

[First Reprint]
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:

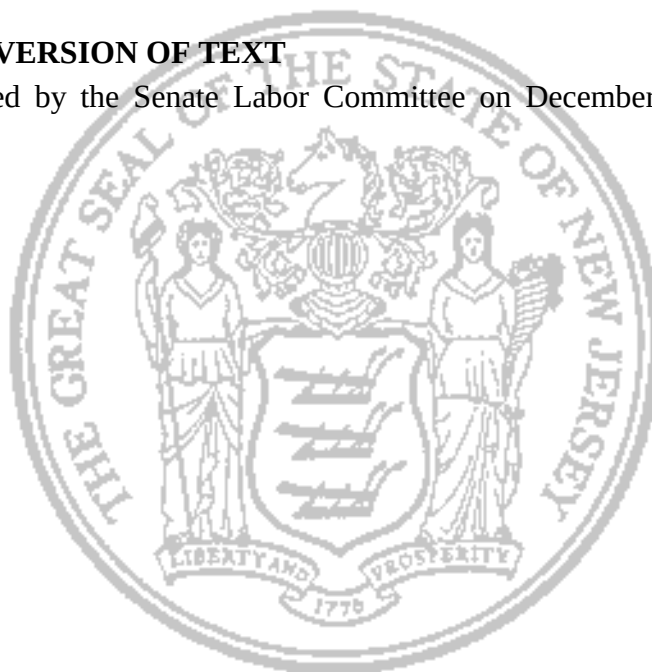
Senator Madden

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 reported by the Senate Labor Committee on December 6, 2021, with amendments.



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

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.

EXPLANATION – Matter enclosed in bold-faced brackets **[thus]** in the above bill is not enacted and is intended to be omitted in the law.

Matter underlined thus is new matter.

Matter enclosed in superscript numerals has been adopted as follows:

¹Senate SLA committee amendments adopted December 6, 2021.

1 “Nonprofit organization” means a private nonprofit corporation
2 that has been determined by the Internal Revenue Service of the
3 United States Department of the Treasury to be exempt from
4 income taxation pursuant to section 501(c)(3) of the federal Internal
5 Revenue Code, 26 U.S.C. s.501(c)(3).

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

11
12 3. a. One or more institutions of higher education,
13 comprehensive high schools, county vocational schools, or
14 nonprofit organizations may enter into a partnership with a business
15 entity to establish a pre-employment and work readiness training
16 program. The purpose of the program shall be to recruit, prepare,
17 and educate individuals for entry-level jobs with long-term career
18 potential through paid training programs. The program shall target
19 for recruitment low- and moderate-income households and current
20 workers in need of skills development. A business entity that enters
21 into a partnership may provide assistance for a pre-employment and
22 work readiness training program that has been approved by the
23 commission pursuant to section ‘[3] 4’ of P.L. , c. (C.)
24 (pending before the Legislature as this bill) and may receive a credit
25 for such assistance pursuant to sections ‘[4] 5’ and ‘[5] 6’ of
26 P.L. , c. (C.) (pending before the Legislature as this bill).

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

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

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

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

11

12 4. a. An institution of higher education, comprehensive high
13 school, county vocational school, or nonprofit organization which is
14 the recipient of funding provided by the business entity shall submit
15 a pre-employment training plan to the commission for approval.
16 Two or more institutions of higher education, comprehensive high
17 schools, county vocational schools, or nonprofit organizations may
18 submit a plan to the commission jointly. Any plan submitted by
19 two or more institutions of higher education, comprehensive high
20 schools, vocational schools, or nonprofit organizations shall
21 designate one institution of higher education, comprehensive high
22 school, vocational school, or nonprofit organization as the lead
23 organization with responsibility for the plan. An institution of
24 higher education, comprehensive high school, or vocational school,
25 or a nonprofit organization that has submitted a pre-employment
26 training plan to the commission may seek to amend it at any time.
27 The commission shall approve the amendments so long as the pre-
28 employment and work readiness training program complies with the
29 minimum requirements set forth in subsection **'[b.] c.'** of **'this'**
30 section **'[2 of P.L. , c. (C.) (pending before the Legislature**
31 **as this bill)]'**.

32 b. The commission shall review a pre-employment training
33 plan to determine whether a proposed pre-employment and work
34 readiness training program qualifies for assistance for which a tax
35 credit may be granted pursuant to sections **'[4] 5'** and **'[5] 6'** of
36 P.L. , c. (C.) (pending before the Legislature as this bill).

