

ASSEMBLY, No. 2618

STATE OF NEW JERSEY

219th LEGISLATURE

INTRODUCED FEBRUARY 13, 2020

Sponsored by:

Assemblywoman CAROL A. MURPHY

District 7 (Burlington)

Assemblyman RAJ MUKHERJI

District 33 (Hudson)

SYNOPSIS

The New Jersey Battlefield to Boardroom Act; Provides corporation business tax credits and gross income tax credits for qualified wages of certain veterans.

CURRENT VERSION OF TEXT

As introduced.



(Sponsorship Updated As Of: 11/8/2021)

1 **AN ACT** establishing a corporation business tax credit and gross
2 income tax credit for qualified wages of certain veterans,
3 supplementing P.L.1945, c.162 (C.54:10A-1 et seq.) and Title
4 54A of the New Jersey Statutes.

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

8
9 1. This act shall be known and may be cited as “The New
10 Jersey Battlefield to Boardroom Act.”

11
12 2. a. (1) For privilege periods commencing on or after January
13 1, 2018 but before January 1, 2022, a taxpayer shall be allowed a
14 credit against the tax imposed pursuant to section 5 of P.L.1945,
15 c.162 (C.54:10A-5), in an amount equal to the value of ten percent
16 of qualified wages paid in the privilege period to a qualified veteran
17 in the course of sustained employment. For each privilege period, a
18 taxpayer’s credit allowed pursuant to this section shall not exceed
19 \$1,200 for each qualified veteran.

20 (2) For a taxpayer to qualify for the credit allowed pursuant to
21 this section for a privilege period, the taxpayer shall comply with
22 the requirements of this paragraph.

23 Twenty-five percent of the taxpayer’s new employees for the
24 privilege period for which credit is claimed shall be qualified
25 veterans.

26 If the taxpayer received the credit allowed pursuant to this
27 section for the privilege period immediately preceding the privilege
28 period for which credit is claimed, then 50 percent of the qualified
29 veterans hired in the immediately preceding privilege period shall
30 remain employed by the taxpayer for the privilege period for which
31 credit is claimed.

32 The taxpayer shall provide veteran support services that are
33 accessible in the workplace, which services may, but not
34 necessarily, be procured through a private veteran support services
35 service provider.

36 The taxpayer shall regularly conduct specific recruitment efforts
37 to hire qualified veterans and their nuclear family members.

38 The taxpayer shall provide support to outreach efforts of veteran
39 support organizations.

40 The taxpayer shall comply with the federal Uniformed Services
41 Employment and Reemployment Rights Act (38 U.S.C. s.4301 et
42 seq.) and provide additional privileges in excess of the rights
43 protected by the federal Uniformed Services Employment and
44 Reemployment Rights Act.

45 b. (1) The order of priority of the application of the credit
46 allowed pursuant to this section and any other credits allowed
47 against the tax imposed pursuant to section 5 of P.L.1945, c.162

1 (C.54:10A-5) for a privilege period shall be as prescribed by the
2 director.

3 The amount of the credit applied pursuant to this section, added
4 together with any other credit allowed against the tax imposed
5 pursuant to section 5 of P.L.1945, c.162 (C.54:10A-5), shall not
6 exceed 50% of the tax liability otherwise due and shall not reduce
7 the tax liability to an amount less than the statutory minimum
8 provided in subsection (e) of section 5 of P.L.1945, c.162.

9 Unused credit resulting from the limitations of this paragraph
10 may be carried forward, if necessary, for use in the seven privilege
11 periods following the privilege period for which the credit is
12 allowed.

13 (2) A taxpayer shall not be granted a credit pursuant to this
14 section for the qualified wages paid to a qualified veteran in a
15 privilege period if the qualified wages of the qualified veteran or
16 the job providing qualified wages to the qualified veteran is
17 included in the calculation of another credit against any State tax or
18 a grant pursuant to P.L.1996, c.26 (C.34:1B-124 et seq.) for a
19 period of time that coincides with the applicable privilege period.

