

SENATE, No. 2263

STATE OF NEW JERSEY

INTRODUCED NOVEMBER 17, 1997

By Senator KOSCO

1 AN ACT providing a Neighborhood and Business Child Care Tax  
2 Incentive Program.

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4 **BE IT ENACTED** by the Senate and General Assembly of the State  
5 of New Jersey:

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7 1. a. A taxpayer that is a member of a small-medium business child  
8 care consortium designated pursuant to section 4 of P.L. , c. (now  
9 pending before the Legislature as Assembly Bill No. ) for the three-  
10 year demonstration program established pursuant to P.L. , c. , shall  
11 be allowed a credit, subject to the provisions of subsection c. of this  
12 section, against the tax imposed pursuant to section 5 of P.L.1945,  
13 c.162 (C.54:10A-5), in an amount equal to 15% of the taxpayer  
14 consortium member's expenditures for the privilege period for child  
15 care center physical plant or facilities, whether that expenditure is for  
16 a child care center owned and operated by the consortium or by a  
17 contracted sponsoring organization, incurred on or after the  
18 designation of the consortium and before the expiration of that  
19 demonstration program.

20 b. A taxpayer shall be allowed a credit, subject to the provisions  
21 of subsection c. of this section, against the tax imposed pursuant to  
22 section 5 of P.L.1945, c.162 (C.54:10A-5), in an amount equal to  
23 10% of the taxpayer's contribution for the privilege period, in cash or  
24 in kind, accepted by the sponsor as suitable for utilization in the  
25 sponsor's child care center, to a sponsor of a neighborhood-based  
26 child care center awarded a grant pursuant to section 3 of  
27 P.L. , c. (now pending before the Legislature as Assembly Bill  
28 No. ) for the three-year demonstration program established pursuant  
29 to P.L. , c. , made on or after the awarding of the grant but before  
30 the expiration of that demonstration program.

31 c. The tax imposed for a fiscal or calendar accounting year  
32 pursuant to section 5 of P.L.1945, c.162, shall first be reduced by the  
33 amount of any credits allowed pursuant to section 19 of P.L.1983,  
34 c.303 (C.52:27H-78), section 12 of P.L.1985, c.227 (C.55:19-13),  
35 section 42 of P.L.1987, c.102 (C.54:10A-5.3), section 3 of P.L.1993,  
36 c.170 (C.54:10A-5.6), section 3 or 4 of P.L.1993, c.171  
37 (C.54:10A-5.18 or C.54:10A-5.19), and section 1 of P.L.1993, c.175

1 (C.54:10A:5.24), prior to applying any credits allowable pursuant to  
2 this section. Credits allowable pursuant to this section shall be applied  
3 in the order of the credits' tax years. The amount of the credits  
4 applied under those sections and this section against the tax imposed  
5 pursuant to section 5 of P.L.1945, c.162, for an accounting year shall  
6 not exceed 50% of the tax liability otherwise due and shall not reduce  
7 the tax liability to an amount less than the statutory minimum provided  
8 in subsection (e) of section 5 of P.L.1945, c.162.

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10 2. a. In addition to any other deduction for the same expenditure  
11 allowed under the "New Jersey Gross Income Tax Act," N.J.S.54A:1-  
12 1 et seq. a taxpayer that is a member of a small-medium business child  
13 care consortium designated pursuant to section 4 of P.L. , c. (now  
14 pending before the Legislature as Assembly Bill No. ) for the three-  
15 year demonstration program established pursuant to P.L. , c. , shall  
16 be allowed a deduction in an amount equal to the taxpayer consortium  
17 member's expenditures for the taxable year for child care center  
18 physical plant or facilities, whether that expenditure is for a child care  
19 center owned and operated by the consortium or by a contracted  
20 sponsoring organization, incurred on or after the designation of the  
21 consortium and before the expiration of that demonstration program.

22 b. In addition to any other deduction for the same expenditure  
23 allowed under the "New Jersey Gross Income Tax Act," N.J.S.54A:1-  
24 1 et seq., a taxpayer shall be allowed a deduction in an amount equal  
25 to the taxpayer's contribution for the taxable year, in cash or in kind,  
26 accepted by the sponsor as suitable for utilization in the sponsor's  
27 child care center, to a sponsor of a neighborhood-based child care  
28 center awarded a grant pursuant to section 3 of P.L. , c. (now  
29 pending before the Legislature as Assembly Bill No. ) for the three-  
30 year demonstration program established pursuant to P.L. , c. made  
31 on or after the awarding of the grant but before the expiration of that  
32 demonstration program.

33 c. A partnership shall not be allowed a deduction under this section  
34 directly, but a member of a partnership or association shall be allowed  
35 a deduction in an amount equal to that portion of the partnership's or  
36 association's expenditure or contribution that is the partner's or  
37 members share, whether or not distributed, of the income or gain  
38 received by the partnership or association for its taxable year ending  
39 within or with the partner's or member's taxable year.

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41 3. This act shall take effect immediately and expire on the first day  
42 of the 37th month following enactment.

## STATEMENT

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This bill provides tax incentives for financial participation in several child care initiatives that are pending before the Legislature. Assembly Bill No. establishes a Small-Medium Business Child Care Consortium Incentive Demonstration Program that will designate three consortia of employers pooling child care efforts in three regions of the State and Assembly Bill No. establishes an Neighborhood-Based Child Care Incentive Demonstration Program that creates a three-year community resource child care demonstration program in five counties of the State. This bill provides incentives for participants and contributors to those projects.

This bill provides a tax incentive to members of the child care consortia for their expenditures for child care physical plant or facilities, whether that expenditure is for a child care center owned and operated by the consortium or by a contracted sponsoring organization. Members that are corporations subject to the corporation business tax are allowed a credit equal to 15% of such expenditures made during the operation of the demonstration program. Members that are unincorporated businesses are allowed a deduction (in addition to any business deduction to which they may already be entitled) for their facilities expenditures.

This bill provides a tax incentive to any individual or business that makes a contributions, in money or in goods accepted by the sponsor as suitable for utilization in the sponsor's child care center, to a demonstration program child care center. Corporations subject to the corporation business tax are allowed a credit equal to 10% of such contributions. Unincorporated businesses are allowed a deduction (in addition to any business deduction to which they may already be entitled) for their facilities expenditures.

This bill is part of a package of Legislative initiatives resulting from a series of public hearings on child care issues which were held by the General Assembly Advisory Council on Women in 1996 and 1997.

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Provides Neighborhood & Business Child Care Tax Incentive Program.