

SENATE, No. 3816

STATE OF NEW JERSEY 219th LEGISLATURE

INTRODUCED MAY 20, 2021

Sponsored by:

Senator JOSEPH F. VITALE

District 19 (Middlesex)

SYNOPSIS

Allows gross income tax credit for certain child care staff and registered family day care providers.

CURRENT VERSION OF TEXT

As introduced.



1 **AN ACT** allowing a gross income tax credit for certain child care
2 providers and supplementing Title 54A of New Jersey Statutes.

3
4 **BE IT ENACTED** *by the Senate and General Assembly of the State*
5 *of New Jersey:*

6
7 1. The Legislature finds and declares that:

8 a. Even before the start of the coronavirus disease 2019
9 (COVID-19) pandemic, New Jersey’s child care industry struggled
10 to find and retain teaching staff due to chronically low wages paid
11 to child care employees.

12 b. Since the COVID-19 pandemic, child care programs
13 throughout New Jersey are not only losing teachers and assistant
14 teachers but are struggling to find qualified staff to take their
15 places.

16 c. Over the last year, the responsibilities of child care teachers
17 have become increasingly demanding and complex, yet many child
18 care programs cannot afford to compensate their teachers above a
19 minimum wage.

20 d. While the Department of Human Services has increased State
21 child care subsidy rates and continues to pay child care programs
22 based on the number of children enrolled rather than attendance, the
23 State’s child care system has been inadequately funded for so long
24 that any additional financial assistance is often not reflected in
25 augmented wages for child care program staff.

26 e. Without sufficient staffing, child care programs cannot
27 adequately care for and educate the number of children needing
28 care, which directly impacts their parents’ ability to participate in
29 the workforce.

30 f. In order to address the State’s child care staffing crisis and to
31 ensure the continued success of child care programs and the
32 teaching staff who care for, educate, and support the low-income
33 families, it is in the best interest of the State to provide direct relief
34 to financially struggling child care program employees.

35
36 2. a. A credit against the tax otherwise due for the taxable year
37 under the “New Jersey Gross Income Tax Act,” N.J.S.54A:1-1 et
38 seq., shall be allowed on the New Jersey gross income of any staff
39 member working for a child care provider, licensed pursuant to the
40 “Child Care Center Licensing Act,” P.L.1983, c.492 (C.30:5B-1 et
41 seq.), who directly supervise children as defined in N.J.A.C. 3A:52-
42 4.3 or a family day care provider, registered by a family day care
43 sponsoring organization pursuant to the “Family Day Care Provider
44 Registration Act,” P.L.1987, c.27 (C.30:5B-16 et seq.), who has
45 been employed by a licensed child care provider or worked as a
46 registered family day care provider in their current position for a
47 minimum of 1,260 hours for a six month period during the taxable
48 year.

1 b. For a staff member working for a child care provider who
2 directly supervises children or registered family day care provider
3 with an individual gross income:

4 (1) less than \$25,000, the amount of the credit shall be equal to
5 \$1,000 for providing child care services to children 30 months of
6 age or older, and \$1,500 for providing child care services to
7 children from birth to the age of 30 months;

8 (2) between \$25,000 to \$35,000, the amount of the credit shall
9 be equal to \$750 for providing child care services to children 30
10 months of age or older, and \$1,000 for providing child care services
11 to children from birth to the age of 30 months; and

12 (3) between \$35,001 and \$45,000, the amount of the credit shall
13 be equal to \$500 for providing child care services to children 30
14 months of age or older, and \$750 for providing child care services
15 to children from birth to the age of 30 months.

16 (4) The amount of credit allowed on the gross income of a staff
17 member working for a child care provider who directly supervises
18 children or registered family day care provider for providing child
19 care services to children from birth to the age of 30 months shall
20 only apply to a staff member or provider who spends at least 50%
21 of the classroom teacher's or provider's employment time providing
22 such services.

