

SENATE, No. 1573

STATE OF NEW JERSEY 219th LEGISLATURE

INTRODUCED FEBRUARY 13, 2020

Sponsored by:

Senator JAMES BEACH

District 6 (Burlington and Camden)

Senator HOLLY T. SCHEPISI

District 39 (Bergen and Passaic)

Co-Sponsored by:

Senator Madden

SYNOPSIS

“New Jersey Works Act”; Permits businesses to create pre-employment training programs in partnership with nonprofit organizations or educational institutions; provides tax credit to businesses that provide financial assistance to pre-employment training programs.

CURRENT VERSION OF TEXT

As introduced.



(Sponsorship Updated As Of: 12/6/2021)

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2

1 AN ACT concerning pre-employment training programs, and
2 supplementing P.L.1992, c.43 (C.34:15D-1 et seq.),
3 P.L.1945, c.162 (C.54:10A-1 et seq.), and Title 54A of the New
4 Jersey Statutes.

5

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

8

9 1. This act shall be known and may be cited as the “New Jersey
10 Works Act.”

11

12 2. As used in P.L. , c. (C.) (pending before the
13 Legislature as this bill):

14 “Assistance” means the contribution of moneys to aid in the
15 provision of a pre-employment and work readiness training program
16 established by a business entity in partnership with an institution of
17 higher education or a comprehensive high school or county
18 vocational school or nonprofit organization.

19 “Business entity” means any corporation, company, association,
20 society, firm, partnership, joint stock company, sole proprietorship,
21 limited liability entity or individual which is authorized to conduct
22 or operate a trade or business in the State.

23 “Commission” means the State Employment and Training
24 Commission established pursuant to section 5 of
25 P.L.1989, c.293 (C.34:15C-2).

26 “Comprehensive high school” means a public or non-public high
27 school located in the State that may grant a State-endorsed diploma
28 to students and offers vocational education.

29 “Department” means the Department of Labor and Workforce
30 Development.

31 “Director” means the Director of the Division of Taxation in the
32 Department of the Treasury.

33 “Institution of higher education” means any public or
34 independent four-year institution of higher education or a county
35 college

36 “Low income household” means a household whose gross
37 household income is less than 50 percent of the median gross
38 household income for the region in which the business entity is
39 located for households of similar size as determined by the
40 department.

41 “Moderate income household” means a household whose gross
42 household income is greater than or equal to 50 percent but less
43 than 80 percent of the median gross household income of the region
44 in which the business entity is located for households of similar size
45 as determined by the department.

46 “Nonprofit organization” means a private nonprofit corporation
47 that has been determined by the Internal Revenue Service of the
48 United States Department of the Treasury to be exempt from

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1 income taxation pursuant to section 501(c)(3) of the federal Internal
2 Revenue Code, 26 U.S.C. s.501(c)(3).

3 “Partnership” means an agreement between one or more business
4 entities and one or more institutions of higher education,
5 comprehensive high schools, county vocational schools, or
6 nonprofit organizations to establish a pre-employment and work
7 readiness training program.

8
9 3. a. One or more institutions of higher education,
10 comprehensive high schools, county vocational schools, or
11 nonprofit organizations may enter into a partnership with a business
12 entity to establish a pre-employment and work readiness training
13 program. The purpose of the program shall be to recruit, prepare,
14 and educate individuals for entry-level jobs with long-term career
15 potential through paid training programs. The program shall target
16 for recruitment low- and moderate-income households and current
17 workers in need of skills development. A business entity that enters
18 into a partnership may provide assistance for a pre-employment and
19 work readiness training program that has been approved by the
20 commission pursuant to section 3 of P.L. , c. (C.) (pending
21 before the Legislature as this bill) and may receive a credit for such
22 assistance pursuant to sections 5 and 6 of P.L. , c. (C.)
23 (pending before the Legislature as this bill).

24 b. Each pre-employment and work readiness training program
25 shall offer no less than 12 weeks of paid training for each
26 participant, and include, but not be limited to training and
27 instruction in the following areas: basic math and English literacy,
28 communication skills, critical thinking, leadership, life skills and
29 job readiness skills training such as conflict management, finance
30 concepts, resume preparation, problem solving, self-awareness and
31 management, and any other requirement deemed necessary by the
32 commission. Each pre-employment and work readiness training
33 program participant shall be paid the minimum wage pursuant to
34 section 5 of P.L.1966, c.113 (C.34:11-56a4) or any order issued by
35 the Commissioner of Labor and Workforce Development pursuant
36 to that act.

