

ASSEMBLY COMMERCE AND ECONOMIC DEVELOPMENT
COMMITTEE

STATEMENT TO

ASSEMBLY, No. 1679

STATE OF NEW JERSEY

DATED: MAY 5, 2021

The Assembly Commerce and Economic Development Committee reports favorably Assembly Bill No. 1679.

This bill establishes a New Jobs for New Jersey tax credit program to be administered by the Commissioner of Labor and Workforce Development. The purpose of the program is to provide incentives to small private sector employers who increase their workforce by hiring unemployed workers.

The bill makes an employer of 100 or fewer full-time employees eligible for a refundable New Jobs for New Jersey tax credit against the corporation business tax or the gross income tax, whichever applies to the employer, for each eligible individual employed by the employer on a full-time basis during a tax year, if the following requirements are met:

1. The eligible individual is hired by the employer after April 1, 2021, is employed full-time during the tax year for which the tax credit is provided, was not previously employed by the employer, and did not have full-time employment for 30 or more days prior to being hired by the employer;
2. The employer employs an average total number of full-time employees during the tax year for which the tax credit is provided which exceeds the average total number of full-time employees employed by the employer during the 12-month period immediately prior to April 1, 2021; and
3. The employer submits an application for the tax credit in the manner required by the commissioner, the commissioner approves the application, and the employer provides, or makes available as requested by the commissioner, all information regarding the number, wages, and employer payroll taxes or any other information required by the commissioner.

The bill sets the amount of the refundable tax credit provided to an approved employer for each eligible individual employed during a tax year as the total amount of the employer payroll taxes paid during that tax year by the employer with respect to that individual, subject to the requirements of the bill. Employer payroll taxes include the portion paid by employers of State unemployment, temporary disability, and workforce development and basic skills

assessments, and federal Social Security, Medicare, and unemployment taxes. The bill provides that the employer receives the tax credit only for the number of eligible individuals employed full-time during the tax year which does not exceed the net increase in the number of full-time employees employed full-time during the tax year compared with the average total number of full-time employees employed by the employer during the 12-month period immediately preceding April 1, 2021.

An employer may apply for and qualify for a tax credit under the bill with respect to tax years 2021, 2022, and 2023. If the employer's application is approved for any of those three years, the employer may continue to receive the tax credit for any of the four tax years following that tax year during which the employer meets the requirements of the bill.

Upon a finding by the commissioner of employer compliance with the bill's requirements, the commissioner is required to certify to the Director of the Division of Taxation that the employer is eligible for a tax credit under this bill, the amount of the tax credit, and provide a copy of the certification to the employer.

This bill was pre-filed for introduction in the 2020-2021 session pending technical review. As reported, the bill includes the changes required by technical review, which has been performed.

As reported by the committee, Assembly Bill No. 1679 is identical to Senate Bill No. 1958, which also was reported by the committee.