ASSEMBLY, No. 3613

STATE OF NEW JERSEY

219th LEGISLATURE

INTRODUCED MARCH 5, 2020

Sponsored by:
Assemblywoman ANNETTE QUIJANO
District 20 (Union)

SYNOPSIS

Provides credits against corporation business and gross income taxes for certain employers that invest in human capital.

CURRENT VERSION OF TEXT

As introduced.

AN ACT providing credits against corporation business and gross income taxes for certain employers that provide certain worker training and supplementing P.L.1945, c.162 (C.54:10A-1 et seq.) 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. A taxpayer that is a qualified employer in the State shall be allowed a credit against the tax due pursuant to section 5 of P.L.1945, c.162 (C.54:10A-5) for a privilege period in the amount of 10 percent of the human capital investment made by the taxpayer in a privilege period, up to a maximum credit of $2,000 per employee.

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) for a privilege period 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. A taxpayer may claim a credit allowed pursuant to this section for human capital investment made during a maximum of five privilege periods.

d. As used in this section:

"Human capital investment" means amounts paid by a qualified employer for job training or work education programs offered in the State, and provided to an employee to improve the employee's job skills or knowledge, and which results in the award of an industry-recognized credential to the employee upon successful completion.

"Qualified employer" means a business that has less than $2,500,000 in gross receipts annually, that has been operating in the State for fewer than 10 years as of the last day of the privilege period for which a credit pursuant to this section is claimed, and that employs individuals in the State.

2. a. A taxpayer that is a qualified employer in the State 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 the amount of 10 percent of the human capital investment made by the taxpayer in a taxable year, up to a maximum credit of $2,000 per employee.

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 applied against the New Jersey gross income tax due pursuant to N.J.S.54A:1-1 et seq. shall not reduce a taxpayer's New Jersey gross income tax liability to an amount less than zero.

c. A taxpayer may claim a credit allowed pursuant to this section for human capital investment made during a maximum of five privilege periods.

d. A business entity that is classified as a partnership for federal income tax purposes shall not be allowed a credit directly, but the amount of credit of a taxpayer in respect of a distributive share of entity income, shall be determined by allocating to the taxpayer that proportion of the credit acquired by the entity that is equal to the taxpayer's share, whether or not distributed, of the total distributive income or gain of the entity for its taxable year ending within or with the taxpayer's taxable year.

A New Jersey S Corporation shall not be allowed a credit directly under the gross income tax, but the amount of credit of a taxpayer in respect of a pro rata share of S Corporation income, shall be determined by allocating to the taxpayer that proportion of the credit acquired by the New Jersey S Corporation that is equal to the taxpayer's share, whether or not distributed, of the total pro rata share of S Corporation income of the New Jersey S Corporation for its privilege period ending within or with the taxpayer's taxable year.

e. As used in this section:

"Human capital investment" means amounts paid by a qualified employer for job training or work education programs offered in the State, and provided to an employee to improve the employee's job skills or knowledge, and which results in the award of an industry-recognized credential to the employee upon successful completion.

"Qualified employer" means a business that has less than $2,500,000 in gross receipts annually, that has been operating in the State for fewer than 10 years as of the last day of the taxable year for which a credit pursuant to this section is claimed, and that employs individuals in the State.

3. This act shall take effect immediately and apply to privilege periods and taxable years commencing on or after the January 1 next following enactment.

STATEMENT

This bill provides credits against the corporation business and gross income taxes for qualified employers that invest in human capital by providing certain job training or work education programs to their employees. The amount of the credit is 10 percent of the amount paid by the taxpayer for human capital investment in

a privilege period or taxable year, up to a maximum credit of $2,000 per employee.

The bill defines "human capital investment" as amounts paid by a qualified employer for job training or work education programs offered in the State, and provided to an employee to improve the employee's job skills or knowledge, and which results in the award of an industry-recognized credential to the employee upon successful completion. "Qualified employer" is defined in the bill as a business that has less than $2,500,000 in gross receipts annually, that has been operating in the State for fewer than 10 years as of the last day of the privilege period or taxable year for which a credit pursuant to this bill is claimed, and that employs individuals in the State. The bill provides that a taxpayer may claim a credit for human capital investment made during a maximum of five privilege periods.

The bill provides that the gross income tax credit when applied may not reduce the taxpayer's liability to an amount less than zero, and that the credit against the corporation business tax liability may not reduce the taxpayer's liability to an amount less than the statutory minimum.

The bill would take effect immediately upon enactment and apply to privilege periods and taxable years commencing on or after the January 1 following enactment.