37 c. Each trainee shall be a minimum of 16 years old, and no
38 institution of higher education or nonprofit organization shall
39 determine a trainee’s eligibility for participation in a training
40 program based on the trainee’s possession of a high school diploma
41 or any high school equivalency. Following the successful
42 completion of a pre-employment and work readiness training
43 program, each program shall offer trainees: (1) college credits for
44 all applicable course work of the program provided through an
45 institution of higher education, comprehensive high school, or
46 county vocational school; or (2) employment provided through a
47 business entity which has provided funding for a qualified pre-
48 employment and work readiness training program, or both.

1 d. Each institution of higher education or nonprofit
2 organization shall submit to the commission the following
3 information three months, six months, and nine months following
4 the close of the training program: the number of participants who
5 successfully completed the training program and the number of
6 participants currently employed by a business entity, including each
7 participant's job title and salary.

8
9 4. a. An institution of higher education, comprehensive high
10 school, county vocational school, or nonprofit organization which is
11 the recipient of funding provided by the business entity shall submit
12 a pre-employment training plan to the commission for approval.
13 Two or more institutions of higher education, comprehensive high
14 schools, county vocational schools, or nonprofit organizations may
15 submit a plan to the commission jointly. Any plan submitted by
16 two or more institutions of higher education, comprehensive high
17 schools, vocational schools, or nonprofit organizations shall
18 designate one institution of higher education, comprehensive high
19 school, vocational school, or nonprofit organization as the lead
20 organization with responsibility for the plan. An institution of
21 higher education, comprehensive high school, or vocational school,
22 or a nonprofit organization that has submitted a pre-employment
23 training plan to the commission may seek to amend it at any time.
24 The commission shall approve the amendments so long as the pre-
25 employment and work readiness training program complies with the
26 minimum requirements set forth in subsection c. of this section.

27 b. The commission shall review a pre-employment training
28 plan to determine whether a proposed pre-employment and work
29 readiness training program qualifies for assistance for which a tax
30 credit may be granted pursuant to sections 5 and 6 of
31 P.L. , c. (C.) (pending before the Legislature as this bill).

32 c. The commission shall determine that a pre-employment and
33 work readiness training program qualifies for assistance if it meets
34 all of the following standards:

35 (1) The program consists of pre-employment and work readiness
36 training activities that will benefit low- and moderate-income
37 households and persons in need of early and mid-career skills
38 training or vocational retraining.

39 (2) The program is reasonably designed to accomplish its
40 intended purpose and it would further the purposes of the pre-
41 employment training plan.

42 (3) The institution of higher education or nonprofit organization
43 demonstrates that it has the capacity to implement the pre-
44 employment training plan.

45 (4) The institution of higher education or nonprofit organization
46 provides adequate assurances that the assistance will be expended
47 exclusively to implement the pre-employment training plan.

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1 5. a. A taxpayer, upon approval of an application to the
2 director, shall be allowed a credit against the tax imposed pursuant
3 to section 5 of P.L.1945, c.162 (C.54:10A-5) in an amount equal to
4 100 percent of the amount of assistance provided by the taxpayer to
5 an institution of higher education, comprehensive high school,
6 county vocational school, or nonprofit organization during a
7 privilege period commencing on or after January 1 next following
8 the enactment of P.L. , c. (C.) (pending before the
9 Legislature as this bill) for an approved pre-employment and work
10 readiness training program established in partnership with an
11 institution of higher education, comprehensive high school, county
12 vocational school, or nonprofit organization pursuant to section 3 of
13 P.L. , c. (C.) (pending before the Legislature as this bill).

14 b. No tax credit shall be awarded pursuant to this section for
15 any costs or expenses included in the calculation of any other tax
16 credit or exemption granted pursuant to a claim made on a tax
17 return filed with the director, or included in the calculation of an
18 award of business assistance or incentive, for a period of time that
19 coincides with the privilege period for which a tax credit pursuant
20 to this section is allowed. The order of priority of application of the
21 tax credit allowed pursuant to this section, and any other credits
22 allowed against the tax imposed pursuant to section 5 of
23 P.L.1945, c.162 (C.54:10A-5) for a privilege period, shall be as
24 prescribed by the director. The amount of the credit applied against
25 the tax imposed pursuant to section 5 of P.L.1945, c.162
26 (C.54:10A-5) shall not reduce a taxpayer's tax liability to an
27 amount less than the statutory minimum provided in subsection (e)
28 of section 5 of P.L.1945, c.162 (C.54:10A-5).

