ASSEMBLY, No. 3046

STATE OF NEW JERSEY

219th LEGISLATURE

INTRODUCED FEBRUARY 20, 2020

Sponsored by:
Assemblywoman PAMELA R. LAMPITT
District 6 (Burlington and Camden)

SYNOPSIS

Creates corporate business tax and gross income tax credits to fund education enrichment demonstration program.

CURRENT VERSION OF TEXT

As introduced.

AN ACT concerning the establishment of an education enrichment demonstration program, and supplementing P.L.1945, c.162, chapter 4 of Title 54A of the New Jersey Statutes, and Title 18A of the New Jersey Statutes.

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

1. a. Subject to the restrictions established pursuant to subsection c. of this section, a taxpayer, upon application to and approval of the Director of the Division of Taxation in the Department of the Treasury, shall be allowed a credit against the tax imposed pursuant to section 5 of P.L.1945, c.162 (C.54:10A-5) for a privilege period, in an amount equal to the lesser of $100,000 or 100% of the contribution made by the taxpayer to the Department of Education during the privilege period, provided that the taxpayer shall designate at the time the contribution is made that the contribution is made pursuant to P.L. , c. (C.) (pending before the Legislature as this bill) and provided that the contribution is equal to or greater than $50,000.

b. The order of priority of the credit allowed under this section of P.L. , c. (C.) (pending before the Legislature as this bill) and any other credits allowed by law shall be as prescribed by the director. The amount of the credit applied under P.L. , c. (C.) (pending before the Legislature as this bill) against the tax imposed pursuant to section 5 of P.L.1945, c.162 (C.54:10A-5) for a privilege period shall not reduce the 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). The amount of the credit otherwise allowable under this section which cannot be applied for the privilege period due to limitations of this subsection or other provisions of P.L.1945, c.162 may be carried over, if necessary, to the three privilege periods following the privilege period for which the credit was allowed.

c. The value of credits approved by the director pursuant to this section and section 2 of P.L. , c. (C.) (pending before the Legislature as this bill) to apply to the tax imposed pursuant to the "New Jersey Gross Income Tax Act," N.J.S.54A:1-1 et seq., shall not exceed $600,000 in any State fiscal year. If the sum of the amount of tax credits authorized pursuant to this section and section 2 of P.L. , c. (C.) (pending before the Legislature as this bill) in a State fiscal year exceeds the aggregate annual limits established pursuant to this subsection, tax credits shall be allowed in the order in which contributions are made until the limit is reached.

2. a. Subject to the restrictions established pursuant to subsection c. of section 1 of P.L. , c. (C.) (pending before

the Legislature as this bill), a taxpayer, upon application to and approval of the Director of the Division of Taxation in the Department of the Treasury, shall be allowed a credit against the tax otherwise due for the taxable year under the "New Jersey Gross Income Tax Act," N.J.S.54A:1-1 et seq., in an amount equal to the lesser of $25,000 or 100% of the contribution made by the taxpayer to the Department of Education during the taxable year, provided that the taxpayer shall designate at the time the contribution is made that the contribution is made pursuant to P.L. , c. (C.) (pending before the Legislature as this bill) and provided that the contribution is equal to or greater than $5,000.

b. The order of priority of the credit allowed under this section of P.L. , c. (C.) (pending before the Legislature as this bill) and any other credits allowed by law shall be as prescribed by the director. The amount of the credit allowed pursuant to this section shall be applied against the tax otherwise due under N.J.S.54A:1-1 et seq. If the credit exceeds the amount of tax otherwise due, that amount of excess shall be an overpayment for the purposes of N.J.S.54A:9-7.

3. There is hereby established in the Department of Education a fund entitled the "Education Enrichment Demonstration Program Fund." The fund shall be credited with contributions made by taxpayers to the fund. All interest or other income or earnings derived from the investment or reinvestment of moneys in the fund shall be credited to the fund. The moneys in the fund are specifically dedicated to the Education Enrichment Demonstration Program established pursuant to section 5 of P.L. , c. (C.) (pending before the Legislature as this bill).

4. As used in sections 5 through 8 of P.L. , c. (C.) (pending before the Legislature as this bill), "eligible school" means any school that meets the criteria of subsection a. or subsection b. of this section in the two school years preceding the effective date of P.L. , c. (C.) (pending before the Legislature as this bill):

a. among all students in that school to whom a State assessment was administered, the sum of the percent of students scoring in the not yet meeting expectations and partially meeting expectations categories in both the English language arts and mathematics subject areas of the State assessments exceeded 40%; or

b. among all students in that school to whom a State assessment was administered, the sum of the percent of students scoring in the not yet meeting expectations and partially meeting expectations categories in either the English language arts and mathematics subject areas of the State assessments exceeded 65%.