20 (3) If the director determines that a taxpayer is displacing
21 employees and replacing the employees with qualified veterans for
22 the primary purposes of obtaining the credit allowed pursuant to
23 this section, the director shall deny the credit allowed under this
24 section for the taxpayer and shall issue a tax assessment for the
25 recapture of credit previously allowed to the taxpayer under this
26 section plus an assessment of 50% of any credit subject to recapture
27 as penalty.

28 c. As used in this section:

29 “Sustained employment” means a period of time no less than 185
30 business days during the privilege period in which a qualified
31 veteran is earning qualified wages.

32 “Qualified veteran” means a resident of this State initially hired
33 by the taxpayer on or after January 1, 2010 that has been honorably
34 discharged or released under honorable circumstances from active
35 service, occurring on or after January 1, 1965, in any branch of the
36 Armed Forces of the United States.

37 “Qualified wages” mean any salaries, wages and remuneration
38 subject to the “New Jersey Gross Income Tax Act,” N.J.S.54A:1-1
39 et seq., paid to a qualified veteran on or after January 1, 2018 but
40 before January 1, 2022_for labor rendered in service to an enterprise
41 of the taxpayer.

42

43 3. a. (1) For taxable years commencing on or after January 1,
44 2018 but before January 1, 2022, a taxpayer shall be allowed a
45 credit against the tax due pursuant to the “New Jersey Gross Income
46 Tax Act,” N.J.S.54A:1-1 et seq., in an amount equal to the value of
47 ten percent of qualified wages paid in the taxable year to a qualified
48 veteran in the course of sustained employment. For each taxable

1 year, a taxpayer's credit allowed pursuant to this section shall not
2 exceed \$1,200 for each qualified veteran.

3 (2) For a taxpayer to qualify for the credit allowed pursuant to
4 this section for a taxable year, the taxpayer shall comply with the
5 requirements of this paragraph.

6 Twenty-five percent of the taxpayer's new employees for the
7 taxable year for which credit is claimed shall be qualified veterans.

8 If the taxpayer received the credit allowed pursuant to this
9 section for the taxable year immediately preceding the taxable year
10 for which credit is claimed, then 50 percent of the qualified veterans
11 hired in the immediately preceding taxable year shall remain
12 employed by the taxpayer for the taxable year for which credit is
13 claimed.

14 The taxpayer shall provide veteran support services that are
15 accessible in the workplace, which services may, but not
16 necessarily, be procured through a private veteran support services
17 service provider.

18 The taxpayer shall regularly conduct specific recruitment efforts
19 to hire qualified veterans and their nuclear family members.

20 The taxpayer shall provide support to outreach efforts of veteran
21 support organizations.

22 The taxpayer shall comply with the federal Uniformed Services
23 Employment and Reemployment Rights Act (38 U.S.C. s.4301 et
24 seq.) and provide additional privileges in excess of the rights
25 protected by the federal Uniformed Services Employment and
26 Reemployment Rights Act.

27 b. (1) A credit allowed pursuant to this section shall not reduce
28 the tax liability otherwise due pursuant to the "New Jersey Gross
29 Income Tax Act," N.J.S.54A:1-1 et seq., for a taxable year to less
30 than zero.

31 Unused credit resulting from the limitations of this paragraph
32 may be carried forward if necessary to the seven taxable years
33 following the taxable year for which the credit was allowed. The
34 form and method of carry forward shall be as prescribed by the
35 director.

36 (2) A taxpayer shall not be granted a credit pursuant to this
37 section for the qualified wages paid to a qualified veteran in a
38 taxable year if the qualified wages of the qualified veteran or the
39 job providing qualified wages to the qualified veteran is included in
40 the calculation of another credit against any State tax or a grant
41 pursuant to P.L.1996, c.26 (C.34:1B-124 et seq.) for a period of
42 time that coincides with the applicable taxable year.

