

SENATE, No. 3996

STATE OF NEW JERSEY 219th LEGISLATURE

INTRODUCED JUNE 24, 2021

Sponsored by:

Senator SHIRLEY K. TURNER

District 15 (Hunterdon and Mercer)

SYNOPSIS

Allows temporary corporation business tax and gross income tax credits for businesses that provide hiring bonuses to targeted employees.

CURRENT VERSION OF TEXT

As introduced.



1 AN ACT allowing temporary credits against corporation business tax
2 and gross income tax for businesses that provide hiring bonuses
3 to targeted employees.

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

7
8 1. a. A taxpayer shall be allowed a credit against the tax
9 imposed pursuant to section 5 of P.L.1945, c.162 (C.54:10A-5) in
10 an amount equal to the total hiring bonuses, not to exceed \$1,000,
11 paid by the taxpayer during the twelve-month period following the
12 effective date of P.L. , c. (pending before the Legislature as this
13 bill) for the employment of members of targeted groups, except that
14 the credit shall not be claimed until the taxpayer has satisfied the
15 conditions set forth in subsection b. of this section.

16 b. The tax credit shall not be allowed for any hiring bonus that
17 is paid to a member of a targeted group whose employment was
18 terminated by the taxpayer within twelve months of the date of hire.
19 The taxpayer shall be allowed to claim the credit only after this 12
20 month period has concluded.

21 c. The order of priority of the application of the credit allowed
22 pursuant to this section, and any other credits allowed against the
23 tax imposed pursuant to section 5 of P.L.1945, c.162 (C.54:10A-5),
24 shall be as prescribed by the Director of the Division of Taxation in
25 the Department of the Treasury. The amount of the credit, together
26 with any other credits allowed by law, shall not reduce the
27 taxpayer's liability otherwise due for the privilege period under
28 section 5 of P.L.1945, c.162 (C.54:10A-5) to an amount less than
29 the statutory minimum provided in subsection (e) of section 5 of
30 P.L.1945, c.162 (C.54:10A-5). The amount of the credit otherwise
31 allowable under this section that cannot be applied for the privilege
32 period due to the limitations of this subsection, or under other
33 provisions of P.L.1945, c.162 (C.54:10A-1 et seq.), may be carried
34 over, if necessary, to the seven privilege periods next following the
35 privilege period for which the credit was allowed.

36 d. As used in this section:

37 "Hiring bonus" means a sum of monies, not including salary and
38 wages, paid by the employer to a member of a targeted group,
39 within one month of the date of hire, as an inducement for the
40 acceptance of a position of employment.

41 "Members of targeted groups" means the same as that term is
42 defined in subsection (d) of section 51 of the federal Internal
43 Revenue Code of 1986, 26 U.S.C. s.51.

44
45 2. a. A taxpayer shall be allowed a credit against the tax
46 otherwise due for the taxable year under the "New Jersey Gross
47 Income Tax Act," N.J.S.54A:1-1 et seq., in an amount equal to the

1 total hiring bonuses, not to exceed \$1,000, paid by the taxpayer
2 during the twelve-month period following the effective date of
3 P.L. , c. (pending before the Legislature as this bill) for the
4 employment of members of targeted groups, except that the credit
5 shall not be claimed until the taxpayer has satisfied the conditions
6 set forth in subsection b. of this section.

7 b. The tax credit shall not be allowed for any hiring bonus that
8 is paid to a member of a targeted group whose employment was
9 terminated by the taxpayer within twelve months of the date of hire.
10 The taxpayer shall be allowed to claim the credit only after this 12
11 month period has concluded.

12 c. The order of priority of the application of the credit allowed
13 pursuant to this section, and any other credits allowed against the
14 tax imposed pursuant to N.J.S.54A:1-1 et seq., shall be as
15 prescribed by the Director of the Division of Taxation in the
16 Department of the Treasury. The amount of the credit, together
17 with any other credits allowed by law, shall not reduce the
18 taxpayer's liability otherwise due for the taxable year under
19 N.J.S.54A:1-1 et seq. to an amount less than zero. The amount of
20 the tax credit otherwise allowable under this section that cannot be
21 applied for the taxable year due to the limitations of this subsection,
22 or under other provisions of N.J.S.54A:1-1 et seq., may be carried
23 forward, if necessary, to the seven taxable years next following the
24 taxable year for which the tax credit was allowed.

25 d. (1) A business entity that is classified as a partnership for
26 federal income tax purposes shall not be allowed a tax credit
27 pursuant to this section directly, but the amount of tax credit of a
28 taxpayer with respect to the distributive share of entity income shall
29 be determined by allocating to the taxpayer that proportion of the
30 tax credit acquired by the entity that is equal to the taxpayer's share,
31 whether or not distributed, of the total distributive income or gain
32 of the entity for its taxable year ending within or with the
33 taxpayer's taxable year.

34 (2) A New Jersey S Corporation shall not be allowed a tax credit
35 pursuant to this section directly, but the amount of the tax credit of
36 a taxpayer with respect to a pro-rata share of S Corporation income
37 shall be determined by allocating to the taxpayer that proportion of
38 the tax credit acquired by the New Jersey S Corporation that is
39 equal to the taxpayer's share, whether or not distributed, of the total
40 pro-rata share of S Corporation income of the New Jersey S
41 Corporation for its privilege period ending within or with the
42 taxpayer's taxable year.

43 e. As used in this section:

44 "Hiring bonus" means a sum of monies, not including salary and
45 wages, paid by the employer to a member of a targeted group,
46 within one month of the date of hire, as an inducement for the
47 acceptance of a position of employment.

“Members of targeted groups” means the same as that term is defined in subsection (d) of section 51 of the federal Internal Revenue Code of 1986, 26 U.S.C. s.51.

3. Notwithstanding any provision of the “Administrative Procedure Act,” P.L.1968, c.410 (C.52:14B-1 et seq.) to the contrary, the Director of the Division of Taxation in the Department of the Treasury may adopt, immediately upon filing with the Office of Administrative Law and no later than the 90th day after the effective date of this act, such rules and regulations as the director deems necessary to implement the provisions of P.L. , c. (pending before the Legislature as this bill), which regulations shall be effective for a period not to exceed 18 months. The regulations shall thereafter be amended, adopted, or readopted by the director in accordance with the provisions of P.L.1968, c.410 (C.52:14B-1 et seq.).

4. This act shall take effect immediately.

STATEMENT

This bill provides corporation business tax and gross income tax credits to businesses that provide hiring bonuses to certain targeted employees. The tax credits would be temporary and apply only to hiring bonuses paid within one year of the enactment of the bill.

Under the bill, the credit would equal the amount of total hiring bonuses, not to exceed \$1,000, paid during the twelve-month period following the enactment of the bill for the employment of certain targeted employees. However, the taxpayer would not be allowed to claim the credit for any hiring bonus that is paid to a person whose employment was terminated by the taxpayer within twelve months of the date of hire.

Specifically, the bill requires the hiring bonus to be paid to “members of targeted groups, as that term is defined under the federal Work Opportunity Tax Credit program, in order to qualify for the tax credit. These targeted employees would include recipients of Temporary Assistance to Needy Families benefits, qualified veterans, qualified ex-felons, designated community residents, qualified recipients of the Supplemental Nutrition Assistance Program, qualified recipients of Supplemental Security Income, qualified recipients of long-term unemployment, and certain other persons.