

SENATE, No. 531

STATE OF NEW JERSEY

219th LEGISLATURE

PRE-FILED FOR INTRODUCTION IN THE 2020 SESSION

Sponsored by:

Senator STEPHEN M. SWEENEY

District 3 (Cumberland, Gloucester and Salem)

SYNOPSIS

Provides corporation business tax credits and gross income tax credits to farm employers for providing lodging or transportation benefits.

CURRENT VERSION OF TEXT

Introduced Pending Technical Review by Legislative Counsel.



1 **AN ACT** providing corporation business tax credits and gross
2 income tax credits to farm employers for providing certain
3 lodging or transportation benefits, supplementing P.L.1945,
4 c.162 (C.54:10A-1 et seq.) and Title 54A of the New Jersey
5 Statutes.

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

9
10 1. a. (1) A taxpayer that is a farm employer shall be allowed a
11 credit against the tax imposed pursuant to section 5 of P.L.1945,
12 c.162 (C.54:10A-5), for a privilege period in the amount of \$250 for
13 each employee to whom the farm employer provides lodging and in
14 an amount not to exceed \$500 for each employee to whom the farm
15 employer provides transportation benefits. The credit allowed
16 pursuant to this section for transportation benefits shall be equal to
17 the dollar value of those transportation benefits provided during the
18 privilege period, not to exceed the limit specified in this section.

19 (2) In order to qualify for the lodging credit allowed pursuant to
20 this section, the lodging provided to an employee shall be:

21 (a) furnished on the premises of the farm employer's business;
22 (b) furnished for the convenience of the farm employer;
23 (c) required as a condition of employment; and
24 (d) for a continuous period of at least six weeks during the
25 privilege period.

26 (3) In order to qualify for the transportation credit allowed
27 pursuant to this section, the transportation benefit provided to an
28 employee shall be:

29 (a) used to assist with the cost of the employee's commute or
30 travel to or from the farm employer's premises; and

31 (b) provided in cash to reimburse a substantiated transportation
32 expense of the employee, including, but not limited to, the cost of
33 public transportation, parking, train tickets, airfare, or motor fuel
34 used in a vehicle to transport the employee to or from the farm
35 employer's premises.

36 b. The order of priority of the application of the credit allowed
37 pursuant to this section and any other credits allowed by law shall
38 be as prescribed by the director. The amount of the credit applied
39 under this section against the tax imposed pursuant to section 5 of
40 P.L.1945, c.162 (C.54:10A-5) for a privilege period, together with
41 any other credits allowed by law, shall not exceed 50 percent of the
42 tax liability otherwise due and shall not reduce the tax liability to an
43 amount less than the statutory minimum provided in subsection (e)
44 of section 5 of P.L.1945, c.162 (C.54:10A-5).

45 c. The amount of the tax credit otherwise allowable under this
46 section which cannot be applied for the privilege period may be
47 carried forward, if necessary, to the four privilege periods following

1 the privilege period for which a portion of the tax credit was
2 allowed.

3 d. No tax credit shall be allowed pursuant to this section for
4 any costs or expenses included in the calculation of any other tax
5 credit or exemption granted pursuant to a claim made on a tax
6 return filed with the director, or included in the calculation of an
7 award of business assistance or incentive, for a period of time that
8 coincides with the privilege period for which a tax credit pursuant
9 to this section is allowed.

10 e. A farm employer shall apply in a form and manner to be
11 determined by the director for the tax credit provided pursuant to
12 this section.

13 f. As used in this section:

14 “Employee” means an individual who is engaged by the farm
15 employer on a piece-rate or regular hourly rate basis to labor on a
16 farm.

17 “Farm employer” means a taxpayer in this State who engages
18 individuals in this State on a piece-rate or regular hourly rate basis
19 to labor on a farm.

20

21 2. a. (1) A taxpayer that is a farm employer shall be allowed a
22 credit against the tax otherwise due under the “New Jersey Gross
23 Income Tax Act,” N.J.S.54A:1-1 et seq., for a taxable year in the
24 amount of \$250 for each employee to whom the farm employer
25 provides lodging and in an amount not to exceed \$500 for each
26 employee to whom the farm employer provides transportation
27 benefits. The credit allowed pursuant to this section for
28 transportation benefits shall be equal to the dollar value of those
29 transportation benefits provided during the taxable year, not to
30 exceed the limit specified in this section.

