

[First Reprint]  
ASSEMBLY, No. 1173

STATE OF NEW JERSEY

PRE-FILED FOR INTRODUCTION IN THE 1996 SESSION

By Assemblyman DALTON, Assemblywoman VANDERVALK  
and Assemblyman Felice

1 AN ACT allowing a credit against the corporation business tax for  
2 certain child care support supplementing P.L.1945, c.162  
3 (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, to be computed as  
9 provided in this section, against the tax imposed pursuant to section  
10 5 of P.L.1945, c.162 (C.54:10A-5). The credit shall be an amount  
11 equal to

12 (1) 25% of the amount paid or incurred by the taxpayer for the  
13 establishment, construction and operation by the taxpayer of a day  
14 care center for children of the taxpayer's employees;

15 (2) 25% of the amount paid or incurred by the taxpayer for the  
16 operation of a day care center for children of employees in cooperation  
17 with one or more persons required to pay State taxes;

18 (3) Up to 25% of the amount paid or incurred by the taxpayer for  
19 child care services (a) under a dependent care assistance program  
20 which amount is excludable from an employee's gross income for  
21 federal income tax purposes pursuant to section 129 of the federal  
22 Internal Revenue Code of 1986, 26 U.S.C.§129 or (b) under a flexible  
23 benefit account or cafeteria plan which amount is excludable from an  
24 employee's gross income for federal income tax purposes pursuant to  
25 section 125 of the federal Internal Revenue Code of 1986, 26  
26 U.S.C.§125;

27 (4) 25% of the amount paid or incurred by the taxpayer as a grant  
28 to a day care center to reimburse that center for services provided to  
29 children of an employee of the taxpayer, or

30 (5) 25% of the amount paid or incurred by the taxpayer to an

**EXPLANATION - Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and intended to be omitted in the law.**

**Matter underlined thus is new matter.**

**Matter enclosed in superscript numerals has been adopted as follows:**

**<sup>1</sup> Assembly ACO committee amendments adopted June 3, 1996.**

1 unaffiliated third party for use in the construction, expansion or  
2 maintenance expense of a day care center by that third party that  
3 serves the children of the taxpayer's employees.

4 b. As used in this section, "a day care center for children" means  
5 a community-based, employer-based, or employer-supported facility  
6 which is a licensed, nonprofit child care center.

7 c. The tax imposed for a fiscal or calendar accounting year  
8 pursuant to section 5 of P.L.1945, c.162, shall first be reduced by the  
9 amount of any credit allowed pursuant to section 19 of P.L.1983,  
10 c.303 (C.52:27H-78), and then by any credit allowed pursuant to  
11 section 42 of P.L.1987, c.102 (C.54:10A-5.3), prior to applying any  
12 credits allowable pursuant to this section. Credits allowable pursuant  
13 to this section shall be applied in the order of the credits' tax years.  
14 The amount of the credits applied under this section against the tax  
15 imposed pursuant to section 5 of P.L.1945, c.162, for an accounting  
16 year shall not exceed 50% of the tax liability otherwise due and shall  
17 not reduce the tax liability to an amount less than the statutory  
18 minimum provided in subsection (e) of section 5 of P.L.1945, c.162.  
19 The amount of tax year credit otherwise allowable under this section  
20 which cannot be applied for the tax year due to the limitations of this  
21 subsection may be carried over, if necessary, to the ten accounting  
22 years following a credit's tax year.

23 d. When filing a tax return that includes a claim for a credit  
24 pursuant to this section, the taxpayer shall include a certified statement  
25 that the amount claimed was used exclusively for children's day care  
26 center purposes and shall identify the center.

27  
28 2. This act shall take effect immediately and be applicable to tax  
29 years beginning on or after January 1, <sup>1</sup>[1994] 1996<sup>1</sup>.

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34 Provides a corporation business tax credit for day care center support  
35 benefiting children of employees.