

ASSEMBLY, No. 4634

STATE OF NEW JERSEY 219th LEGISLATURE

INTRODUCED SEPTEMBER 14, 2020

Sponsored by:

Assemblyman GARY S. SCHAER

District 36 (Bergen and Passaic)

Assemblyman GORDON M. JOHNSON

District 37 (Bergen)

Assemblywoman ANGELA V. MCKNIGHT

District 31 (Hudson)

Co-Sponsored by:

**Assemblymen Space, Wirths, McGuckin, Catalano, Dancer, Mazzeo,
Assemblywoman Reynolds-Jackson, Assemblyman DiMaio and
Assemblywoman Dunn**

SYNOPSIS

Allows corporation business tax credit for subcontracting work to NJ small businesses.

CURRENT VERSION OF TEXT

As introduced.



(Sponsorship Updated As Of: 3/8/2021)

1 AN ACT allowing a corporation business tax credit for
2 subcontracting work to NJ small businesses, supplementing
3 P.L.1945, c.162 (C.54:10A-1 et seq.).
4

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

8 1. a. A taxpayer shall be allowed a credit against the imposed
9 pursuant to section 5 of P.L.1945, c.162 (C.54:10A-5) in an amount
10 equal to one percent of the amount the taxpayer paid to a New
11 Jersey small business for subcontracted work performed in New
12 Jersey during the privilege period.

13 As used in this section:

14 “New Jersey small business” means a business entity or person
15 located in New Jersey, with fewer than 50 total employees. A “New
16 Jersey small business” shall not include any business entity or
17 person that is an affiliate, subsidiary, or under the control of the
18 taxpayer.

19 “Subcontracted work” means the work that the taxpayer
20 subcontracts to a New Jersey small business for performance of all
21 or an element of the taxpayer’s own contracted duties.

22 b. The director shall prescribe the order of priority of the
23 application of the credit allowed pursuant to this section and any
24 other credits allowed against the tax imposed pursuant to section 5
25 of P.L.1945, c.162 (C.54:10A-5). The amount of the credit allowed
26 pursuant to this section, when taken together with any other credits
27 allowed, shall not exceed 50 percent of the tax liability otherwise
28 due and shall not reduce the tax liability to an amount less than the
29 statutory minimum provided in subsection (e) of section 5 of
30 P.L.1945, c.162 (C.54:10A-5).

31 c. The director shall promulgate procedures by which a
32 taxpayer may certify that the taxpayer qualifies for the credit
33 allowed pursuant to this section.
34

35 2. This act shall take effect immediately and apply to privilege
36 periods beginning after enactment.
37

38 STATEMENT
39

40 This bill allows taxpayers subject to the corporation business tax
41 to claim a credit against that tax equal to one percent of the amount
42 the taxpayer paid to New Jersey small businesses for subcontracted
43 work.

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