

SENATE MILITARY AND VETERANS' AFFAIRS
COMMITTEE

STATEMENT TO
SENATE, No. 1522

with committee amendments

STATE OF NEW JERSEY

DATED: JUNE 26, 2020

The Senate Military and Veterans Affairs Committee reports favorably and with committee amendments Senate Bill No. 1522.

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

The two credits established by this bill provide an employer with a credit in the amount of 10% of the wages paid to a qualified veteran. The credits may not exceed \$1,200 for each qualified veteran per tax year. As amended, 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 under Title 10, section 672 or section 12301, of the United States Code. The bill requires that 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 tax year.

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 tax years immediately subsequent to a prior credit year, the bill further requires that 50 percent of the qualified veterans hired in that prior tax year must remain employed by the taxpayer.

In addition to employment criteria, the bill conditions credit qualification on other aspects of veteran employment. The bill requires a taxpayer to provide veteran support services that are accessible in the workplace. The bill further conditions credit qualification on a taxpayer’s regular recruitment efforts to hire qualified veterans and their nuclear family members while providing

support to outreach efforts of veteran support organizations. The bill also conditions credit qualification on compliance with the federal Uniformed Services Employment and Reemployment Rights Act and the provision of privileges in excess of the rights protected by that act.

In addition to providing the terms of credit qualification, the bill contains provisions aimed at preventing potential misuse of the credit. The bill prohibits taxpayers from simultaneously using the wages or employment of a qualified veteran to qualify for the credit and any other generally available employment incentive that comes in the form of a State tax credit or grant. The bill also empowers the Director of the Division of Taxation to recapture credit, plus an additional 50% penalty, if the Director determines that the employer displaced employees to replace them with qualified veterans for the primary purpose of taking advantage of the credit.

The credits established by this bill are limited in duration in that they are available for tax years commencing on or after January 1, 2020 but before January 1, 2024.

COMMITTEE AMENDMENTS

The committee amended the bill to require the qualified veteran to show proof of military service by providing a copy of the DD-214 form, its equivalent, or federal activation orders showing service under Title 10, section 672 or section 12301, of the United States Code.