

SENATE, No. 656

STATE OF NEW JERSEY

INTRODUCED FEBRUARY 5, 1996

By Senators CIESLA and BENNETT

1 AN ACT allowing a credit against the corporation business tax for  
2 certain adult day care center support, supplementing P.L.1945,  
3 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;

15 (2) The amount paid or incurred by the taxpayer for the operation  
16 of an adult day care center in cooperation with one or more persons  
17 required to pay State taxes;

18 (3) The amount paid or incurred by the taxpayer as a grant to an  
19 adult day care center to reimburse that center for services provided to  
20 a functionally or cognitively impaired adult; or

21 (4) The amount paid or incurred by the taxpayer as a donation to  
22 an unaffiliated third party for use in the construction, expansion or  
23 maintenance expense of an adult day care center by that third party,  
24 whether or not the donation qualifies as a charitable contribution for  
25 which the taxpayer may claim a deduction from federal taxable income  
26 pursuant to section 170(b)(2) of the federal Internal Revenue Code, 26  
27 U.S.C. §170.

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

35 c. The tax imposed for a fiscal or calendar accounting year  
36 pursuant to section 5 of P.L.1945, c.162, shall first be reduced by the  
37 amount of any credit allowed pursuant to section 19 of P.L.1983,

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

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

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19 2. This act shall take effect immediately.

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## STATEMENT

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24 This bill provides a tax credit under the corporation business tax for  
25 certain corporation taxpayer's support of adult day care centers.  
26 Corporation taxpayer support eligible for the tax credit includes: the  
27 expenses of establishing, constructing and operating an adult day care  
28 center by the corporation taxpayer; operating expenses of a center run  
29 in cooperation with one or more other corporation taxpayers; grants  
30 similar to scholarships to reimburse adult day care center charges; and  
31 capital construction, expansion and maintenance expense donations  
32 made to unaffiliated, third party sponsored adult day care centers. The  
33 adult day care center tax credit allowed in any year is limited to 50%  
34 of the corporation business tax liability otherwise due and may not  
35 reduce tax liability to less than the statutory minimum. The amount of  
36 any unused tax credit in a tax year resulting from these limitations may  
37 be carried over to any of the next ten tax years. The credit allowed for  
38 operating expenses of a center run in cooperation with one or more  
39 other corporation taxpayers will provide an incentive for owners of  
40 small businesses to form consortiums with other small businesses to  
41 fund the operations of a center.

42 Adult day care may include both social day care and medical day  
43 care programs. Social day care generally involves few if any nursing  
44 and medical staff and minimum personal care and may be found  
45 sharing sites with senior and other community centers. Medical day  
46 care involves nurses and other health care professionals on site,

1 personal care and rehabilitative services and lower staff-to-client ratios  
2 than social day care. Services directly provided through adult day care  
3 include social services, nursing, recreational activities, exercises, arts  
4 and crafts, music, reality therapy and dressing, grooming and toileting  
5 assistance. Adult day care centers may also either contract for or  
6 directly provide meals and transportation and may also provide or  
7 contract for physical, speech and occupational therapies and diet  
8 counseling. Adult day care centers are also likely to make referrals for  
9 physician, psychiatric, podiatric and dental services for their clients.

10 Adult day care provides key support to elderly and disabled adults  
11 as well as to their family caregivers. A growing segment of the State's  
12 working population is responsible for the dual burden of providing  
13 care for an elderly or disabled relative in a home setting and  
14 performing the full-time responsibilities of the workplace. Providing  
15 a corporation business tax credit for corporate support of adult day  
16 care centers will provide a financial incentive for corporations to assist  
17 in increasing the availability of adult day care services.

18 This bill is identical to Senate Bill No. 959 of 1992.

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23 Provides corporation business tax credit for certain support for adult  
24 day care centers.