

SENATE, No. 2806

STATE OF NEW JERSEY 219th LEGISLATURE

INTRODUCED AUGUST 13, 2020

Sponsored by:

Senator LINDA R. GREENSTEIN

District 14 (Mercer and Middlesex)

Senator NELLIE POU

District 35 (Bergen and Passaic)

Co-Sponsored by:

Senator Corrado

SYNOPSIS

Allows corporation business tax and gross income tax credits to businesses employing certain persons with developmental disabilities.

CURRENT VERSION OF TEXT

As introduced.



(Sponsorship Updated As Of: 8/27/2020)

1 **AN ACT** allowing credits against the corporation business tax and
2 the gross income tax to businesses employing certain persons
3 with developmental disabilities, and supplementing P.L.1945,
4 c.162 (C.54:10A-1 et seq.) and Title 54A of the New Jersey
5 Statutes.

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

9
10 1. a. As used in this section:

11 "Qualified person with a developmental disability" means an
12 individual who:

13 (1) has a severe, chronic disability, which: (a) is attributable to a
14 mental or physical impairment or combination of mental or physical
15 impairments; (b) is manifest before age 22; (c) is likely to continue
16 indefinitely; (d) results in substantial functional limitations in an
17 area of major life activity; and (e) reflects the need for a
18 combination and sequence of special interdisciplinary or generic
19 care, treatment, or other services which are of lifelong or extended
20 duration and are individually planned and coordinated; or

21 (2) has severe disabilities attributable to an intellectual
22 disability, autism, cerebral palsy, epilepsy, spina bifida, or other
23 neurological impairments.

24 b. The director shall allow a taxpayer a credit against the tax
25 imposed pursuant to section 5 of P.L.1945, c.162 (C.54:10A-5) in
26 an amount equal to 40 percent of the first \$6,000 of wages paid by
27 the taxpayer during the privilege period for the employment of a
28 qualified person with a developmental disability, not to exceed
29 \$2,400 for each qualified person with a developmental disability for
30 the privilege period.

31 c. A taxpayer shall apply the credit awarded against the
32 taxpayer's liability under section 5 of P.L.1945, c.162 (C.54:10A-5)
33 for the current privilege period as of the date of the credit's
34 approval.

35 d. The director shall prescribe the order of priority of the
36 application of the credit allowed under this section and any other
37 credits allowed by law against the tax imposed under section 5 of
38 P.L.1945, c.162 (C.54:10A-5). The amount of the credit applied
39 under this section against the tax imposed pursuant to section 5 of
40 P.L.1945, c.162 (C.54:10A-5) for a privilege period, together with
41 any other credits allowed by law, shall not exceed 50 percent of the
42 tax liability otherwise due and shall not reduce the tax liability to an
43 amount less than the statutory minimum provided in subsection (e)
44 of section 5 of P.L.1945, c.162 (C.54:10A-5).

45 e. (1) A taxpayer shall not be granted a credit pursuant to
46 this section for the qualified wages paid to a qualified person with a
47 developmental disability in a privilege period if the qualified wages
48 of the qualified person with a developmental disability or the job

1 providing qualified wages to the qualified person with a
2 developmental disability is included in the calculation of another
3 credit against any State tax or grant for a period of time that
4 coincides with the applicable privilege period.

5 (2) If the director determines that a taxpayer is displacing
6 employees and replacing the employees with a qualified person
7 with a developmental disability for the primary purposes of
8 obtaining the credit allowed pursuant to this section, the director
9 shall deny the taxpayer the credit allowed under this section and
10 shall issue a tax assessment for the recapture of credit previously
11 allowed to the taxpayer under this section plus an assessment of 50
12 percent of any credit subject to recapture as penalty.

13
14 2. a. As used in this section:

15 "Qualified person with a developmental disability" means an
16 individual who:

17 (1) has a severe, chronic disability, which: (a) is attributable to a
18 mental or physical impairment or combination of mental or physical
19 impairments; (b) is manifest before age 22; (c) is likely to continue
20 indefinitely; (d) results in substantial functional limitations in an
21 area of major life activity; and (e) reflects the need for a
22 combination and sequence of special interdisciplinary or generic
23 care, treatment, or other services which are of lifelong or extended
24 duration and are individually planned and coordinated; or

25 (2) has severe disabilities attributable to an intellectual
26 disability, autism, cerebral palsy, epilepsy, spina bifida, or other
27 neurological impairments.

