

**SENATE, No. 2037**

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**STATE OF NEW JERSEY**  
**219th LEGISLATURE**

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INTRODUCED MARCH 16, 2020

**Sponsored by:**

**Senator TROY SINGLETON**

**District 7 (Burlington)**

**SYNOPSIS**

Provides credits against corporation business and gross income taxes for certain employers that invest in human capital.

**CURRENT VERSION OF TEXT**

As introduced.



1   **AN ACT** providing credits against corporation business and gross  
2   income taxes for certain employers that provide certain worker  
3   training and supplementing P.L.1945, c.162 (C.54:10A-1 et seq.)  
4   and Title 54A of the New Jersey Statutes.

5  
6   **BE IT ENACTED** *by the Senate and General Assembly of the State*  
7   *of New Jersey:*

8  
9       1.   a.   A taxpayer that is a qualified employer in the State shall  
10   be allowed a credit against the tax due pursuant to section 5 of  
11   P.L.1945, c.162 (C.54:10A-5) for a privilege period in the amount of  
12   10 percent of the human capital investment made by the taxpayer in  
13   a privilege period, up to a maximum credit of \$2,000 per employee.

14       b.   The order of priority of the application of the credit allowed  
15   pursuant to this section and any other credits allowed against the tax  
16   imposed pursuant to section 5 of P.L.1945, c.162 (C.54:10A-5) for a  
17   privilege period shall be as prescribed by the director.

18       The amount of the credit applied pursuant to this section against  
19   the tax imposed pursuant to section 5 of P.L.1945, c.162 (C.54:10A-  
20   5) for a privilege period shall not reduce a taxpayer's tax liability to  
21   an amount less than the statutory minimum provided in subsection  
22   (e) of section 5 of P.L.1945, c.162 (C.54:10A-5).

23       c.   A taxpayer may claim a credit allowed pursuant to this section  
24   for human capital investment made during a maximum of five  
25   privilege periods.

26       d.   As used in this section:

27       "Human capital investment" means amounts paid by a qualified  
28   employer for job training or work education programs offered in the  
29   State, and provided to an employee to improve the employee's job  
30   skills or knowledge, and which results in the award of an industry-  
31   recognized credential to the employee upon successful completion.

32       "Qualified employer" means a business that has less than  
33   \$2,500,000 in gross receipts annually, that has been operating in the  
34   State for fewer than 10 years as of the last day of the privilege period  
35   for which a credit pursuant to this section is claimed, and that  
36   employs individuals in the State.

37

38       2.   a.   A taxpayer that is a qualified employer in the State shall  
39   be allowed a credit against the tax otherwise due for the taxable year  
40   under the "New Jersey Gross Income Tax Act," N.J.S.54A:1-1 et  
41   seq., in the amount of 10 percent of the human capital investment  
42   made by the taxpayer in a taxable year, up to a maximum credit of  
43   \$2,000 per employee.

44       b.   The order of priority of the application of the credit allowed  
45   pursuant to this section and any other credits allowed against the New  
46   Jersey gross income tax due pursuant to N.J.S.54A:1-1 et seq. for a  
47   taxable year shall be as prescribed by the director.

1 The amount of the credit applied against the New Jersey gross  
2 income tax due pursuant to N.J.S.54A:1-1 et seq. shall not reduce a  
3 taxpayer's New Jersey gross income tax liability to an amount less  
4 than zero.

5 c. A taxpayer may claim a credit allowed pursuant to this section  
6 for human capital investment made during a maximum of five  
7 privilege periods.

8 d. A business entity that is classified as a partnership for federal  
9 income tax purposes shall not be allowed a credit directly, but the  
10 amount of credit of a taxpayer in respect of a distributive share of  
11 entity income, shall be determined by allocating to the taxpayer that  
12 proportion of the credit acquired by the entity that is equal to the  
13 taxpayer's share, whether or not distributed, of the total distributive  
14 income or gain of the entity for its taxable year ending within or with  
15 the taxpayer's taxable year.

16 A New Jersey S Corporation shall not be allowed a credit directly  
17 under the gross income tax, but the amount of credit of a taxpayer in  
18 respect of a pro rata share of S Corporation income, shall be  
19 determined by allocating to the taxpayer that proportion of the credit  
20 acquired by the New Jersey S Corporation that is equal to the  
21 taxpayer's share, whether or not distributed, of the total pro rata share  
22 of S Corporation income of the New Jersey S Corporation for its  
23 privilege period ending within or with the taxpayer's taxable year.

24 e. As used in this section:

25 "Human capital investment" means amounts paid by a qualified  
26 employer for job training or work education programs offered in the  
27 State, and provided to an employee to improve the employee's job  
28 skills or knowledge, and which results in the award of an industry-  
29 recognized credential to the employee upon successful completion.

30 "Qualified employer" means a business that has less than  
31 \$2,500,000 in gross receipts annually, that has been operating in the  
32 State for fewer than 10 years as of the last day of the taxable year for  
33 which a credit pursuant to this section is claimed, and that employs  
34 individuals in the State.

35  
36 3. This act shall take effect immediately and apply to privilege  
37 periods and taxable years commencing on or after the January 1 next  
38 following enactment.

#### 41 STATEMENT

42  
43 This bill provides credits against the corporation business and  
44 gross income taxes for qualified employers that invest in human  
45 capital by providing certain job training or work education programs  
46 to their employees. The amount of the credit is 10 percent of the  
47 amount paid by the taxpayer for human capital investment in a

1 privilege period or taxable year, up to a maximum credit of \$2,000  
2 per employee.

3 The bill defines “human capital investment” as amounts paid by a  
4 qualified employer for job training or work education programs  
5 offered in the State, and provided to an employee to improve the  
6 employee’s job skills or knowledge, and which results in the award  
7 of an industry-recognized credential to the employee upon successful  
8 completion. “Qualified employer” is defined in the bill as a business  
9 that has less than \$2,500,000 in gross receipts annually, that has been  
10 operating in the State for fewer than 10 years as of the last day of the  
11 privilege period or taxable year for which a credit pursuant to this  
12 bill is claimed, and that employs individuals in the State. The bill  
13 provides that a taxpayer may claim a credit for human capital  
14 investment made during a maximum of five privilege periods.

15 The bill provides that the gross income tax credit when applied  
16 may not reduce the taxpayer’s liability to an amount less than zero,  
17 and that the credit against the corporation business tax liability may  
18 not reduce the taxpayer’s liability to an amount less than the statutory  
19 minimum.

20 The bill would take effect immediately upon enactment and apply  
21 to privilege periods and taxable years commencing on or after the  
22 January 1 following enactment.