

ASSEMBLY, No. 4997

STATE OF NEW JERSEY

219th LEGISLATURE

INTRODUCED NOVEMBER 16, 2020

Sponsored by:

Assemblyman BENJIE E. WIMBERLY

District 35 (Bergen and Passaic)

Assemblyman THOMAS P. GIBLIN

District 34 (Essex and Passaic)

SYNOPSIS

Allows corporation business tax and gross income tax credits to businesses employing qualified ex-offenders.

CURRENT VERSION OF TEXT

As introduced.



(Sponsorship Updated As Of: 1/25/2021)

1 **AN ACT** allowing credits against the corporation business tax and
2 the gross income tax to businesses employing certain ex-
3 offenders 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. A taxpayer shall be allowed a credit against the tax
10 imposed pursuant to section 5 of P.L.1945, c.162 (C.54:10A-5) in
11 an amount equal to 15 percent of the wages paid by the taxpayer
12 during the privilege period for the employment of a qualified ex-
13 offender, but not to exceed \$900 for each qualified ex-offender for
14 the privilege period.

15 b. As used in this section:

16 "Qualified ex-offender" means an individual who:

17 (1) has been convicted of a crime of the first, second, third or
18 fourth degree under the laws of this State; and

19 (2) has been hired within one year of the date of conviction or
20 release from incarceration.

21 c. The amount of the credit applied under this section against
22 the tax imposed pursuant to section 5 of P.L.1945, c.162
23 (C.54:10A-5), for a privilege period, when taken together with any
24 other credits allowed against the tax imposed pursuant to section 5
25 of P.L.1945, c.162 (C.54:10-5), shall not exceed 50 percent of the
26 tax liability otherwise due and shall not reduce the tax liability to an
27 amount less than the statutory minimum provided in subsection (e)
28 of section 5 of P.L.1945, c.162 (C.54:10A-1 et seq.). The priority
29 in which credits allowed pursuant to this section and any other
30 credits shall be taken shall be determined by the Director of the
31 Division of Taxation. The amount of the credit otherwise allowable
32 under this section which cannot be applied for the privilege period
33 due to the limitations of this subsection or under other provisions of
34 P.L.1945, c.162 may be carried over, if necessary, to the seven
35 privilege periods following the privilege period for which the credit
36 was allowed.

37

38 2. a. A taxpayer shall be allowed a credit against the tax
39 otherwise due for the taxable year under the "New Jersey Gross
40 Income Tax Act," N.J.S.54A:1-1 et seq., in an amount equal to 15
41 percent of the wages paid by the taxpayer during the taxable year
42 for the employment of a qualified ex-offender during the taxable
43 year, but not to exceed \$900 for each qualified ex-offender for the
44 taxable year.

45 b. As used in this section:

46 "Qualified ex-offender" means an individual who:

47 (1) has been convicted of a crime of the first, second, third or
48 fourth degree under the laws of this State; and

1 (2) has been hired within one year of the date of conviction or
2 release from incarceration.

3 c. The amount of the credit allowed pursuant to this section
4 shall be applied against the tax otherwise due under N.J.S.54A:1-1
5 et seq. after all other credits and payments. If the credit exceeds the
6 amount of tax otherwise due, that amount of excess shall be an
7 overpayment for the purposes of N.J.S.54A:9-7.

8 d. A partnership shall not be allowed a credit under this section
9 directly, but the amount of credit of a taxpayer in respect of a
10 distributive share of partnership income under the "New Jersey
11 Gross Income Tax Act," N.J.S.54A:1-1 et seq., shall be determined
12 by allocating to the taxpayer that proportion of the credit acquired
13 by the partnership that is equal to the taxpayer's share, whether or
14 not distributed, of the total distributive income or gain of the
15 partnership for its taxable year ending within or with the taxpayer's
16 taxable year.

17
18 3. This act shall take effect immediately and shall apply to
19 wages paid in privilege periods and taxable years beginning after
20 enactment.

21
22
23 STATEMENT
24

25 This bill allows corporation business tax and gross income tax
26 credits to businesses that employ qualified ex-offenders. The
27 amount of each credit would be equal to 15 percent of the wages
28 paid to the ex-offender with a maximum of \$900 per ex-offender.

29 A qualified ex-offender is defined in the bill as a person who: (1)
30 has been convicted of a crime of the first, second, third or fourth
31 degree in this State; and (2) has been hired within one year of the
32 date of conviction or release from incarceration.

33 These State tax credits are modeled on the federal Work
34 Opportunity Tax Credit (WOTC), which encourages employers to
35 hire targeted groups of employees, including ex-felons. Under the
36 federal WOTC, employers may claim a federal tax credit of up to
37 40 percent of the first \$6,000 earned by an employee in the
38 employee's first year, or \$2,400.