28 b. The director shall allow a taxpayer a credit against the tax
29 otherwise due pursuant to the "New Jersey Gross Income Tax Act,"
30 N.J.S.54A:1-1 et seq., in an amount equal to 40 percent of first
31 \$6,000 of the wages paid by the taxpayer during the taxable year for
32 the employment of a qualified person with a developmental
33 disability during the taxable year, not to exceed \$2,400 for each
34 qualified person with a developmental disability for the taxable
35 year.

36 c. A taxpayer shall apply the credit awarded against the
37 taxpayer's liability under N.J.S.54A:1-1 et seq. for the current
38 taxable year as of the date of the credit's approval.

39 d. The director shall prescribe the order of priority of the
40 application of the credit allowed under this section and any other
41 credits allowed by law against the tax imposed under N.J.S.54A:1-1
42 et seq. The amount of the credit applied under this section against
43 the tax imposed pursuant to N.J.S.54A:1-1 et seq. for a taxable year,
44 together with any other credits allowed by law, shall not exceed 50
45 percent of the tax liability otherwise due and shall not reduce the
46 tax liability to an amount less than zero.

47 e. (1) A taxpayer shall not be granted a credit pursuant to this
48 section for the qualified wages paid to a qualified person with a

1 developmental disability in a taxable year if the qualified wages of
2 the qualified person with a developmental disability or the job
3 providing qualified wages to the qualified person with a
4 developmental disability is included in the calculation of another
5 credit against any State tax or grant for a period of time that
6 coincides with the applicable taxable year.

7 (2) If the director determines that a taxpayer is displacing
8 employees and replacing the employees with a qualified person
9 with a developmental disability for the primary purposes of
10 obtaining the credit allowed pursuant to this section, the director
11 shall deny the taxpayer the credit allowed under this section and
12 shall issue a tax assessment for the recapture of credit previously
13 allowed to the taxpayer under this section plus an assessment of 50
14 percent of any credit subject to recapture as penalty.

15 f. A partnership shall not be allowed a credit under this section
16 directly, but the amount of credit of a taxpayer in respect of a
17 distributive share of partnership income under the "New Jersey
18 Gross Income Tax Act," N.J.S.54A:1-1 et seq., shall be determined
19 by allocating to the taxpayer that proportion of the credit acquired
20 by the partnership that is equal to the taxpayer's share, whether or
21 not distributed, of the total distributive income or gain of the
22 partnership for its taxable year ending within or with the taxpayer's
23 taxable year.

24
25 3. This act shall take effect immediately and shall apply to
26 wages paid in privilege periods and taxable years beginning after
27 enactment.

30 STATEMENT

31
32 This bill allows corporation business tax and gross income tax
33 credits to businesses that employ qualified persons with
34 developmental disabilities. The amount of each credit would be
35 equal to 40 percent of the first \$6,000 of wages paid to the qualified
36 person with a developmental disability, a maximum of \$2,400 per
37 qualified person with a developmental disability.

38 A qualified person with a developmental disability is defined in
39 the bill as a person who: (1) has a severe, chronic disability, which:
40 (a) is attributable to a mental or physical impairment or
41 combination of mental or physical impairments; (b) is manifest
42 before age 22; (c) is likely to continue indefinitely; (d) results in
43 substantial functional limitations in an area of major life activity;
44 and (e) reflects the need for a combination and sequence of special
45 interdisciplinary or generic care, treatment, or other services which
46 are of lifelong or extended duration and are individually planned
47 and coordinated; or (2) has severe disabilities attributable to an

1 intellectual disability, autism, cerebral palsy, epilepsy, spina bifida,
2 or other neurological impairments.

3 These State tax credits are modeled on the federal Work
4 Opportunity Tax Credit (WOTC), which encourages employers to
5 hire targeted groups of employees, including certain persons with
6 developmental disabilities. Under the federal WOTC, employers
7 may claim a federal tax credit of up to 40 percent of the first \$6,000
8 earned by the employee, or \$2,400.

9 According to the sponsor, the tax credits allowed under this bill
10 would encourage businesses to employ qualified persons with
11 developmental disabilities, who often face barriers to employment.