ASSEMBLY, No. 244

STATE OF NEW JERSEY

219th LEGISLATURE

PRE-FILED FOR INTRODUCTION IN THE 2020 SESSION

Sponsored by:
Assemblyman WAYNE P. DEANGELO
District 14 (Mercer and Middlesex)

SYNOPSIS

Establishes manufacturing machine and metal trade apprenticeship tax credit program.

CURRENT VERSION OF TEXT

Introduced Pending Technical Review by Legislative Counsel.

AN ACT establishing a manufacturing machine and metal trade apprenticeship tax credit program, supplementing Title 54 of the Revised Statutes and Title 54A of the New Jersey Statutes.

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

1. a. For privilege periods beginning on or after January 1, 2016, a taxpayer shall be allowed a credit against the tax due pursuant to section 5 of P.L.1945, c.162 (C.54:10A-5) in an amount equal to one-half of the wages paid to a qualified manufacturing machine and metal trade apprentice for the privilege period, but not to exceed $7,500 per apprentice per privilege period.

b. The order of priority of the application of the credit allowed pursuant to this section and any other credits allowed against the tax imposed pursuant to section 5 of P.L.1945, c.162 (C.54:10A-5) for a privilege period shall be as prescribed by the director.

The amount of the credit applied pursuant to this section against the tax imposed pursuant to section 5 of P.L.1945, c.162 (C.54:10A-5), shall not reduce a taxpayer's tax liability to an amount less than the statutory minimum provided in subsection (e) of section 5 of P.L.1945, c.162 (C.54:10A-5).

c. As used in this section:

"Machine and metal trade" means a metalworking occupation including, but not limited to, machinists, toolmakers, tool and diemakers, model makers, gage makers, patternmakers, tool and machine setters, diesinkers, moldmakers, machine tool repairers, and similar occupations involving multiple work processes using machine tool equipment to shape metal by cutting, grinding, milling, turning, drilling, boring, planning, hobbing, and abrading operations.

"Qualified manufacturing machine and metal trade apprentice" means an unskilled or semi-skilled person in machine tool or metal trades that is employed by the taxpayer for no less than 1,500 hours in the privilege period as part of a term of machine and metal trade training not exceeding four privilege periods, involving wage progression, defined job training processes, course instruction, and completion resulting in designation as a skilled worker.

2. a. For taxable years beginning on or after January 1, 2016, a taxpayer shall be allowed a credit against the New Jersey gross income tax due pursuant to N.J.S.54A:1-1 et seq. in an amount equal to one-half of the wages paid to a qualified manufacturing machine and metal trade apprentice for the taxable year, but not to exceed $7,500 per apprentice per taxable year.

b. The order of priority of the application of the credit allowed pursuant to this section and any other credits allowed against the

New Jersey gross income tax due pursuant to N.J.S.54A:1-1 et seq. for a taxable year shall be as prescribed by the director.

The amount of the credit allowed against the New Jersey gross income tax due pursuant to N.J.S.54A:1-1 et seq., shall not reduce a taxpayer's tax liability to an amount less than the amount of New Jersey gross income tax liability due for the taxable year.

c. As used in this section:

"Machine and metal trade" means a metalworking occupation including, but not limited to, machinists, toolmakers, tool and diemakers, model makers, gage makers, patternmakers, tool and machine setters, diesinkers, moldmakers, machine tool repairers, and similar occupations involving multiple work processes using machine tool equipment to shape metal by cutting, grinding, milling, turning, drilling, boring, planning, hobbing, and abrading operations.

"Qualified manufacturing machine and metal trade apprentice" means an unskilled or semi-skilled person in machine tool or metal trades that is employed by the taxpayer for no less than 1,500 hours in the taxable year as part of a term of machine and metal trade training not exceeding four taxable years, involving wage progression, defined job training processes, course instruction, and completion resulting in designation as a skilled worker.

3. This act shall take effect immediately.

STATEMENT

The bill establishes a manufacturing machine and metal trade apprenticeship tax credit program under the gross income tax and corporation business tax. The purpose of the program is to encourage manufacturing employers to provide structured training to machine and metal trade apprentices to add more skilled workers to New Jersey's labor market.

The bill gives manufacturing employers with qualified machine and metal trade apprenticeship programs the lesser of $7,500 per apprentice, or 50 percent of an apprentice's wages. To qualify for credit, an apprenticeship must employ an unskilled or semi-skilled person in machine tool or metal trades for no less than 1,500 hours in the tax year as part of a term of machine and metal trade training not exceeding four tax years. The machine and metal trade apprenticeship must involve wage progression, defined job training processes, course instruction, and completion resulting in designation as a skilled worker.

The bill schedules the credits for tax years beginning on or after January 1, 2016. The credits are nonrefundable.