

**ASSEMBLY, No. 101**

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**STATE OF NEW JERSEY**

**219th LEGISLATURE**

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PRE-FILED FOR INTRODUCTION IN THE 2020 SESSION

**Sponsored by:**

**Assemblyman CHRISTOPHER P. DEPHILLIPS**

**District 40 (Bergen, Essex, Morris and Passaic)**

**Assemblywoman AURA K. DUNN**

**District 25 (Morris and Somerset)**

**SYNOPSIS**

Provides tax credits to companies contributing to loan and loan redemption program for residents who attend institutions of higher education in State and work at such company upon graduation.

**CURRENT VERSION OF TEXT**

Introduced Pending Technical Review by Legislative Counsel.



**(Sponsorship Updated As Of: 2/20/2020)**

1 AN ACT establishing a student loan and loan redemption program  
2 and supplementing P.L.1945, c.162 (C.54:10A-1 et seq.) and  
3 Title 18A of the New Jersey Statutes.

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

7  
8 1. As used in sections 3 through 12 of P.L. ,  
9 c. (C. ) (pending before the Legislature as this bill):

10 "Authority" means the Higher Education Student Assistance  
11 Authority established pursuant to N.J.S.18A:71A-3.

12 "Eligible qualifying loan expenses" means the cumulative  
13 outstanding balance of student loans issued under the program.

14 "Eligible State company" means a company that operates in the  
15 State, employs State residents, and receives a tax credit pursuant to  
16 section 2 of P.L. , c. (C. ) (pending before the Legislature  
17 as this bill).

18 "Executive Director" means the Executive Director of the Higher  
19 Education Student Assistance Authority.

20 "Program" means the New Jersey Talent Retention Loan and  
21 Loan Redemption Program established pursuant to section 4  
22 P.L. , c. (C. ) (pending before the Legislature as this bill).

23 "Program participant" means a student selected to participate in  
24 the program who contracts with the authority to engage in  
25 employment with an eligible State company in exchange for the  
26 redemption of eligible qualifying loan expenses.

27  
28 2. a. A taxpayer shall be allowed a credit against taxes  
29 imposed pursuant to section 5 of P.L.1945, c.162 (C.54:10A-5) for  
30 a contribution made during the privilege period to the New Jersey  
31 Talent Retention Loan Fund established pursuant to section 3 of  
32 P.L. , c. (C. ) (pending before the Legislature as this bill),  
33 provided that the taxpayer designates at the time the contribution is  
34 made that the contribution is made pursuant to the New Jersey  
35 Talent Retention Loan and Loan Redemption Program established  
36 pursuant to section 4 of P.L. , c. (C. ) (pending before the  
37 Legislature as this bill) and the contribution is at least \$10,000. An  
38 amount equal to 50% of the contribution shall be allowed as a credit  
39 against the tax imposed pursuant to section 5 of P.L.1945,  
40 c.162 (C.54:10A-5) during the privilege period that the contribution  
41 is made. An additional amount equal to up to 50% of the  
42 contribution shall be allowed as a credit in increments of \$5,000 per  
43 year, per program participant, while the program participant is  
44 employed by the taxpayer and is engaged in employment eligible  
45 for loan redemption pursuant to section 8 of P.L. ,  
46 c. (C. ) (pending before the Legislature as this bill).

47 b. In order to qualify for a tax credit pursuant to subsection a.  
48 of this section, the taxpayer shall apply for a certification from the

1 Executive Director of the Higher Education Student Assistance  
2 Authority that certifies eligibility for the tax credit and the amount  
3 of the tax credit to be granted to the taxpayer under P.L. ,  
4 c. (C. ) (pending before the Legislature as this bill). Upon  
5 certification, the executive director shall submit a copy of the  
6 certification to the taxpayer and the Director of the Division of  
7 Taxation. When filing a tax return that includes a claim for a credit  
8 pursuant to this section, the taxpayer shall include a copy of the  
9 certification. A credit shall be valid in the tax year in which the  
10 certification is approved and any unused portion thereof may be  
11 carried forward, if necessary, for use in future privilege periods.

