

ASSEMBLY, No. 1273

STATE OF NEW JERSEY

Introduced Pending Technical Review by Legislative Counsel

PRE-FILED FOR INTRODUCTION IN THE 1996 SESSION

By Assemblymen COLLINS and DORIA

1 AN ACT providing incentives under the gross income tax and the  
2 corporation business tax for training in technical research and  
3 development, supplementing P.L.1945, c.162 (C.54:10A-1 et seq.),  
4 and Title 54A of the New Jersey Statutes.

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6 **BE IT ENACTED** by the Senate and General Assembly of the State  
7 of New Jersey:

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9 1. a. In addition to any other exemption allowed under  
10 N.J.S.54A:1-1 et seq., the following personal exemptions shall be  
11 allowed as a deduction from gross income:

12 (1) a taxpayer who is a scientist or engineer and retires from being  
13 an engineering or science employee at 55 years of age or older and is  
14 employed to teach subjects in, or related to, the fields of science or  
15 engineering at an elementary school, a secondary school or an  
16 institution of higher education in this State, -\$1,000 for each tax year  
17 in which the taxpayer teaches, not to exceed the tax year of the  
18 taxpayer's initial hiring and the two tax years immediately following  
19 thereafter.

20 (2) a taxpayer who graduates an institution of higher education in  
21 this State and is thereafter employed as an engineering or science  
22 employee of a research and development laboratory associated with a  
23 manufacturing facility, - \$1,000 for each tax year in which the taxpayer  
24 remains an engineering or science employee of a research and  
25 development laboratory associated with a manufacturing facility, not  
26 to exceed the tax year of the taxpayer's initial employment and the two  
27 tax years immediately following thereafter.

28 (3) a taxpayer who is a scientist or engineer employed by a  
29 research and development laboratory associated with a manufacturing  
30 facility who receives, while so employed, a graduate degree in the  
31 taxpayer's field of science or engineering, - \$1,000 for the tax year in  
32 which the taxpayer receives the degree and the tax year immediately  
33 following thereafter.

34 b. For the purposes of this section:

35 "Engineer" means an individual qualified by education, training, or

1 experience to apply the principles of science and mathematics to  
2 matter and sources of energy to produce structures, machines, to  
3 matter and sources of energy to produce structures, machines,  
4 products, systems, or processes useful to people.

5 "Engineering or science employee" means an individual who is  
6 employed to perform a function that requires education, training, or  
7 experience in one of the natural, mathematical, information or medical  
8 sciences or one or more of the disciplines of an engineer.

9 "Manufacturing facility" means a company or building dedicated to  
10 the production of goods for introduction into commerce.

11 "Research and development laboratory" means a company or  
12 building dedicated to exploring projects in the natural, mathematical,  
13 information or medical sciences or in the disciplines of an engineer  
14 directed at developing or improving products or technologies.

15 "Scientist" means an individual qualified by education, training, or  
16 experience to research, teach or practice any of the natural,  
17 mathematical, information or medical sciences.

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19 2. a. A taxpayer who is an industrial sponsor of an individual who  
20 has completed the course of study in a State community college or a  
21 technical institute qualifying the individual as a research technician  
22 shall be allowed a credit, subject to the provisions of subsection b. of  
23 this section, against the tax imposed pursuant to section 5 of  
24 P.L.1945, c.162 (C.54:10A-5), in an amount equal to 10% of the  
25 tuition cost of the individual's course of study.

26 b. The tax imposed for a fiscal or calendar accounting year  
27 pursuant to section 5 of P.L.1945, c.162, shall first be reduced by the  
28 amount of any credit allowed pursuant to section 19 of P.L.1983,  
29 c.303 (C.52:27H-78), and then by any credit allowed pursuant to  
30 section 42 of P.L.1987, c.102 (C.54:10A-5.3), prior to applying any  
31 credits allowable pursuant to this section. Credits allowable pursuant  
32 to this section shall be applied in the order of the credits' tax years.  
33 The amount of the credits applied under this section against the tax  
34 imposed pursuant to section 5 of P.L.1945, c.162, for an accounting  
35 year shall not exceed 50% of the tax liability otherwise due and shall  
36 not reduce the tax liability to an amount less than the statutory  
37 minimum provided in subsection (e) of section 5 of P.L.1945, c.162.  
38 The amount of tax year credit otherwise allowable under this section  
39 which cannot be applied for the tax year due to the limitations of this  
40 subsection may be carried over, if necessary, to the five accounting  
41 years following a credit's tax year.

42 c. For the purposes of this section:

43 "Engineer" means an individual qualified by education, training, or  
44 experience to apply the principles of science and mathematics to  
45 matter and sources of energy to produce structures, machines,  
46 products, systems, or processes useful to people.

1 "Industrial sponsor" means a taxpayer that provides tuition support  
2 to, or for the benefit of, a qualified student who completes a course of  
3 study in a State community college or a technical institute qualifying  
4 the individual as a research technician.

5 "Research technician" means a specialist in the art or practice of  
6 areas of science or engineering who assists scientists or engineers in  
7 performing tests or experiments.

8 "Scientist" means an individual qualified by education, training, or  
9 experience to research, teach, or practice any of the natural,  
10 mathematical, information or medical sciences.

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12 3. This act shall take effect immediately, and section 1 shall apply  
13 to taxable years beginning after enactment and section 2 shall apply to  
14 tuition paid in fiscal or calendar accounting years beginning after  
15 enactment.

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18 STATEMENT

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20 This bill provides tax incentives under the gross income tax and the  
21 corporation business tax that promote the development of a well  
22 trained scientific work force.

23 The bill provides additional personal exemptions to scientists and  
24 engineers who decide to teach. Scientists and engineers who retire at  
25 55 years of age or older and teach subjects related to their field are  
26 allowed an additional personal exemption of \$1,000 for each tax year  
27 in which they teach, for up to three years.

28 The bill provides additional personal exemptions to persons who  
29 accomplish a technical scientific education. Persons who graduate a  
30 State institution of higher education and are employed as engineering  
31 or science employees of a research and development laboratory  
32 associated with a manufacturing facility are allowed an additional  
33 personal exemption of \$1,000 for each tax year in which the they  
34 remain so employed, for up to three years. Persons who are already  
35 scientists or engineers employed by a research and development  
36 laboratory associated with a manufacturing facility who receive an  
37 advanced degree are allowed an additional personal exemption of  
38 \$1,000 for the next two years.

39 The bill provides a corporation business tax credit to corporate  
40 taxpayers who sponsor individuals who complete a course of study in  
41 a State community college or a technical institute that qualify the  
42 individual as a research technician, in the amount of 10% of the tuition  
43 paid for the individual by the corporate sponsor.

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3 Provides technical training incentives under gross income tax and  
4 corporation business tax.