31 (2) In order to qualify for the lodging credit allowed pursuant to
32 this section, the lodging provided to an employee shall be:

33 (a) furnished on the premises of the farm employer’s business;

34 (b) furnished for the convenience of the farm employer;

35 (c) required as a condition of employment; and

36 (d) for a continuous period of at least six weeks during the
37 taxable year.

38 (3) In order to qualify for the transportation credit allowed
39 pursuant to this section, the transportation benefit provided to an
40 employee shall be:

41 (a) used to assist with the cost of the employee’s commute or
42 travel to or from the farm employer’s premises; and

43 (b) provided in cash to reimburse a substantiated transportation
44 expense of the employee, including, but not limited to, the cost of
45 public transportation, parking, train tickets, airfare, or motor fuel
46 used in a vehicle to transport the employee to or from the farm
47 employer’s premises.

1 b. The amount of the credit allowed pursuant to this section
2 shall be applied against the tax otherwise due under the "New
3 Jersey Gross Income Tax Act," N.J.S.54A:1-1 et seq., after all other
4 credits and payments. If the credit exceeds the amount of tax
5 liability otherwise due, that amount of excess shall be an
6 overpayment for the purposes of N.J.S.54A:9-7, provided, however,
7 that subsection (f) of N.J.S.54A:9-7 shall not apply.

8 c. No tax credit shall be allowed pursuant to this section for
9 any costs or expenses included in the calculation of any other tax
10 credit or exemption granted pursuant to a claim made on a tax
11 return filed with the director, or included in the calculation of an
12 award of business assistance or incentive, for a period of time that
13 coincides with the taxable year, for which a tax credit authorized
14 pursuant to this section is allowed.

15 d. (1) A business entity that is classified as a partnership for
16 federal income tax purposes shall not be allowed a tax credit
17 pursuant to this section directly, but the amount of tax credit of a
18 taxpayer in respect to distributive share of entity income, shall be
19 determined by allocating to the taxpayer that proportion of the tax
20 credit acquired by the entity that is equal to the taxpayer's share,
21 whether or not distributed, of the total distributive income or gain
22 of the entity for its taxable year ending within or with the
23 taxpayer's taxable year.

24 (2) A New Jersey S Corporation shall not be allowed a tax credit
25 pursuant to this section directly, but the amount of the tax credit of
26 a taxpayer in respect of a pro rata share of S Corporation income,
27 shall be determined by allocating to the taxpayer that proportion of
28 the tax credit acquired by the New Jersey S Corporation that is
29 equal to the taxpayer's share, whether or not distributed, of the total
30 pro rata share of S Corporation income of the New Jersey S
31 Corporation for its privilege period ending within or with the
32 taxpayer's taxable year.

33 e. A farm employer shall apply in a form and manner to be
34 determined by the director for the tax credit provided pursuant to
35 this section.

36 f. As used in this section:

37 "Employee" means an individual who is engaged by the farm
38 employer on a piece-rate or regular hourly rate basis to labor on a
39 farm.

40 "Farm employer" means a taxpayer in this State who engages
41 individuals in this State on a piece-rate or regular hourly rate basis
42 to labor on a farm.

43
44 3. This act shall take effect immediately and apply to taxable
45 years and privilege periods beginning on or after January 1 next
46 following the date of enactment.

STATEMENT

This bill provides corporation business tax (CBT) credits and gross income tax (GIT) credits to farm employers for providing lodging or transportation benefits.

The bill provides farm employers with tax credits in an amount equal to \$250 for each employee that the farm employer provides lodging to, and up to \$500 for each employee that the farm employer provides transportation benefits to during the taxable year. The lodging provided to an employee is required to be: (a) furnished on the premises of the farm employer's business; (b) furnished for the convenience of the farm employer; (c) required as a condition of employment; and (d) for a continuous period of at least six weeks during the taxable year. The transportation benefit provided by the farm employer is to assist with an employee's cost to commute or travel to or from work by reimbursing the employee for related and substantiated expenses.

Any amount of the tax credit that cannot be applied against a farm employer's CBT liability for a privilege period can be carried forward to the four privilege periods following the privilege period for which a portion of the tax credit was allowed. If the GIT credit exceeds farm employer's liability, the farm employer can receive a refund for the amount in excess.

The bill requires the Director of the Division of Taxation in the Department of the Treasury to determine the form and manner by which a taxpayer can apply for the tax credit.