12 c. The order of priority of the credit allowed under this section  
13 and any other credits allowed by law shall be as prescribed by the  
14 Director of the Division of Taxation. The amount of the credit  
15 applied under this section shall not reduce the tax liability to an  
16 amount less than the statutory minimum provided in subsection (e)  
17 of section 5 of P.L.1945, c.162 (C.54:10A-5).

18

19 3. a. There is created in the Higher Education Student  
20 Assistance Authority a special nonlapsing fund to be known as the  
21 “New Jersey Talent Retention Loan Fund.” The fund shall be  
22 maintained in a separate account and administered by the executive  
23 director of the authority. The fund shall consist of: (1) all revenues  
24 contributed by companies pursuant to section 2 of  
25 P.L. , c. (C. ) (pending before the Legislature as this bill);  
26 (2) the principal from loan repayments made pursuant to sections 8  
27 and 9 of P.L. , c. (C. ) (pending before the Legislature as this  
28 bill); and (3) all interest and investment earnings received on  
29 monies in the fund.

30 b. Monies in the fund shall be distributed in accordance with  
31 the provisions of section 6 of P.L. , c. (C. ) (pending before  
32 the Legislature as this bill) to provide loans to highly qualified  
33 students in the State.

34

35 4. There is established a New Jersey Talent Retention Loan and  
36 Loan Redemption Program within the Higher Education Student  
37 Assistance Authority. The program shall provide direct loans to  
38 finance the undergraduate study of eligible students and the  
39 redemption of a portion of the eligible qualifying loan expenses of  
40 program participants for each year of full-time employment at an  
41 eligible State company.

42 The purpose of the program is to retain highly qualified students  
43 in the State by allowing business and industry located in the State to  
44 finance the education of students at institutions of higher education  
45 in the State through contributions made to the New Jersey Talent  
46 Redemption Loan Fund, and then to hire these students upon  
47 completion of their academic degree program.

- 1       5. To be eligible to participate in the program, an applicant  
2 shall:
- 3       a. be a resident of the State for a period of not less than 12  
4 months immediately prior to applying to the program and have  
5 graduated from a high school located within the State;
- 6       b. enroll in an undergraduate degree program at an institution  
7 of higher education located in the State;
- 8       c. apply for all other available forms of State and federal  
9 financial aid, exclusive of loans;
- 10      d. agree to work for up to four years at an eligible State  
11 company;
- 12      e. apply to the program by completing and submitting an  
13 application prescribed by the authority; and
- 14      f. agree to abide by the terms and conditions of the program as  
15 established by the authority.  
16
- 17      6. a. The authority shall establish standards of academic merit  
18 to determine which applicants are qualified to participate in the  
19 program. An applicant who meets these standards shall be placed  
20 on a qualified applicants list.
- 21      b. The selection of program participants shall be made from the  
22 qualified applicants list as follows: the eligible State company that  
23 has made the largest contribution in a State fiscal year to the New  
24 Jersey Talent Retention Loan Fund selecting the first participant,  
25 and then proceeding in descending order of the amount of  
26 contribution until every eligible company that has contributed  
27 \$40,000 or more in the most recent State fiscal year has made a  
28 selection. If there are sufficient funds remaining in the fund to  
29 select additional participants, the authority shall then select  
30 additional qualified applicants based upon the standards, until the  
31 available loan funds for the year have been expended.
- 32      c. No less than one applicant for every \$40,000 contribution  
33 made to the fund shall be admitted to the program.
- 34      d. A program participant shall be eligible for a loan of up to a  
35 maximum of \$10,000 per year towards the cost of attendance at an  
36 institution of higher education located within the State. The cost of  
37 attendance shall include tuition, room and board, and mandatory  
38 fees. The maximum loan amount for a program participant who is  
39 enrolled in a baccalaureate degree program shall equal \$40,000 and  
40 for a program participant enrolled in an associate degree program,  
41 shall equal \$20,000.  
42
- 43      7. A program participant shall be required to adhere to  
44 performance standards which shall include, but need not be limited  
45 to, that the participant:
- 46      a. maintain residency in the State;
- 47      b. maintain full-time enrollment in an undergraduate degree  
48 program in an institution of higher education located in the State

