

SENATE BUDGET AND APPROPRIATIONS COMMITTEE

STATEMENT TO

SENATE, No. 3809

STATE OF NEW JERSEY

DATED: JANUARY 6, 2022

The Senate Budget and Appropriations Committee reports favorably Senate Bill No. 3809.

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 under the "Division of Developmental Disabilities Act." P.L.1985, c.145 (C.30:6D-23 et al.), 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.

FISCAL IMPACT:

The Office of Legislative Services finds that this bill could reduce State revenues by approximately \$90.6 million annually if all claimants under the current extended employment tax credit would gain the maximum benefit from the credit established by the bill.

More taxpayers, and their employees with developmental disabilities, may qualify for the bill’s tax credit and subsequent calculation of that credit compared to the State’s current sheltered workshop tax credit, which in turn could yield a revenue impact that is greater than the \$90.6 million extrapolated from the State’s extended employment tax credit data. Conversely, the bill imposes a cap of \$60,000 per employer per year that does not exist for the current program, which may reduce the above estimate.