

ASSEMBLY, No. 1146

STATE OF NEW JERSEY

Introduced Pending Technical Review by Legislative Counsel

PRE-FILED FOR INTRODUCTION IN THE 1996 SESSION

By Assemblyman COHEN

1 AN ACT providing a credit against the corporation business tax for
2 certain corporate taxpayers that provide health care benefits to their
3 employees and supplementing P.L.1945, c.162 (C.54:10A-1 et seq.)
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5 **BE IT ENACTED** by the Senate and General Assembly of the State
6 of New Jersey:

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8 1. a. A taxpayer who employs no more than 25 employees in the
9 fiscal or calendar accounting year and provides health care benefits for
10 each employee shall be allowed a credit as provided herein against the
11 tax imposed pursuant to section 5 of P.L.1945, c.162 (C.54:10A-5).
12 The credit shall be an amount equal to 25% of the cost of providing
13 health care benefits to employees during that accounting year.

14 b. The tax imposed for an accounting year pursuant to section 5 of
15 P.L.1945, c.162, shall first be reduced by the amount of any credit
16 allowed pursuant to section 19 of P.L.1983, c.303 (C.52:27H-78), and
17 then by any credit allowed pursuant to section 42 of P.L.1987, c.102
18 (C.54:10A-5.3), prior to applying any credits allowable pursuant to
19 this section. The amount of the credit claimed in the accounting year
20 in which the cost is incurred shall not exceed 50% of the tax liability
21 which otherwise would be due that year, and shall not reduce the
22 amount of the tax liability to less than the statutory minimum provided
23 in subsection (e) of section 5 of P.L.1945, c.162 (C.54:10A-5).

24 c. As used in this section:

25 "Employee" means an individual who has been employed by an
26 employer for not less than six months, works not less than 30 hours
27 per week, and performs services for remuneration for an employer.

28 "Health care benefits" means medical, surgical, and hospital
29 benefits.
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31 2. The Director of the Division of Taxation in the Department of
32 the Treasury shall, pursuant to the "Administrative Procedure Act,"
33 P.L.1968, c.410 (C.52:14B-1 et seq.), promulgate regulations
34 necessary to effectuate the purposes of this act.

1 3. This act shall take effect immediately and be applicable to fiscal
2 or calendar accounting years beginning on or after January 1 of the
3 year next following its enactment.

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STATEMENT

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8 This bill creates a corporation business tax credit for certain
9 incorporated small businesses that provide health care benefits for their
10 employees. The credit cannot reduce the employer's tax liability below
11 the minimum corporate tax required by law.

12 This bill is intended to encourage certain incorporated small
13 businesses to provide health care benefits for their employees.

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18 Provides tax credit for certain corporate taxpayers that provide health
19 care benefits to employees.