5. The Commissioner of Education shall establish a four-year Education Enrichment Demonstration Program. Under the program, the commissioner shall award four-year renewable grants to six eligible schools, on a competitive basis, to implement student enrichment programs that may include, but need not be limited to, supplemental academic support, cultural enrichment, and student guidance initiatives. The commissioner shall issue a notice of grant opportunity that shall require that an applicant submit the following information:

a. a description of the type of student enrichment programs that the school will offer;

b. a discussion of the how the student enrichment programs that the school would offer address students' needs that are not currently being met in other ways;

c. an estimated annual cost of implementing the enrichment programs;

d. a contingency plan for offering enrichment programs in the event available funding is less than the original estimated annual cost;

e. the process that the school will use to select parents to serve on the advisory board established pursuant to subsection b. of section 7 of P.L. c. (C.) (pending before the Legislature as this bill);

f. the objectives of the enrichment program and quantifiable measures that will be used to determine if the objectives have been met; and

g. any other information that the commissioner deems necessary.

6. The commissioner shall award grants to two eligible schools located in the northern region of the State, two eligible schools in the central region of the State, and two eligible schools in the southern region of the State. The commissioner shall determine the amount of the grant award for each school based on the amount of available revenue in the Education Enrichment Demonstration Program Fund, and the application submitted by each eligible school that was awarded a grant. The commissioner shall not award a grant greater than $100,000 to a school in any school year.

7. a. Grant funds awarded under this program shall be recorded in a special revenue fund, and shall be used only to implement student education enrichment programs at the school that was awarded the grant. The special revenue fund shall be audited in the annual audit conducted pursuant to N.J.S.18A:23-1.

Any grant funds that are unexpended at the end of each of the first three school years of the demonstration program shall be available for use by the school in the subsequent school year. Any

grant funds that are unexpended at the end of the fourth school year of the demonstration program shall be returned to the department.

b. Each eligible school that receives a grant shall establish a seven-member advisory board. The advisory board shall be responsible for identifying the specific student education enrichment programs that will be implemented under the program. The members of the advisory board shall include the school principal, or the principal's designee, two teachers employed at the school, and four parents or guardians of students enrolled in the school.

8. No later than six months after the conclusion of the pilot program, the commissioner shall submit a report to the Governor, and to the Legislature pursuant to section 2 of P.L.1991, c.164 (C.52:14-19.1), on the results of the demonstration program. The report shall include a recommendation regarding expanding the program in a similar or modified form.

9. Sections 1 and 2 of this act shall take effect on July 1 following the date of enactment, and shall expire four years after the date of enactment and the remainder of the act shall take effect immediately.

STATEMENT

This bill authorizes corporate business and gross income tax credits for taxpayers who make contributions to the Education Enrichment Demonstration Program. Under the bill, a corporate business taxpayer would receive a tax credit equal to 100 percent of the contribution to the fund; however, the tax credit to a taxpayer may not exceed $100,000. A corporate taxpayer must contribute at least $50,000 to the fund to receive the credit.

Similarly, a gross income taxpayer would receive a tax credit equal to 100 percent of the contribution; the tax credit may not exceed $25,000. A gross income taxpayer must contribute at least $5,000 in order to claim the credit. In any State fiscal year, the total corporate business and gross income tax credits awarded may not exceed $600,000.

The bill directs the Commissioner of Education to develop a four-year demonstration program in which competitive grants will be awarded to six eligible schools to implement student education enrichment programs including, but not limited to, supplemental academic support, cultural enrichment, and student guidance initiatives. An eligible school is one in which, in the two school years preceding the bill's effective date, either: 1) the sum of the percent of students scoring in the not yet meeting expectations and partially meeting expectations categories on the English language

arts section of the State assessments, and the sum of the percent of students scoring in the not yet meeting expectations and partially meeting expectations categories on the mathematics section of the State assessments, was greater than or equal to 40 percent, or 2) the sum of the percent of students scoring in the not yet meeting expectations and partially meeting expectations categories on the English language arts section of the State assessments, or the sum of the percent of students scoring in the not yet meeting expectations and partially meeting expectations categories on the mathematics section of the State assessments, was greater than or equal to 65 percent.

The commissioner would award the grants to two schools in each of the northern, central, and southern regions of the State. The commissioner would determine the amount to be awarded to each grant recipient, but in no case would a grant exceed $100,000. No later than six months following the conclusion of the demonstration program, the commissioner will issue a report on the demonstration program's results, including a recommendation as to whether the program should be expanded.