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

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

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

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

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

7 ¹(5) The institution of higher education or nonprofit organization
8 provides documentation of its graduation rates and of the
9 percentage of students placed in employment relevant to their
10 training and coursework.¹
11

12 5. a. A taxpayer, upon approval of an application to the
13 director, shall be allowed a credit against the tax imposed pursuant
14 to section 5 of P.L.1945, c.162 (C.54:10A-5) in an amount equal to
15 100 percent of the amount of assistance provided by the taxpayer to
16 an institution of higher education, comprehensive high school,
17 county vocational school, or nonprofit organization during a
18 privilege period commencing on or after January 1 next following
19 the enactment of P.L. , c. (C.) (pending before the
20 Legislature as this bill) for an approved pre-employment and work
21 readiness training program established in partnership with an
22 institution of higher education, comprehensive high school, county
23 vocational school, or nonprofit organization pursuant to section
24 ¹**[2]** 3¹ of P.L. , c. (C.) (pending before the Legislature as
25 this bill).

26 b. No tax credit shall be awarded pursuant to this section for
27 any costs or expenses included in the calculation of any other tax
28 credit or exemption granted pursuant to a claim made on a tax
29 return filed with the director, or included in the calculation of an
30 award of business assistance or incentive, for a period of time that
31 coincides with the privilege period for which a tax credit pursuant
32 to this section is allowed. The order of priority of application of the
33 tax credit allowed pursuant to this section, and any other credits
34 allowed against the tax imposed pursuant to section 5 of P.L.1945,
35 c.162 (C.54:10A-5) for a privilege period, shall be as prescribed by
36 the director. The amount of the credit applied against the tax
37 imposed pursuant to section 5 of P.L.1945, c.162 (C.54:10A-5)
38 shall not reduce a taxpayer's tax liability to an amount less than the
39 statutory minimum provided in subsection (e) of section 5 of
40 P.L.1945, c.162 (C.54:10A-5).

41 c. The value of tax credits approved by the director pursuant to
42 subsection a. of this section and pursuant to subsection a. of section
43 ¹**[5]** 6¹ of P.L. , c. (C.) (pending before the Legislature as
44 this bill) shall not exceed a cumulative total of \$12,000,000 in State
45 fiscal year 2020, and in each State fiscal year thereafter, to apply
46 against the tax imposed pursuant to section 5 of P.L.1945,
47 c.162 (C.54:10A-5) and the tax imposed pursuant to the "New
48 Jersey Gross Income Tax Act," N.J.S.54A:1-1 et seq. If the

1 cumulative total amount of tax credits allowed to taxpayers
2 pursuant for privilege periods or taxable years commencing during
3 a single fiscal year under subsection a. of this section and
4 subsection a. of section **'[5] 6'** of P.L. , c. (C.) (pending
5 before the Legislature as this bill) exceeds the amount of tax credits
6 available in that fiscal year, then taxpayers who have first applied
7 for and have not been allowed a tax credit for that reason shall be
8 allowed, in the order in which they have submitted an application,
9 the amount of the tax credit on the first day of the next succeeding
10 fiscal year in which tax credits under subsection a. of this section
11 and subsection a. of section **'[5] 6'** of P.L. , c. (C.)
12 (pending before the Legislature as this bill) are not in excess of the
13 amount of credits available.

14 d. A taxpayer shall submit to the director a report to verify the
15 taxpayer's tax credit claim. The report shall include a certification
16 from an institution of higher education, a comprehensive high
17 school, a county vocational school, or a nonprofit organization that
18 the assistance is to be used for an approved pre-employment and
19 work readiness training program and such other information as shall
20 be determined by the director. The certification shall be provided to
21 the taxpayer and a copy of the certification shall be included in the
22 filing of a return that includes a claim for a tax credit allowed
23 pursuant to this section.

24
25 6. a. A taxpayer, upon approval of an application to the
26 director, shall be allowed a credit against the tax otherwise due for
27 the taxable year under the "New Jersey Gross Income Tax Act,"
28 N.J.S.54A:1-1 et seq., in an amount equal to 100 percent of the
29 amount of assistance provided by the taxpayer to an institution of
30 higher education, comprehensive high school, county vocational
31 school, or nonprofit organization during a taxable year commencing
32 on or after January 1 next following the enactment of P.L. ,
33 c. (C.) (pending before the Legislature as this bill) for an
34 approved pre-employment and work readiness training program
35 established in partnership with an institution of higher education or
36 a nonprofit organization pursuant to section **'[2] 3'** of P.L. ,
37 c. (C.) (pending before the Legislature as this bill).

