## ASSEMBLY, No. 4634 STATE OF NEW JERSEY 219th LEGISLATURE

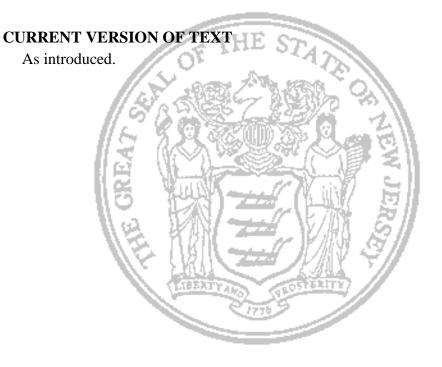
**INTRODUCED SEPTEMBER 14, 2020** 

Sponsored by: Assemblyman GARY S. SCHAER District 36 (Bergen and Passaic) Assemblyman GORDON M. JOHNSON District 37 (Bergen) Assemblywoman ANGELA V. MCKNIGHT District 31 (Hudson)

Co-Sponsored by: Assemblymen Space, Wirths, McGuckin, Catalano, Dancer, Mazzeo, Assemblywoman Reynolds-Jackson, Assemblyman DiMaio and Assemblywoman Dunn

## SYNOPSIS

Allows corporation business tax credit for subcontracting work to NJ small businesses.



(Sponsorship Updated As Of: 3/8/2021)

AN ACT allowing a corporation business tax credit for 1 2 subcontracting work to NJ small businesses, supplementing 3 P.L.1945, c.162 (C.54:10A-1 et seq.). 4 5 **BE IT ENACTED** by the Senate and General Assembly of the State 6 of New Jersey: 7 8 1. a. A taxpayer shall be allowed a credit against the imposed 9 pursuant to section 5 of P.L.1945, c.162 (C.54:10A-5) in an amount 10 equal to one percent of the amount the taxpayer paid to a New 11 Jersey small business for subcontracted work performed in New 12 Jersey during the privilege period. As used in this section: 13 14 "New Jersey small business" means a business entity or person 15 located in New Jersey, with fewer than 50 total employees. A "New Jersey small business" shall not include any business entity or 16 person that is an affiliate, subsidiary, or under the control of the 17 18 taxpayer. 19 "Subcontracted work" means the work that the taxpayer 20 subcontracts to a New Jersey small business for performance of all 21 or an element of the taxpayer's own contracted duties. 22 The director shall prescribe the order of priority of the b. 23 application of the credit allowed pursuant to this section and any 24 other credits allowed against the tax imposed pursuant to section 5 25 of P.L.1945, c.162 (C.54:10A-5). The amount of the credit allowed 26 pursuant to this section, when taken together with any other credits allowed, shall not exceed 50 percent of the tax liability otherwise 27 28 due and shall not reduce the tax liability to an amount less than the 29 statutory minimum provided in subsection (e) of section 5 of 30 P.L.1945, c.162 (C.54:10A-5). 31 c. The director shall promulgate procedures by which a 32 taxpayer may certify that the taxpayer qualifies for the credit 33 allowed pursuant to this section. 34 35 2. This act shall take effect immediately and apply to privilege periods beginning after enactment. 36 37 38 **STATEMENT** 39 40 This bill allows taxpayers subject to the corporation business tax 41 to claim a credit against that tax equal to one percent of the amount 42 the taxpayer paid to New Jersey small businesses for subcontracted 43 work. 44 For purposes of the credit, subcontracted work is that work 45 which the taxpayer subcontracts to New Jersey small businesses for 46 performance of all or an element of the taxpayer's own contracted 47 duties. In addition, the subcontracted work must be performed in 48 New Jersey and the subcontractor must have less than 50 49 employees..