23 c. (1) For a staff member working for a child care provider who
24 directly supervises children or registered family day care provider
25 who has gross income for the taxable year of less than \$45,000: if
26 the amount of credit allowed pursuant to this section for the taxable
27 year, together with any other payments or credits against the tax,
28 reduces the tax liability otherwise due for the taxable year to zero,
29 any amount of credit remaining shall be paid to the taxpayer as a
30 refund of an overpayment of tax pursuant to N.J.S.54A:9-7,
31 provided that subsection (f) of N.J.S.54A:9-7 shall not apply.

32 (2) For a staff member working for a child care provider who
33 directly supervises children or registered family day care provider
34 who has gross income for the taxable year of \$45,000: if the amount
35 of credit allowed pursuant to this section for the taxable year,
36 together with any other payments or credits against the tax, reduces
37 the tax liability otherwise due for the taxable year to zero, any
38 amount of credit remaining shall be carried forward to the next
39 taxable year. No portion of a credit shall carry forward to more than
40 the next taxable year following the year in which the credit is first
41 allowed.

42 d. The order of priority of the application of the credit allowed
43 pursuant to this section and any other credits allowed against the
44 gross income tax for the taxable year shall be as prescribed by the
45 Director of the Division of Taxation in the Department of the
46 Treasury.

47 e. A credit allowed pursuant to this section shall not be taken
48 into account as income or receipts for purposes of determining the

1 eligibility of a taxpayer for benefits or assistance or the amount or
2 extent of benefits or assistance under any State program and, to the
3 extent permitted by federal law, under any State program financed
4 in whole or in part with federal funds.

5
6 2. This act shall take effect immediately and apply to taxable
7 years beginning January 1 next following enactment.

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10 STATEMENT

11
12 This bill allows a gross income tax credit for a staff member
13 employed by a child care provider, licensed pursuant to the "Child
14 Care Center Licensing Act," P.L.1983, c.492 (C.30:5B-1 et seq.)
15 who directly supervises children as defined in N.J.A.C.3A:52-4.3,
16 or a family day care provider, registered by a family day care
17 sponsoring organization pursuant to the "Family Day Care Provider
18 Registration Act," P.L.1987, c.27 (C.30:5B-16 et seq.) who has
19 been employed by child care provider or worked as a registered
20 family day care provider for a minimum of 1,260 hours for a six
21 month period during the taxable year.

22 The credit amount varies depending on the staff member's or
23 registered family day care provider's income. If the staff member's
24 or provider's income is (1) less than \$25,000, the amount of the
25 credit shall be equal to \$1,000 for providing child care services to
26 children 30 months of age or older, and \$1,500 for providing child
27 care services to children from birth to the age of 30 months; (2)
28 between \$25,000 to \$35,000, the amount of the credit shall be equal
29 to \$750 for providing child care services to children 30 months of
30 age or older, and \$1,000 for providing child care services to
31 children from birth to the age of 30 months; and (3) between
32 \$35,001 and \$45,000, the amount of the credit shall be equal to
33 \$500 for providing child care services to children 30 months of age
34 or older, and \$750 for providing child care services to children from
35 birth to the age of 30 months.

36 The amount of credit allowed by this bill on the gross income of
37 a staff member working for a child care provider who directly
38 supervises children or registered family day care provider for
39 providing child care services to children from birth to the age of 30
40 months is only to apply to a staff member or family day care
41 provider who spends at least 50% of their employment time
42 providing such services.

43 For a staff member working for a child care provider who
44 directly supervises children or registered family day care provider
45 with less than \$45,000 of gross income, the credit is refundable. If
46 the staff member or provider has no tax liability to use the whole or
47 part of the credit against, the staff member or provider would
48 receive the remaining credit amount from the State in cash. For a

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1 staff member or provider with income of \$45,000, any remaining
2 credit may be carried forward to the next taxable year, but may not
3 be carried forward beyond that.

4 The credit allowed by this bill cannot be taken into account as
5 income or receipts for purposes of determining the eligibility of a
6 taxpayer for benefits or assistance or the amount or extent of
7 benefits or assistance under any State program and any State
8 program financed in whole or in part with federal funds.