

ASSEMBLY, No. 1147

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 New Jersey gross income tax
2 for certain taxpayers who provide health care benefits to their
3 employees, and supplementing chapter 4 of Title 54A of the New
4 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 who employs no more than 25 employees in his
10 business in the taxable year and provides health care benefits for each
11 employee shall be allowed a credit against the tax otherwise due under
12 the "New Jersey Gross Income Tax Act," N.J.S.54A:1-1 et seq. The
13 credit shall be an amount equal to 25% of the cost of providing health
14 care benefits to employees during that taxable year.

15 b. The amount of the credit claimed in the taxable year in which
16 the cost is incurred shall not exceed 50% of the tax liability which
17 would be otherwise due that year.

18 c. In the case of a partnership, each taxpayer shall compute his
19 credit on a pro rata basis according to the taxpayer's distributive share
20 of partnership income.

21 d. As used in this section:

22 "Employee" means an individual who has been employed by an
23 employer for not less than six months, works not less than 30 hours
24 per week, and performs services for remuneration for an employer;
25 except that a person who is self-employed shall not be considered an
26 employee.

27 "Health care benefits" means medical, surgical, and hospital
28 benefits.

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

34
35 3. This act shall take effect immediately and be applicable to

1 taxable years beginning on or after January 1 of the year next
2 following its enactment.

3

4

5

STATEMENT

6

7 This bill provides a credit against the New Jersey gross income tax
8 for small business employers who employ no more than 25 employees
9 and provide health care benefits for their employees. The amount of
10 the credit to be provided is 25% of the cost of providing health care
11 benefits, but the amount of the credit shall not exceed 50% of the tax
12 liability otherwise due in any one taxable year.

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

15

16

17

18

19 Provides gross income tax credit for certain small business employers
20 that provide health care benefits to employees.