43 (3) If the director determines that a taxpayer is displacing
44 employees and replacing the employees with qualified veterans for
45 the primary purposes of obtaining the credit allowed pursuant to
46 this section, the director shall deny the credit allowed under this
47 section for the taxpayer and shall issue a tax assessment for the
48 recapture of credit previously allowed to the taxpayer under this

1 section plus an assessment of 50% of any credit subject to recapture
2 as penalty.

3 c. As used in this section:

4 “Sustained employment” means a period of time no less than 185
5 business days during the privilege period in which a qualified
6 veteran is earning qualified wages.

7 “Qualified veteran” means a resident of this State initially hired
8 by the taxpayer on or after January 1, 2010 that has been honorably
9 discharged or released under honorable circumstances from active
10 service, occurring on or after January 1, 1965, in any branch of the
11 Armed Forces of the United States.

12 “Qualified wages” mean any salaries, wages and remuneration
13 subject to the “New Jersey Gross Income Tax Act,” N.J.S.54A:1-1
14 et seq., paid to a qualified veteran on or after January 1, 2018 but
15 before January 1, 2022 for labor rendered in service to an enterprise
16 of the taxpayer.

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18 4. This act shall take effect immediately.

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STATEMENT

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23 This bill is entitled “The New Jersey Battlefield to Boardroom
24 Act.” The bill provides a corporation business tax credit and gross
25 income tax credit for qualified wages of certain veterans.

26 The two credits established by this bill provide an employer with
27 a credit in the amount of 10% of the wages paid to a qualified
28 veteran. The credits may not exceed \$1,200 for each qualified
29 veteran per tax year. The bill defines a qualified veteran as a
30 resident of this State initially hired by the taxpayer on or after
31 January 1, 2010 that has been honorably discharged or released
32 under honorable circumstances from active service, occurring on or
33 after January 1, 1965, in any branch of the Armed Forces of the
34 United States. The bill requires that for purposes of the credits’
35 availability the wages of a qualified veteran must be subject to the
36 gross income tax and paid on or after January 1, 2018 but before
37 January 1, 2022. To be creditable, wages must also arise from
38 employment of a qualified veteran for at least 185 business days of
39 the applicable tax year.

40 To qualify for a credit, the bill imposes a series of conditions on
41 a taxpayer as an employer. For a tax year that the credit is claimed,
42 the bill requires that 25 percent of the taxpayer’s new employees be
43 qualified veterans. For tax years immediately subsequent to a prior
44 credit year, the bill further requires that 50 percent of the qualified
45 veterans hired in that prior tax year must remain employed by the
46 taxpayer.

47 In addition to employment criteria, the bill conditions credit
48 qualification on other aspects of veteran employment. The bill

1 requires a taxpayer to provide veteran support services that are
2 accessible in the workplace. The bill further conditions credit
3 qualification on a taxpayer's regular recruitment efforts to hire
4 qualified veterans and their nuclear family members while
5 providing support to outreach efforts of veteran support
6 organizations. The bill also conditions credit qualification on
7 compliance with the federal Uniformed Services Employment and
8 Reemployment Rights Act and the provision of privileges in excess
9 of the rights protected by that act.

10 In addition to providing the terms of credit qualification, the bill
11 contains provisions aimed at preventing potential misuse of the
12 credit. The bill prohibits taxpayers from simultaneously using the
13 wages or employment of a qualified veteran to qualify for the credit
14 and any other generally available employment incentive that comes
15 in the form of a State tax credit or grant. The bill also empowers
16 the Director of the Division of Taxation to recapture credit, plus an
17 additional 50% penalty, if the Director determines that the employer
18 displaced employees to replace them with qualified veterans for the
19 primary purpose of taking advantage of the credit.

20 The credits established by this bill are limited in duration in that
21 they are available for tax years commencing on or after January 1,
22 2018 but before January 1, 2022.