

LEGISLATIVE FISCAL ESTIMATE

[First Reprint]

SENATE, No. 1522

STATE OF NEW JERSEY

219th LEGISLATURE

DATED: AUGUST 5, 2020

SUMMARY

- Synopsis:

The New Jersey Battlefield to Boardroom Act; Provides corporation business tax credits and gross income tax credits for qualified wages of certain veterans.
- Type of Impact:

Indeterminate decrease in State revenues.
- Agencies Affected:

Department of the Treasury.

Office of Legislative Services Estimate

Fiscal Impact	<u>FY 2021 through FY 2031</u>
State Revenue Decrease	Indeterminate

- The Office of Legislative Services (OLS) concludes that the bill would result in an indeterminate decrease in State revenues deposited into the General Fund and Property Tax Relief Fund. The OLS cannot quantify the direct revenue loss the bill will impose on State revenues due to a dearth of information on which taxpayers will be eligible for the tax credit, the number of employees who are qualified veterans, and the amount of wages paid to those qualified veterans during the period tax credits will be available.
- The tax credit amount for taxpayers is limited to \$1,200 per qualifying veteran claimed. In addition to the limitations placed on the maximum credit value, the tax credit is non-refundable, which further dampens the bill’s overall impact on State revenues.
- Since tax credit awards are restricted to a four-year period (from January 1, 2020 through January 1, 2024) and may be carried forward for seven tax years or privilege periods, the OLS anticipates that any State revenue losses will be incurred from FY 2021 through FY 2031.

BILL DESCRIPTION

The bill, entitled “The New Jersey Battlefield to Boardroom Act” provides a corporation business tax credit and gross income tax credit for qualified wages of certain veterans. The credits

established by the bill are limited in duration in that they are available for taxable years or privilege periods commencing on or after January 1, 2020, but before January 1, 2024.

The bill provides a credit in the amount of 10 percent of the wages paid to a qualified veteran, not to exceed \$1,200 for each qualified veteran per taxable year or privilege period. For purposes of the credits' availability, the wages of a qualified veteran must be subject to the gross income tax and paid on or after January 1, 2020, but before January 1, 2024. To be creditable, wages must also arise from employment of a qualified veteran for at least 185 business days of the applicable taxable year or privilege period.

To qualify for a credit, the bill imposes a series of conditions on a taxpayer as an employer. For a tax year that the credit is claimed, the bill requires that 25 percent of the taxpayer's new employees be qualified veterans. For taxable years or privilege periods immediately subsequent to a prior credit year, the bill further requires that 50 percent of the qualified veterans hired in that prior taxable year or privilege period must remain employed by the taxpayer. The bill also conditions credit qualification on other aspects of veteran employment and contains provisions aimed at preventing potential misuse of the credit.

The bill defines a "qualified veteran" as a resident of this State initially hired by the taxpayer on or after January 1, 2010 that has been honorably discharged or released under honorable circumstances from active service, occurring on or after January 1, 1965, in any branch of the Armed Forces of the United States, and shows proof of military service by providing a copy of the DD-214 form, its equivalent, or federal activation orders showing service in accordance with federal law.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

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Section: Revenue, Finance, and Appropriations
Analyst: Scott A. Brodsky
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Approved: Frank W. Haines III
Legislative Budget and Finance Officer

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.).