

ASSEMBLY, No. 1645

STATE OF NEW JERSEY

INTRODUCED MARCH 4, 1996

By Assemblyman COHEN

1 AN ACT allowing a credit against the corporation business tax for
2 certain adult day care center support to the benefit of employees,
3 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 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) The amount paid or incurred by the taxpayer for the
13 establishment, construction and operation by the taxpayer of an adult
14 day care center that serves the spouses, parents, and elderly relatives
15 of the taxpayer's employees, retired employees of the taxpayer and
16 spouses, parents and elderly relatives of those retired employees;

17 (2) The amount paid or incurred by the taxpayer for the operation
18 of an adult day care center in cooperation with one or more persons
19 required to pay State taxes that serves the spouses, parents and elderly
20 relatives of those taxpayers' employees, retired employees of those
21 taxpayers and spouses, parents and elderly relatives of those retired
22 employees of those taxpayers;

23 (3) Up to 10% of the amount paid or incurred by the taxpayer for
24 adult day care center services (a) under a dependent care assistance
25 program which amount is excludable from an employee's gross income
26 for federal income tax purposes pursuant to section 129 of the federal
27 Internal Revenue Code of 1986, 26 U.S.C. §129 or (b) under a flexible
28 benefit account or cafeteria plan which amount is excludable from an
29 employee's gross income for federal income tax purposes pursuant to
30 section 125 of the federal Internal Revenue Code of 1986, 26 U.S.C.
31 §125;

32 (4) The amount paid or incurred by the taxpayer as a grant to an
33 adult day care center to reimburse that center for services provided to
34 a spouse, parent or elderly relative of an employee of the taxpayer, a
35 retired employee of the taxpayer or the spouse, parent or elderly
36 relative of a retired employee of the taxpayer; or

37 (5) The amount paid or incurred by the taxpayer as a donation to

1 an unaffiliated third party for use in the construction, expansion or
2 maintenance expense of an adult day care center by that third party
3 that serves the spouses, parents and elderly relatives of the taxpayer's
4 employees, retired employees of the taxpayer and spouses, parents and
5 elderly relatives of those retired employees, whether or not the
6 donation qualifies as a charitable contribution for which the taxpayer
7 may claim a deduction from federal taxable income pursuant to section
8 170(b)(2) of the federal Internal Revenue Code, 26 U.S.C. §170.

9 b. As used in this section, "adult day care center" means a
10 community-based or employer-based group program designed to meet
11 the needs of functionally or cognitively impaired adults through an
12 individual plan of care structured to provide a variety of health, social
13 and related support services including related transportation services,
14 offered in a protective setting in this State during any part of a day but
15 less than 24 hours in a day.

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

32 d. When filing a tax return that includes a claim for a credit
33 pursuant to this section, the taxpayer shall include a certified statement
34 that the amount claimed was used exclusively for adult day care center
35 purposes and shall identify the center.

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37 2. This act shall take effect immediately.

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STATEMENT

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42 This bill provides a tax credit under the corporation business tax for
43 certain corporation taxpayer's support of adult day care centers that
44 serve the corporation's retired employees and their spouses, parents
45 and elderly relatives and the spouses, parents and elderly relatives of
46 the employees. Corporation taxpayer support eligible for the tax

1 credit includes: the expenses of establishing, constructing and
2 operating an adult day care center by the corporation taxpayer;
3 operating expenses of a center run in cooperation with one or more
4 other corporation taxpayers; payments for adult day care center
5 services made pursuant to certain employee benefit programs; grants
6 similar to scholarships to reimburse adult day care center charges for
7 eligible employees, retirees and their relations; and capital
8 construction, expansion and maintenance expense donations made to
9 unaffiliated, third party sponsored adult day care centers. The adult
10 day care center tax credit allowed in any year is limited to 50% of the
11 corporation business tax liability otherwise due and may not reduce tax
12 liability to less than the statutory minimum. The amount of any unused
13 tax credit in a tax year resulting from these limitations may be carried
14 over to any of the next ten tax years. The credit allowed for operating
15 expenses of a center run in cooperation with one or more other
16 corporation taxpayers will provide an incentive for owners of small
17 businesses to form consortiums with other small businesses to fund
18 the operations of a center.

19 Adult day care may include both social day care and medical day
20 care programs. Social day care generally involves few if any nursing
21 and medical staff and minimum personal care and may be found
22 sharing sites with senior and other community centers. Medical day
23 care involves nurses and other health care professionals on site,
24 personal care and rehabilitative services and lower staff-to-client ratios
25 than social day care. Services directly provided through adult day care
26 include social services, nursing, recreational activities, exercises, arts
27 and crafts, music, reality therapy and dressing, grooming and toileting
28 assistance. Adult day care centers may also either contract for or
29 directly provide meals and transportation and may also provide or
30 contract for physical, speech and occupational therapies and diet
31 counseling. Adult day care centers are also likely to make referrals for
32 physician, psychiatric, podiatric and dental services for their clients.

33 Adult day care provides key support to elderly and disabled adults
34 as well as to their family caregivers. A growing segment of the State's
35 working population is responsible for the dual burden of providing
36 care for an elderly or disabled spouse, parent or relative in a home
37 setting and performing the full-time responsibilities of the workplace.
38 As employees and caregivers, they must not only continue the
39 caregiving but must also satisfy employer requirements for attendance,
40 attention to work and productivity. An increasing number of
41 employers are becoming more aware of the effect this dual burden on
42 their employees has upon labor availability, absenteeism and
43 productivity. Providing corporation business tax credits for adult day
44 care services assisting employee caregiving responsibilities will provide
45 a financial incentive to corporate employers to increase the availability
46 of adult day care services that can alleviate the adult caregiving

1 burdens on their workforce.

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6 Provides corporation business tax credit for adult day care center

7 support benefiting employees.