29 c. The value of tax credits approved by the director pursuant to
30 subsection a. of this section and pursuant to subsection a. of section
31 5 of P.L. , c. (C.) (pending before the Legislature as this
32 bill) shall not exceed a cumulative total of \$12,000,000 in State
33 fiscal year 2020, and in each State fiscal year thereafter, to apply
34 against the tax imposed pursuant to section 5 of
35 P.L.1945, c.162 (C.54:10A-5) and the tax imposed pursuant to the
36 "New Jersey Gross Income Tax Act," N.J.S.54A:1-1 et seq. If the
37 cumulative total amount of tax credits allowed to taxpayers
38 pursuant for privilege periods or taxable years commencing during
39 a single fiscal year under subsection a. of this section and
40 subsection a. of section 5 of P.L. , c. (C.) (pending before
41 the Legislature as this bill) exceeds the amount of tax credits
42 available in that fiscal year, then taxpayers who have first applied
43 for and have not been allowed a tax credit for that reason shall be
44 allowed, in the order in which they have submitted an application,
45 the amount of the tax credit on the first day of the next succeeding
46 fiscal year in which tax credits under subsection a. of this section
47 and subsection a. of section 5 of P.L. , c. (C.) (pending

1 before the Legislature as this bill) are not in excess of the amount of
2 credits available.

3 d. A taxpayer shall submit to the director a report to verify the
4 taxpayer's tax credit claim. The report shall include a certification
5 from an institution of higher education, a comprehensive high
6 school, a county vocational school, or a nonprofit organization that
7 the assistance is to be used for an approved pre-employment and
8 work readiness training program and such other information as shall
9 be determined by the director. The certification shall be provided to
10 the taxpayer and a copy of the certification shall be included in the
11 filing of a return that includes a claim for a tax credit allowed
12 pursuant to this section.

13

14 6. a. A taxpayer, upon approval of an application to the
15 director, shall be allowed a credit against the tax otherwise due for
16 the taxable year under the "New Jersey Gross Income Tax Act,"
17 N.J.S.54A:1-1 et seq., in an amount equal to 100 percent of the
18 amount of assistance provided by the taxpayer to an institution of
19 higher education, comprehensive high school, county vocational
20 school, or nonprofit organization during a taxable year commencing
21 on or after January 1 next following the enactment of
22 P.L. , c. (C.) (pending before the Legislature as this bill) for
23 an approved pre-employment and work readiness training program
24 established in partnership with an institution of higher education or
25 a nonprofit organization pursuant to section 3 of
26 P.L. , c. (C.) (pending before the Legislature as this bill).

27 b. No tax credit shall be allowed pursuant to this section for
28 any costs or expenses included in the calculation of any other tax
29 credit or exemption granted pursuant to a claim made on a tax
30 return filed with the director, or included in the calculation of an
31 award of business assistance or incentive, for a period of the time
32 that coincides with the taxable year, for which a tax credit
33 authorized pursuant to this section is allowed. The order of priority
34 of the application of the credit allowed pursuant to this section, and
35 any other credits allowed against the tax imposed pursuant to
36 N.J.S.54A:1-1 et seq. for a taxable year, shall be as prescribed by
37 the director. The amount of the credit applied against the New
38 Jersey gross income tax imposed pursuant to N.J.S.54A:1-1 shall
39 not reduce a taxpayer's tax liability to an amount less than zero.

40 c. (1) A business entity that is classified as a partnership for
41 federal income tax purposes shall not be allowed a tax credit
42 pursuant to this section directly, but the amount of tax credit of a
43 taxpayer in respect to a distributive share of entity income shall be
44 determined by allocating to the taxpayer that proportion of the tax
45 credit acquired by the entity that is equal to the taxpayer's share,
46 whether or not distributed, of the total distributive income or gain
47 of the entity for its taxable year ending within or with the
48 taxpayer's taxable year.

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1 (2) A New Jersey S Corporation shall not be allowed a tax credit
2 pursuant to this section directly, but the amount of the tax credit of
3 a taxpayer in respect of a pro rata share of S Corporation income
4 shall be determined by allocating to the taxpayer that proportion of
5 the tax credit acquired by the New Jersey S Corporation that is
6 equal to the taxpayer's share, whether or not distributed, of the total
7 pro rata share of S Corporation income of the New Jersey S
8 Corporation for its privilege period ending within or with the
9 taxpayer's taxable year.

10 d. The value of tax credits approved by the director pursuant to
11 subsection a. of this section and pursuant to subsection a. of section
12 4 of P.L. , c. (C.) (pending before the Legislature as this
13 bill) shall not exceed a cumulative total of \$12,000,000 in State
14 fiscal year 2020 and in State each fiscal year thereafter to apply
15 against the tax imposed pursuant to section 5 of P.L.1945, c.162
16 (C.54:10A-5) and the tax imposed pursuant to the "New Jersey
17 Gross Income Tax Act," N.J.S.54A:1-1 et seq. If the cumulative
18 total amount of tax credits allowed to taxpayers for taxable years or
19 privilege period commencing during a single fiscal year under
20 subsection a. of this section and subsection a of section 4 of
21 P.L. , c. (C.,) (pending before the Legislature as this bill)
22 exceeds the amount of tax credits available in that fiscal year, then
23 taxpayers who have first applied for and have not been allowed a
24 tax credit for that reason shall be allowed, in the order in which
25 they have submitted an application, the amount of tax credit on the
26 first day of the next succeeding fiscal year in which tax credits
27 under subsection a. of this section and subsection a of section 4 of
28 P.L. , c. (C.) (pending before the Legislature as this bill) are
29 not in excess of the amount of credits available.

