

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.



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

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

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

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

27 d. As used in this section:

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

33 "Qualified employer" means a business that has less than
34 \$2,500,000 in gross receipts annually, that has been operating in the
35 State for fewer than 10 years as of the last day of the privilege
36 period for which a credit pursuant to this section is claimed, and
37 that employs individuals in the State.

38
39 2. a. A taxpayer that is a qualified employer in the State shall
40 be allowed a credit against the tax otherwise due for the taxable
41 year under the "New Jersey Gross Income Tax Act," N.J.S.54A:1-1
42 et seq., in the amount of 10 percent of the human capital investment
43 made by the taxpayer in a taxable year, up to a maximum credit of
44 \$2,000 per employee.

45 b. The order of priority of the application of the credit allowed
46 pursuant to this section and any other credits allowed against the
47 New Jersey gross income tax due pursuant to N.J.S.54A:1-1 et seq.
48 for a taxable year shall be as prescribed by the director.

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

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

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

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

25 e. As used in this section:

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

31 "Qualified employer" means a business that has less than
32 \$2,500,000 in gross receipts annually, that has been operating in the
33 State for fewer than 10 years as of the last day of the taxable year
34 for which a credit pursuant to this section is claimed, and that
35 employs individuals in the State.

36
37 3. This act shall take effect immediately and apply to privilege
38 periods and taxable years commencing on or after the January 1
39 next following enactment.

40 41 42 STATEMENT

43
44 This bill provides credits against the corporation business and
45 gross income taxes for qualified employers that invest in human
46 capital by providing certain job training or work education
47 programs to their employees. The amount of the credit is 10 percent
48 of the amount paid by the taxpayer for human capital investment in

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

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

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

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