

ASSEMBLY, No. 1872

STATE OF NEW JERSEY

INTRODUCED MAY 2, 1996

By Assemblyman CARABALLO

1 AN ACT authorizing the Governor of the State of New Jersey to enter
2 into certain contracts, and allowing the deferral of certain taxes in
3 relation thereto under certain circumstances.

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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. In exchange for the tax deferrals authorized in section 3 of this
9 act, the Governor is authorized to negotiate and enter into contracts
10 with corporations operating in this State, or desirous of operating in
11 this State, under which:

12 a. In the case of a corporation already operating in New Jersey, the
13 corporation agrees to increase employment above current levels at
14 each location within the State for a period of at least five years; or

15 b. In the case of a corporation desirous of establishing or
16 relocating operations in New Jersey, the corporation agrees to
17 maintain a certain level of employment at each location within the
18 State for a period of at least five years; and

19 c. In either case, the corporation agrees to pay its employees wages
20 at the rate of at least 150% of the State minimum wage established
21 pursuant to section 5 of P.L.1966, c.113 (C.34:11-56a4) and further
22 agrees to provide benefits which are consistent with the State's goal of
23 providing workers with meaningful employment as prescribed by the
24 Commissioner of Labor pursuant to section 4 of this act.

25 Contracts negotiated by the Governor pursuant to this section shall
26 be subject to review and ratification by the New Jersey Employment
27 Guarantee Incentive Commission as provided in section 2 of this act.

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29 2. a. The New Jersey Employment Guarantee Incentive
30 Commission is created for the purpose of review and ratification of
31 the contracts authorized by section 1 of this act. The commission
32 shall be comprised of 10 members, as follows: four Senators, not
33 more than two of whom shall be of the same political party, appointed
34 by the President of the Senate; four members of the General Assembly,
35 not more than two of whom shall be of the same political party,
36 appointed by the Speaker of the General Assembly; and two members
37 of the public, appointed by the Governor with the advice and consent

1 of the Senate, one of whom shall represent organized labor and one of
2 whom shall represent business. Legislators shall serve for terms
3 concurrent with their legislative terms. Members appointed by the
4 Governor shall serve for terms of three years. Vacancies shall be filled
5 in the same manner as the original appointment.

6 b. The commission shall review each contract negotiated by the
7 Governor pursuant to section 1 of this act and shall ratify the contract
8 if it is satisfied that it meets the requirements of that section and this
9 act. A contract shall be ratified by an affirmative vote of not less than
10 six members of the commission, at least five of whom shall be
11 legislators. If the commission finds that a contract as negotiated by
12 the Governor does not meet the requirements of this act, it may advise
13 the Governor thereof and request that the Governor renegotiate the
14 terms of the contract that are not satisfactory. The Governor shall
15 resubmit any contract so returned for ratification by the commission
16 within 60 days of its return by the commission.

17 c. Upon ratification of a contract, the commission and the
18 Governor shall notify the State Treasurer of the terms thereof.

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20 3. Pursuant to regulations promulgated by the State Treasurer, a
21 corporation entering into a ratified contract authorized by this act
22 shall be entitled to a deferral of the tax otherwise due under P.L.1945,
23 c.162 (C.54:10A-1 et seq.), in the amount of 1% of the tax otherwise
24 due for each 1% percent increase in the number of employees hired
25 and working for that corporation in this State under the terms of the
26 contract. The deferral shall be effective for each of the first five full
27 privilege periods after the effective date of the contract. If at the end
28 of those five privilege periods, employment by the corporation in this
29 State has been increased or maintained, as the case may be, at the level
30 agreed to in the contract, and all other conditions of the contract, with
31 respect to the rate of wages paid and benefits provided as required by
32 section 1 of this act, have been satisfied, then the deferral of the tax
33 shall become a permanent abatement of the amount of the tax deferred
34 and otherwise due for each of those five privilege periods. If,
35 however, at any time before the end of the fifth privilege period, the
36 business fails to maintain the level of employment agreed to in the
37 contract, then any deferral shall be canceled and the entire amount of
38 taxes previously deferred shall become due and payable as of the date
39 of the original tax liability.

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41 4. The Commissioner of Labor, after consultation with the New
42 Jersey Employment Guarantee Incentive Commission, shall prescribe
43 by regulation the types of benefits and benefit levels which are
44 consistent with the State's goal of providing meaningful employment.

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46 5. The State Treasurer shall, pursuant to the "Administrative

1 Procedure Act," P.L.1968, c.410 (C.52:14B-1 et seq.), promulgate
2 any other rules and regulations necessary to effectuate the purposes of
3 this act.

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5 6. This act shall take effect immediately.

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8 STATEMENT

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10 This bill authorizes the Governor to negotiate contracts with
11 corporations doing business in this State, or considering a relocation
12 to this State, under which they would receive a deferral of their
13 corporate business tax liability in an amount of 1% for each 1%
14 increase in the number of jobs they agree to maintain in the State for
15 a five-year period. A corporation already operating in New Jersey
16 must agree to increase its employment above current levels at each
17 location within the State for at least five years. A corporation
18 considering the establishment or relocation of operations in New
19 Jersey must agree to maintain a certain level of employment at each
20 location within the State for at least five years. All corporations
21 entering into such an arrangement must also agree to pay employees
22 hired pursuant to the contract at least 150% of the State's minimum
23 wage and to provide benefits consistent with the State's goal of
24 providing workers with meaningful employment.

25 The bill establishes the New Jersey Employment Guarantee
26 Incentive Commission to review and ratify the contracts authorized
27 by the bill. The commission would be comprised of 10 members, as
28 follows: four Senators, but no more than two from the same political
29 party; four members of the General Assembly, but no more than two
30 from the same political party; and two members of the public,
31 appointed by the Governor with the advice and consent of the Senate,
32 one of whom shall represent organized labor and one of whom shall
33 represent business.

34 A corporation entering into a contract will be entitled to a deferral
35 of the tax in the amount of 1% for each 1% increase in the number of
36 employees it hires and retains in New Jersey under the contract. The
37 deferral shall be effective for each of the first five full privilege
38 periods, or tax years, after the effective date of the contract. If at the
39 end of those five years, employment by the corporation has been
40 maintained at the level agreed to in the contract and the other terms of
41 the contract with respect to the rate of wages paid and benefits
42 provided have been met, then the deferral of the tax shall become
43 permanent in nature and shall become an abatement against the tax
44 otherwise due for each of those five tax years. If, however, at any
45 time before the end of the fifth tax year, the business fails to maintain
46 the level of employment agreed to in the contract or to meet the other

1 terms of the contract, then any deferral shall be canceled and the entire
2 amount of taxes previously abated shall become due and payable as of
3 the date of the original tax liability.

4 The Commissioner of Labor, after consultation with the
5 commission, is required to prescribe the types of benefits and benefit
6 levels which are consistent with the State's goal of providing
7 meaningful employment. The State Treasurer is charged with
8 promulgating all other rules and regulations necessary to effectuate the
9 bill's provisions.

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15 Authorizes Governor to enter into certain contracts and allows certain
tax deferrals in relation thereto.