in the
18 manner required by the commissioner, the commissioner approves
19 the application, and the employer provides, or makes available as
20 requested by the commissioner, all information regarding the
21 number, wages, and employer payroll taxes or any other
22 information required by the commissioner.

23 The bill sets the amount of the refundable tax credit provided to
24 an approved employer for each eligible individual employed during
25 a tax year as the total amount of the employer payroll taxes paid
26 during that tax year by the employer with respect to that individual,
27 subject to the requirements of the bill. Employer payroll taxes
28 include the portion paid by employers of State unemployment,
29 temporary disability, and workforce development and basic skills
30 assessments, and federal Social Security, Medicare, and
31 unemployment taxes. The bill provides that the employer receives
32 the tax credit only for the number of eligible individuals employed
33 full-time during the tax year which does not exceed the net increase
34 in the number of full-time employees employed full-time during the
35 tax year compared with the average total number of full-time
36 employees employed by the employer during the 12-month period
37 immediately preceding April 1, 2014.

38 An employer may apply for and qualify for a tax credit under the
39 bill with respect to tax years 2014, 2015, and 2016. If the
40 employer's application is approved for any of those three years, the
41 employer may continue to receive the tax credit for any of the four
42 tax years following that tax year during which the employer meets
43 the requirements of the bill.

44 Upon a finding by the commissioner of employer compliance
45 with the bill's requirements, the commissioner is required to certify
46 to the Director of the Division of Taxation that the employer is
47 eligible for a tax credit under this bill, the amount of the tax credit,
48 and provide a copy of the certification to the employer.