38 b. No tax credit shall be allowed pursuant to this section for
39 any costs or expenses included in the calculation of any other tax
40 credit or exemption granted pursuant to a claim made on a tax
41 return filed with the director, or included in the calculation of an
42 award of business assistance or incentive, for a period of the time
43 that coincides with the taxable year, for which a tax credit
44 authorized pursuant to this section is allowed. The order of priority
45 of the application of the credit allowed pursuant to this section, and
46 any other credits allowed against the tax imposed pursuant to
47 N.J.S.54A:1-1 et seq. for a taxable year, shall be as prescribed by
48 the director. The amount of the credit applied against the New

1 Jersey gross income tax imposed pursuant to N.J.S.54A:1-1 shall
2 not reduce a taxpayer's tax liability to an amount less than zero.

3 c. (1) A business entity that is classified as a partnership for
4 federal income tax purposes shall not be allowed a tax credit
5 pursuant to this section directly, but the amount of tax credit of a
6 taxpayer in respect to a distributive share of entity income shall be
7 determined by allocating to the taxpayer that proportion of the tax
8 credit acquired by the entity that is equal to the taxpayer's share,
9 whether or not distributed, of the total distributive income or gain
10 of the entity for its taxable year ending within or with the
11 taxpayer's taxable year.

12 (2) A New Jersey S Corporation shall not be allowed a tax credit
13 pursuant to this section directly, but the amount of the tax credit of
14 a taxpayer in respect of a pro rata share of S Corporation income
15 shall be determined by allocating to the taxpayer that proportion of
16 the tax credit acquired by the New Jersey S Corporation that is
17 equal to the taxpayer's share, whether or not distributed, of the total
18 pro rata share of S Corporation income of the New Jersey S
19 Corporation for its privilege period ending within or with the
20 taxpayer's taxable year.

21 d. The value of tax credits approved by the director pursuant to
22 subsection a. of this section and pursuant to subsection a. of section
23 **'[4] 5'** of P.L. , c. (C.) (pending before the Legislature as
24 this bill) shall not exceed a cumulative total of \$12,000,000 in State
25 fiscal year 2020 and in State each fiscal year thereafter to apply
26 against the tax imposed pursuant to section 5 of P.L.1945, c.162
27 (C.54:10A-5) and the tax imposed pursuant to the "New Jersey
28 Gross Income Tax Act," N.J.S.54A:1-1 et seq. If the cumulative
29 total amount of tax credits allowed to taxpayers for taxable years or
30 privilege period commencing during a single fiscal year under
31 subsection a. of this section and subsection **'[a] a.'** of section **'[4] 5'**
32 **5'** of P.L. , c. (C.) (pending before the Legislature as this
33 bill) exceeds the amount of tax credits available in that fiscal year,
34 then taxpayers who have first applied for and have not been allowed
35 a tax credit for that reason shall be allowed, in the order in which
36 they have submitted an application, the amount of tax credit on the
37 first day of the next succeeding fiscal year in which tax credits
38 under subsection a. of this section and subsection **'[a] a.'** of section
39 **'[4] 5'** of P.L. , c. (C.) (pending before the Legislature as
40 this bill) are not in excess of the amount of credits available.

41 e. A taxpayer shall submit to the director a report to verify the
42 taxpayer's tax credit claim. The report shall include a certification
43 from an institution of higher education, comprehensive high school,
44 county vocational school, or nonprofit organization that the
45 assistance is to be used for an approved pre-employment and work
46 readiness training program and such other information as shall be
47 determined by the director. The certification shall be provided to

1 the taxpayer and a copy of the certification shall be included in the
2 filing of a return that includes a claim for a tax credit allowed
3 pursuant to this section.

4

5 7. The Commissioner of Labor and Workforce Development
6 shall adopt rules and regulations pursuant to the “Administrative
7 Procedure Act,” P.L.1968, c.410 (C.52:14B-1 et seq.), to effectuate
8 sections ‘[2] 3’ and ‘[3] 4’ of this act.

9

10 8. The Director of the Division of Taxation in the Department
11 of the Treasury shall adopt rules and regulations pursuant to the
12 “Administrative Procedure Act,” P.L.1968, c.410 (C.52:14B-1 et
13 seq.), to effectuate sections ‘[4] 5’ and ‘[5] 6’ of this act.

14

15 9. This act shall take effect immediately and sections ‘[4] 5’
16 and ‘[5] 6’ shall apply to privilege periods and taxable years
17 beginning on or after the January 1 next following the date of
18 enactment.