

ASSEMBLY CONCURRENT RESOLUTION No. 92

STATE OF NEW JERSEY

INTRODUCED JULY 18, 1996

By Assemblyman GARCIA, Assemblywoman CRUZ-PEREZ and
Assemblyman Caraballo

- 1 A CONCURRENT RESOLUTION memorializing Congress of the United States
2 to defer action on proposed repeal of certain tax credits.
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- 4 WHEREAS, The "Small Business Job Protection Act," currently pending in the
5 United States Senate as H.R.3448, revises a number of provisions of the
6 federal Internal Revenue Code of 1986 to provide small businesses with
7 certain tax advantages enjoyed by larger corporations; and
- 8 WHEREAS, While the goals of small business development and job protection
9 are laudable, the bill contemplates maintaining federal revenue levels, in
10 effect financing the tax cuts for small businesses, through the elimination of
11 certain tax incentives which have been and continue to be critical to the
12 success of other sectors of the economy; and
- 13 WHEREAS, Among these financing proposals is one to eliminate the Puerto
14 Rico and possession tax credit provided by section 936 of the federal
15 Internal Revenue Code, which would cause far-reaching economic
16 damage in the State of New Jersey as well as the Commonwealth of
17 Puerto Rico; and
- 18 WHEREAS, Section 936 of the Internal Revenue Code assists U.S.
19 possessions in obtaining employment producing investments by U.S.
20 corporations; and
- 21 WHEREAS, Many New Jersey companies, especially those in the
22 pharmaceutical, electronic and medical devices industries have expanded
23 their operations to Puerto Rico as a result of the incentives offered; and
- 24 WHEREAS, Puerto Rico is a major purchaser of U.S. mainland exports, these
25 purchases having a significant positive impact on jobs in the states generally
26 and New Jersey in particular, with tens of thousands of New Jersey
27 workers directly involved in the export of goods and services; and
- 28 WHEREAS, Maintaining competitiveness through the use of section 936
29 enhances employment opportunities in the United States and New Jersey
30 in particular; and
- 31 WHEREAS, A drastic employment reduction by corporations currently utilizing
32 section 936 could increase the already high unemployment in Puerto Rico
33 and migration to the mainland, leading to increased State and federal social
34 service costs from the dislocation; and

1 **WHEREAS**, Maritime trade between United States mainland ports and Puerto
2 Rico represents a substantial percentage of the value of all international
3 shipments carried by United States flag vessels; and

4 **WHEREAS**, Changes in this credit would put United States multinationals at an
5 even greater tax disadvantage as compared to their foreign-based
6 competitors; and

7 **WHEREAS**, The Congress should review a detailed economic impact study on
8 any purported savings of federal dollars from repealing section 936 of the
9 federal Internal Revenue Code; now, therefore,

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11 **BE IT RESOLVED** by the General Assembly of the State of New Jersey
12 (the Senate concurring):

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14 1. The Congress of the United States is respectfully memorialized to defer
15 action on the repeal of the tax incentives provided by section 936 of the
16 federal Internal Revenue Code of 1986 until a detailed economic impact study
17 is reviewed, which study will dispel estimates of any purported savings
18 available for the "Small Business Job Protection Act."

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20 2. Duly authenticated copies of this resolution signed by the President of
21 the Senate and the Speaker of the General Assembly and attested by the
22 Secretary of the Senate and the Clerk of the General Assembly, shall be
23 transmitted to the President of the Senate, the Speaker of the House of
24 Representatives, and each of the members of Congress elected from this
25 State.

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STATEMENT

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30 This concurrent resolution memorializes the Congress of the United States
31 to defer action on the repeal of the tax incentives in section 936 of the federal
32 Internal Revenue Code proposed in the "Small Business Job Protection Act."
33 This proposed repeal would dramatically impact New Jersey and the
34 Commonwealth of Puerto Rico with devastating consequences on their
35 economies.

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41 Memorializes U.S. Congress to defer repealing section 936 of the federal
Internal Revenue Code.