- 1 and graduate from the institution after two academic years in the  
2 case of a student enrolled in an associate degree program or four  
3 academic years in the case of a student enrolled in a baccalaureate  
4 degree program, unless enrolled in a degree program regularly  
5 requiring an additional number of academic years for graduation;
- 6 c. maintain a cumulative grade point average of at least 3.0 on  
7 a 4.0 scale;
- 8 d. upon completion of the degree program, apply for  
9 employment at the eligible State company that selected the program  
10 participant for acceptance into the program pursuant to section 6 of  
11 P.L. , c. (C. ) (pending before the Legislature as this bill),  
12 and agree to accept employment with that company before  
13 accepting employment with any other eligible State company;
- 14 e. enter into an employment agreement with an eligible State  
15 company; and
- 16 f. maintain satisfactory employment performance at an eligible  
17 State company for the required period of employment.
- 18
- 19 8. a. Direct loans made pursuant to section 6 of P.L. ,  
20 c. (C. ) (pending before the Legislature as this bill) shall be  
21 redeemed by a program participant upon execution of a contract  
22 between the program participant and the executive director. The  
23 maximum loan redemption shall amount to cancellation of  
24 repayment of 20% of eligible loan indebtedness for each full year of  
25 approved employment completed by the program participant for  
26 total cancellation of loan indebtedness of up to \$40,000 for a  
27 program participant enrolled in a baccalaureate degree program and  
28 up to \$20,000 for a program participant enrolled in an associate  
29 degree program.
- 30 b. Direct loans shall not bear interest or finance charges during  
31 the time a program participant is enrolled in the program or is  
32 engaged in approved employment pursuant to this act. Direct loans  
33 shall become due and payable 18 months after graduation if the  
34 program participant has not begun approved employment with an  
35 eligible State company and no redemption contract is in effect, or  
36 six months after change to part-time student status, withdrawal from  
37 the program, or termination from approved employment. The  
38 principal collected from loan repayments shall be credited to the  
39 loan fund for the purposes of funding additional participants.
- 40 c. Prior to the annual redemption of loan indebtedness, a  
41 program participant shall submit proof of required employment to  
42 the authority. In no event shall employment for less than a full year  
43 entitle the program participant to any benefits under the loan  
44 redemption conditions of the program. The authority shall enforce  
45 repayment of all loans for a program participant who does not  
46 comply with the provisions of P.L. , c. (C. ) (pending  
47 before the Legislature as this bill), including the use of all lawful  
48 collection procedures.



**A101 DEPHILLIPS, DUNN**

1 an additional tax credit equal to 50% of the contribution by  
2 employing students who have received loans under the program  
3 upon their graduation. For every \$40,000 contributed to the loan  
4 fund, an employer may select a student who receives a loan under  
5 the program and that student is then contractually obligated to apply  
6 to and accept an offer of employment with that company before he  
7 is eligible to accept employment with any other company that has  
8 made a contribution.

9 A student who wants to participate in the program must submit  
10 an application to HESAA. HESAA will accept students in  
11 accordance with standards of academic merit that it is directed to  
12 establish under the bill. The accepted students will be placed on a  
13 qualified applicants list. Employers and HESAA will then select  
14 from among the qualified applicants list to decide which students  
15 will be admitted into the program. Companies that contribute the  
16 greatest amount to the loan fund will select first and then other  
17 companies will make selections in descending order of contribution  
18 amount until all monies in the loan fund for that year have been  
19 disbursed.

20 A student admitted to the program will then be eligible for a loan  
21 from HESAA of up to \$10,000 per year with a maximum amount of  
22 \$40,000 for a baccalaureate degree program and \$20,000 for an  
23 associate degree program. After graduation, the student must obtain  
24 employment with one of the employers that contributed to the loan  
25 fund. If the participant does not obtain employment with a  
26 qualified employer within 18 months of graduation, the participant  
27 will have to begin paying back the loans. If the participant does  
28 find employment with a qualified employer, the student will have  
29 25% of the loan amount redeemed for every 12 months of full time  
30 employment, until the loan is completely forgiven.