

LEGISLATIVE FISCAL ESTIMATE

[First Reprint]

ASSEMBLY, No. 4634

**STATE OF NEW JERSEY
219th LEGISLATURE**

DATED: MARCH 17, 2021

SUMMARY

- Synopsis:** Allows corporation business tax credit for subcontracting work to NJ small businesses.
- Type of Impact:** Annual State revenue loss to the General Fund.
- Agencies Affected:** Department of the Treasury.

Office of Legislative Services Estimate

Fiscal Impact	<u>FY 2022 and Thereafter</u>
Annual State Revenue Loss	Indeterminate

- The Office of Legislative Services (OLS) notes that the bill’s tax credit will reduce annual State General Fund revenues by an indeterminate amount. The OLS lacks necessary data to determine the amounts paid by eligible taxpayers to New Jersey small businesses for subcontracted work in this State; thus, the OLS cannot quantify the magnitude of the bill’s impact.
- The OLS further notes that the tax credit provided by the bill is non-refundable and does not allow for carryforward. Some taxpayers therefore may not be able to claim their entire credit amounts.

BILL DESCRIPTION

This bill allows a corporation business tax taxpayer to claim a credit against the tax equal to one percent of the amount the taxpayer paid to New Jersey small businesses for subcontracted work.

For purposes of the credit, subcontracted work is that work which the taxpayer subcontracts to New Jersey small businesses for performance of all or an element of the taxpayer’s own contracted duties. In addition, the subcontracted work must be performed in New Jersey and the subcontractor must have less than 50 employees.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

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Section: Revenue, Finance and Appropriations
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This legislative fiscal estimate has been produced by the Office of Legislative Services due to the failure of the Executive Branch to respond to our request for a fiscal note.

This fiscal estimate has been prepared pursuant to P.L.1980, c.67 (C.52:13B-6 et seq.).