30 e. A taxpayer shall submit to the director a report to verify the
31 taxpayer's tax credit claim. The report shall include a certification
32 from an institution of higher education, comprehensive high school,
33 county vocational school, or nonprofit organization that the
34 assistance is to be used for an approved pre-employment and work
35 readiness training program and such other information as shall be
36 determined by the director. The certification shall be provided to
37 the taxpayer and a copy of the certification shall be included in the
38 filing of a return that includes a claim for a tax credit allowed
39 pursuant to this section.

40
41 7. The Commissioner of Labor and Workforce Development
42 shall adopt rules and regulations pursuant to the "Administrative
43 Procedure Act," P.L.1968, c.410 (C.52:14B-1 et seq.), to effectuate
44 sections 3 and 4 of this act.

45
46 8. The Director of the Division of Taxation in the Department
47 of the Treasury shall adopt rules and regulations pursuant to the

1 “Administrative Procedure Act,” P.L.1968, c.410 (C.52:14B-1 et
2 seq.), to effectuate sections 5 and 6 of this act.

3

4 9. This act shall take effect immediately and sections 5 and 6
5 shall apply to privilege periods and taxable years beginning on or
6 after the January 1 next following the date of enactment.

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8

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STATEMENT

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11 This bill, titled the “New Jersey Works Act,” provides a financial
12 incentive for businesses to establish pre-employment and work
13 readiness training programs in partnership with institutions of
14 higher education, comprehensive high schools, county vocational
15 schools, and nonprofit organizations. Under the bill, a business
16 entity may receive a credit against the corporation business tax
17 (CBT) or gross income tax (GIT) for 100 percent of any financial
18 assistance provided to support a qualified pre-employment and
19 work readiness training program approved by the State Employment
20 and Training Commission (“commission”). A maximum of \$12
21 million in tax credits per State fiscal year are allowed to be granted
22 to taxpayers for assistance provided to an institution of higher
23 education, a secondary comprehensive school, a vocational school,
24 or a nonprofit organization for an approved pre-employment and
25 work readiness training program.

26 The bill requires an institution of higher education,
27 comprehensive high school, county vocational school, or nonprofit
28 organization that has entered into a partnership with a business
29 entity to submit a pre-employment training plan for approval by the
30 commission. At a minimum, each pre-employment and work
31 readiness training program shall offer 12 weeks of paid training, at
32 the minimum wage for each participant, and include, but not be
33 limited to instruction and training in the following areas: basic math
34 and English literacy, communication skills, critical thinking,
35 leaderships, life skills and job readiness skills training, such as
36 conflict management, finance concepts, resume preparation,
37 problem solving, self-awareness and management, and any other
38 training deemed necessary by the commission. A single pre-
39 employment training plan may be submitted by multiple institutions
40 of higher education, comprehensive high school, county vocational
41 schools or nonprofit organizations, but the plan must designate one
42 entity as the lead organization with responsibility for the plan.

43 Program participants must be a minimum of 16 years old. An
44 institution of higher education or nonprofit organization may not
45 determine a trainee’s eligibility for participation in the training
46 program on the trainee’s possession of either a high school diploma
47 or any high school equivalency diploma. Each program shall offer
48 trainees (1) college credits for all applicable course work of the

1 program provided through a county college; or (2) employment with
2 a business entity which has provided funding for a qualified pre-
3 employment and work readiness training program or both.

4 The bill requires the commission to review each pre-employment
5 training plan to determine whether a proposed pre-employment and
6 work readiness training program qualifies for financial assistance
7 for which a tax credit may be granted. Each program must consist
8 of pre-employment and work readiness training activities that will
9 benefit low- and moderate-income trainees and persons in need of
10 mid-career skills training or vocational retraining and be reasonably
11 designed to accomplish its intended purpose and further the
12 purposes of the pre-employment training plan. The institution of
13 higher education, comprehensive high school, county vocational
14 school, or nonprofit organization must demonstrate that it has the
15 capacity to implement the pre-employment training plan and
16 provide adequate assurances that the assistance provided by a
17 business entity will be expended exclusively to implement the pre-
18 employment training plan.