

ASSEMBLY COMMERCE AND ECONOMIC DEVELOPMENT
COMMITTEE

STATEMENT TO

ASSEMBLY COMMITTEE SUBSTITUTE FOR
ASSEMBLY, Nos. 3683 and 2152

STATE OF NEW JERSEY

DATED: MAY 19, 2022

The Assembly Commerce and Economic Development Committee reports favorably an Assembly Committee Substitute for Assembly Nos. 3683 and 2152.

This Assembly Committee Substitute reduces the burden to employers of increased unemployment insurance (UI) taxes by:

1. Establishing the Supplemental Unemployment Compensation Fund and appropriating \$375 million to that fund for the purpose of reimbursing federal loans made to the State UI fund, with the goal of eliminating the State UI fund's federal debt, avoiding federal charges for that debt, and increasing more quickly the reserves in the State UI fund needed to facilitate reductions in employer UI taxes;

2. Providing corporation business tax and gross income tax credits to small businesses to help offset scheduled increases in UI taxes. The bill adopts the U.S. Small Business Administration's framework for defining a small business based on the numbers of employees, revenues, or both, in the industry of the business. The tax credits would be available for taxable years and privilege periods beginning in Calendar Years 2023 and 2024, and based on potential increases in employer UI taxes in FY 2023 and FY 2024. The tax credits are not refundable, but may be carried forward for seven years. Small business that use grants or other subsidies to offset increased UI taxes are not eligible for the bill's tax credits; and

3. Requiring not less than 30 days of advanced notice to each employer of any changes in the employer's UI taxes.