

SENATE, No. 1159

STATE OF NEW JERSEY

219th LEGISLATURE

INTRODUCED FEBRUARY 3, 2020

Sponsored by:

Senator M. TERESA RUIZ

District 29 (Essex)

Senator LINDA R. GREENSTEIN

District 14 (Mercer and Middlesex)

Co-Sponsored by:

Senators Pou and Testa

SYNOPSIS

Provides corporation business tax and gross income tax credits for businesses that employ apprentices in DOL registered apprenticeships.

CURRENT VERSION OF TEXT

As introduced.



(Sponsorship Updated As Of: 8/20/2020)

1 **AN ACT** providing corporation business tax and gross income tax
2 credits for businesses that employ certain apprentices,
3 supplementing P.L.1945, c.162 (C.54:10A-1 et seq.) and Title
4 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. (1) For privilege periods beginning on or after January 1,
10 2020, a taxpayer shall be allowed a credit against the tax due
11 pursuant to section 5 of P.L.1945, c.162 (C.54:10A-5) for a
12 privilege period in an amount determined pursuant to this
13 subsection for each apprentice employed pursuant to a registered
14 apprenticeship with the Office of Apprenticeship of the
15 Employment and Training Administration of the United States
16 Department of Labor.

17 (2) (a) The amount of tax credit allowed under this subsection
18 shall be \$1,000 per apprentice per privilege period.

19 (b) The amount for a particular apprentice shall be increased by
20 \$2,000 if the apprentice is a veteran, was eligible to receive benefits
21 under the Work First New Jersey program or the Supplemental
22 Nutrition Assistance Program within twelve months preceding the
23 beginning of the apprenticeship, is a displaced worker, or was
24 previously incarcerated.

25 (c) The amount for a particular apprentice shall be increased by
26 \$2,000 if the apprentice belongs to a group that is underrepresented
27 in that career field based on their race, color, religion, national
28 origin, sex, sexual orientation, disability, or age.

29 (d) The amounts described in this paragraph shall be annually
30 adjusted according to any adjustments in the Statewide average
31 weekly wage.

32 (3) For the taxpayer to claim the credit for a particular
33 apprentice, that apprentice shall have been employed by the
34 taxpayer for at least seven months of the privilege period. The
35 credit for employment of a particular apprentice may not be taken
36 for employment in more than four privilege periods.

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

41 The amount of the credit applied pursuant to this section against
42 the tax imposed pursuant to section 5 of P.L.1945, c.162
43 (C.54:10A-5), shall not reduce a taxpayer's tax liability to an
44 amount less than the statutory minimum provided in subsection (e)
45 of section 5 of P.L.1945, c.162 (C.54:10A-5).

46 c. No apprenticeship program established in connection with a
47 tax credit provided pursuant to this section shall:

- 1 (1) facilitate, induce, encourage or assist any replacement or
2 displacement of currently employed workers by trainees, including
3 partial displacement by means such as reduced hours;
- 4 (2) replace, supplant, compete with or duplicate in any way
5 existing approved apprenticeship programs; or
- 6 (3) impair any existing collective bargaining agreement.
- 7 d. For the purposes of this section, "displaced worker" means a
8 worker who:
- 9 (1) Is unemployed, and:
- 10 (a) Is currently receiving unemployment benefits pursuant to
11 R.S.43:21-1 et seq. or any federal or State unemployment benefit
12 extension; or
- 13 (b) Has exhausted eligibility for the benefits or extended
14 benefits during the preceding 52 weeks; or
- 15 (2) Meets the criteria set by the Workforce Innovation and
16 Opportunity Act, Pub.L.113-128 (29 U.S.C. s.3101 et seq.), to be
17 regarded as a "dislocated worker" pursuant to that act.
- 18
- 19 2. a. (1) For taxable years beginning on or after January 1,
20 2020, a taxpayer shall be allowed a credit against the New Jersey
21 gross income tax due pursuant to N.J.S.54A:1-1 et seq. in an
22 amount determined pursuant to this subsection for each apprentice
23 employed pursuant to a registered apprenticeship with the Office of
24 Apprenticeship of the Employment and Training Administration of
25 the United States Department of Labor.
- 26 (2) (a) The amount of tax credit allowed under this subsection
27 shall be \$1,000 per apprentice per privilege period.
- 28 (b) The amount for a particular apprentice shall be increased by
29 \$2,000 if the apprentice is a veteran, was eligible to receive benefits
30 under the Work First New Jersey program or the Supplemental
31 Nutrition Assistance Program within twelve months preceding the
32 beginning of the apprenticeship, is a displaced worker, or was
33 previously incarcerated.
- 34 (c) The amount for a particular apprentice shall be increased by
35 \$2,000 if the apprentice belongs to a group that is underrepresented
36 in that career field based on their race, color, religion, national
37 origin, sex, sexual orientation, disability, or age.
- 38 (d) The amounts described in this paragraph shall be annually
39 adjusted according to any adjustments in the Statewide average
40 weekly wage.
- 41 (3) For the taxpayer to take the credit for a particular apprentice,
42 that apprentice shall have been employed by the taxpayer for at
43 least seven months of the taxable year. The credit for employment
44 of a particular apprentice may not be taken for employment in more
45 than four taxable years.
- 46 b. The order of priority of the application of the credit allowed
47 pursuant to this section and any other credits allowed against the

