

SENATE LABOR COMMITTEE

STATEMENT TO

SENATE, No. 1159

STATE OF NEW JERSEY

DATED: AUGUST 10, 2020

The Senate Labor Committee reports favorably Senate Bill, No. 1159.

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

The bill gives businesses a credit of \$1,000 for each apprentice employed for seven months or more during the taxable year. The credit may be increased by \$2,000 if the apprentice is a veteran, was eligible to receive benefits under the Work First New Jersey program or the Supplemental Nutrition Assistance Program within twelve months preceding the beginning of the apprenticeship, is a displaced worker, or was previously incarcerated. Similarly, the credit may be increased by \$2,000 if the apprentice belongs to a group that is underrepresented in that career field based on their race, color, religion, national origin, sex, sexual orientation, disability, or age. These two bonus credits are additive, so that a qualifying apprentice may lead to a \$5,000 tax credit. The tax credit amounts will be annually adjusted according to any adjustments in the Statewide average weekly wage.

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

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