

SENATE, No. 3809

STATE OF NEW JERSEY 219th LEGISLATURE

INTRODUCED MAY 20, 2021

Sponsored by:

Senator STEPHEN M. SWEENEY

District 3 (Cumberland, Gloucester and Salem)

Senator DECLAN J. O'SCANLON, JR.

District 13 (Monmouth)

Co-Sponsored by:

Senators A.M.Bucco, Corrado, Oroho and Singleton

SYNOPSIS

Allows credit against corporation business tax and gross income tax liability for employing persons with a developmental disability.

CURRENT VERSION OF TEXT

As introduced.



(Sponsorship Updated As Of: 1/6/2022)

1 **AN ACT** allowing a credit against the corporation business tax and
2 the gross income tax for employing persons with a
3 developmental disability, supplementing P.L.1945, c.162
4 (C.54:10A-1 et seq.) 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 shall be allowed a credit against the tax
10 imposed pursuant to section 5 of P.L.1945, c.162 (C.54:10A-5) in
11 an amount equal to 10 percent of the salary and wages paid by the
12 taxpayer during the privilege period to an employee with a
13 developmental disability.

14 For purposes of this section, “employee with a developmental
15 disability” means an employee of the taxpayer who has a
16 developmental disability as defined in subsection b. of section 3 of
17 P.L.1985, c.145 (C.30:6D-25) and for who the Division of
18 Developmental Disabilities in the Department of Human Services
19 has declared eligible for its services.

20 b. The credit allowed pursuant to this section shall not exceed
21 \$3,000 for each employee with a developmental disability, and shall
22 not exceed a total credit of \$60,000 for the taxpayer’s privilege
23 period.

24 c. The director shall prescribe the order of priority of the
25 application of the credit allowed under this section and any other
26 credits allowed by law against the tax imposed under section 5 of
27 P.L.1945, c.162 (C.54:10A-5). The amount of the credit applied
28 under this section against the tax imposed pursuant to section 5 of
29 P.L.1945, c.162 (C.54:10A-5) for a privilege period, together with
30 any other credits allowed by law, shall not reduce the tax liability to
31 an amount less than the statutory minimum provided in subsection
32 (e) of section 5 of P.L.1945, c.162 (C.54:10A-5). Any remaining
33 credit shall not be carried forward to another privilege period.

34 d. A taxpayer shall not be allowed a credit pursuant to this
35 section and pursuant to section 1 of P.L.2005, c.318 (C. 54:10A-
36 5.38) for the same employee in the same privilege period.

37
38 2. a. A taxpayer shall be allowed a credit against the tax
39 otherwise due pursuant to “New Jersey Gross Income Tax Act,”
40 N.J.S.54A:1-1 et seq., in an amount equal to 10 percent of the
41 salary and wages paid by the taxpayer during the taxable year to an
42 employee with a developmental disability.

43 For purposes of this section, “employee with a developmental
44 disability” means an employee of the taxpayer who has a
45 developmental disability as defined in subsection b. of section 3 of
46 P.L.1985, c.145 (C.30:6D-25) and for who the Division of
47 Developmental Disabilities in the Department of Human Services
48 has declared eligible for its services.

1 b. The credit allowed pursuant to this section shall not exceed
2 \$3,000 per employee with a developmental disability, and shall not
3 exceed a total credit of \$60,000 for the taxpayer's taxable year.

4 c. The order of priority of the application of the credit allowed
5 pursuant to this section and any other credits allowed pursuant to
6 the "New Jersey Gross Income Tax Act," N.J.S.54A:1-1 et seq. for
7 a taxable year shall be as prescribed by the director. The amount of
8 the credit applied under this section against the tax imposed for a
9 taxable year, together with any other credits allowed by law, shall
10 not reduce the tax liability to an amount less than zero. Any
11 remaining credit shall not be carried forward to another taxable
12 year.

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

21 A taxpayer that is a New Jersey S corporation shall not be
22 allowed the credit directly, but the amount of credit of a taxpayer in
23 respect of a pro rata share of S corporation income shall be
24 determined by allocating to the taxpayer that proportion of the
25 credit acquired by the New Jersey S corporation that is equal to the
26 taxpayer's share, whether or not distributed, of the total pro-rata
27 share of S corporation income of the New Jersey S corporation for
28 its privilege period ending within or with the taxpayer's taxable
29 year.

30 e. A taxpayer shall not be allowed a credit pursuant to this
31 section and pursuant to section 2 of P.L.2005, c.318 (C.54A:4-11)
32 for the same employee in the same taxable year.

33
34 3. Notwithstanding any provision of the "Administrative
35 Procedure Act," P.L.1968, c.410 (C.52:14B-1 et seq.) to the contrary,
36 the Director of the Division of Taxation is authorized to adopt
37 immediately upon filing with the Office of Administrative Law such
38 rules and regulations as are necessary to effectuate the provisions of
39 this act, which shall be effective for a period not to exceed 18 months
40 following the date of filing and may thereafter be amended, adopted,
41 or readopted by the director in accordance with the requirements of
42 P.L.1968, c.410 (C.52:14B-1 et seq.).

43
44 4. This act shall take effect immediately and apply to taxable
45 years and privilege periods beginning on or after January 1 next
46 following the date of enactment.

STATEMENT

This bill allows taxpayers to claim a credit against their corporation business tax liability or gross income tax liability in the amount of 10 percent of salary and wages paid to an employee with a developmental disability. The credit is capped at \$3,000 per employee, and the total credit is capped at \$60,000 per taxpayer per year.

The bill defines “employee with a developmental disability” as an employee of the taxpayer who has a developmental disability as defined in N.J.S.A.30:6D-25 and for who the Division of Developmental Disabilities in the Department of Human Services has declared eligible for its services.

New Jersey already allows taxpayers to claim a credit for the employment of certain persons with disabilities at an occupational training center or sheltered workshop. This bill allows a credit for any type of employment, but taxpayers will be prohibited from claiming the credit allowed by this bill if in the same year they claim a credit for employment of the same employee at an occupational training center or sheltered workshop.