1 New Jersey gross income tax due pursuant to N.J.S.54A:1-1 et seq.
2 for a taxable year shall be as prescribed by the director.

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

7 c. No apprenticeship program established in connection with a
8 tax credit provided pursuant to this section shall:

9 (1) facilitate, induce, encourage or assist any replacement or
10 displacement of currently employed workers by trainees, including
11 partial displacement by means such as reduced hours;

12 (2) replace, supplant, compete with or duplicate in any way
13 existing approved apprenticeship programs; or

14 (3) impair any existing collective bargaining agreement.

15 d. For the purposes of this section, "displaced worker" means a
16 worker who:

17 (1) Is unemployed, and:

18 (a) Is currently receiving unemployment benefits pursuant to
19 R.S.43:21-1 et seq. or any federal or State unemployment benefit
20 extension; or

21 (b) Has exhausted eligibility for the benefits or extended
22 benefits during the preceding 52 weeks; or

23 (2) Meets the criteria set by the Workforce Innovation and
24 Opportunity Act, Pub.L.113-128 (29 U.S.C. s.3101 et seq.), to be
25 regarded as a "dislocated worker" pursuant to that act.

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27 3. This act shall take effect immediately.

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STATEMENT

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32 This bill provides businesses with a credit against the
33 corporation business tax or the gross income tax for each employee
34 of the business employed pursuant to an apprenticeship registered
35 with the United States Department of Labor (DOL).

36 The bill gives businesses a credit of \$1,000 for each apprentice
37 employed for seven months or more during the taxable year. The
38 credit may be increased by \$2,000 if the apprentice is a veteran, was
39 eligible to receive benefits under the Work First New Jersey
40 program or the Supplemental Nutrition Assistance Program within
41 twelve months preceding the beginning of the apprenticeship, is a
42 displaced worker, or was previously incarcerated. Similarly, the
43 credit may be increased by \$2,000 if the apprentice belongs to a
44 group that is underrepresented in that career field based on their
45 race, color, religion, national origin, sex, sexual orientation,
46 disability, or age. These two bonus credits are additive, so that a
47 qualifying apprentice may lead to a \$5,000 tax credit. The tax

1 credit amounts will be annually adjusted according to any
2 adjustments in the Statewide average weekly wage.

3 An employer may take the credit for a particular apprentice for a
4 maximum of four taxable years of the apprentice's employment.

5 The purpose of the tax credit is to encourage employers to add
6 highly skilled workers to New Jersey's workforce. The DOL
7 registered apprenticeship system combines technical instruction
8 with structured on-the-job experience to match individuals with
9 employers in need of qualified, skilled workers. The range of
10 occupations represented in the DOL registered apprenticeship
11 system is vast, and includes traditional industries, such as
12 construction and manufacturing, as well as emerging fields, such as
13 healthcare and energy.