

# SENATE, No. 153

## STATE OF NEW JERSEY 216th LEGISLATURE

PRE-FILED FOR INTRODUCTION IN THE 2014 SESSION

**Sponsored by:**

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**District 3 (Cumberland, Gloucester and Salem)**

**Senator ROBERT M. GORDON**

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**District 36 (Bergen and Passaic)**

**Co-Sponsored by:**

**Senators Beach, Madden, Ruiz and Turner**

**SYNOPSIS**

The “New Jobs for New Jersey Act.”

**CURRENT VERSION OF TEXT**

Introduced Pending Technical Review by Legislative Counsel



1 AN ACT concerning tax credits for certain employers who hire  
2 certain unemployed workers and supplementing P.L.1948, c.446  
3 (C.34:1A-1 et seq.), P.L.1945, c.162 (C.54:10A-1 et seq.) and  
4 Title 54A of the New Jersey Statutes.

5

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

8

9 1. This act shall be known and may be cited as the “New Jobs  
10 for New Jersey Act.”

11

12 2. As used in this act:

13 “Average total number of full-time employees” means, for an  
14 employer during any 12-month period, the average number of full-  
15 time employees of the employer, based on the employer’s average  
16 weekly rate of full-time employment during that period.

17 “Commissioner” means the Commissioner of Labor and  
18 Workforce Development.

19 “Department” means the Department of Labor and Workforce  
20 Development.

21 “Eligible individual” means an individual who was hired by an  
22 employer as a full-time employee, was not previously employed by  
23 the employer, and did not have full-time employment at any time  
24 during a period of 30 days or more days immediately prior to being  
25 hired by the employer. An eligible individual shall not include an  
26 independent contractor or a consultant.

27 “Employer” means any nongovernmental business entity  
28 including, but not limited to a corporation, S corporation, limited  
29 liability company, partnership, limited partnership, and sole  
30 proprietorship, and shall include all entities related by common  
31 ownership or control, that had an average weekly number of full-  
32 time employees of not more than 100 employees during the 12  
33 months immediately preceding April 1, 2013.

34 “Employer payroll taxes” means the sum of all taxes imposed on  
35 an employer by the following: section 3111 of the Federal Insurance  
36 Contributions Act (26 U.S.C. s.3111); the Federal Unemployment  
37 Tax Act (26 U.S.C. s.3301 et seq.); subsections (a), (b), and (c) of  
38 R.S.43:21-7 for purposes of the “unemployment compensation law”  
39 (R.S.43:21-1 et seq.); subsection (e) of R.S.43:21-7 for purposes of  
40 the “Temporary Disability Benefits Law,” P.L.1948, c.110  
41 (C.43:21-25 et al.); section 2 of P.L.1992, c.44 (C.34:15D-13) for  
42 purposes of the Workforce Development Partnership Fund; and  
43 section 2 of P.L.2001, c.152 (C. 34:15D-22) for purposes of the  
44 Supplemental Workforce Fund for Basic Skills.

45 “Full-time employee” means an employee working not less than  
46 35 hours per week for an employer.

1       3. a. There is established in the department a New Jobs for  
2 New Jersey tax credit program to be administered by the  
3 commissioner. The purpose of the program is to provide incentives  
4 to private sector employers who increase their workforce by hiring  
5 unemployed workers. Under the program, an employer shall be  
6 eligible for a New Jobs for New Jersey tax credit in the amount  
7 provided in subsection b. of this section against the corporation  
8 business tax imposed pursuant to section 5 of P.L.1945, c.162  
9 (C.54:10A-5) or the gross income tax imposed pursuant to the “New  
10 Jersey Gross Income Tax Act,” N.J.S.54A:1-1 et seq., whichever of  
11 the two taxes is applicable to the employer, for each eligible  
12 individual employed by the employer in this State on a full-time  
13 basis during a tax year, if the following requirements are met:

14       (1) The eligible individual or individuals are hired by the  
15 employer after April 1, 2013 and employed full-time during the tax  
16 year for which the tax credit is provided;

17       (2) The employer employs an average total number of full-time  
18 employees during the tax year for which the tax credit is provided  
19 which exceeds the average total number of full-time employees  
20 employed by the employer during the 12-month period immediately  
21 prior to April 1, 2013; and

22       (3) The employer applies for the tax credit in the manner  
23 required by the commissioner and the commissioner approves the  
24 application, and the employer makes available as requested by the  
25 commissioner, all information regarding the number, wages, and  
26 employer payroll taxes of employees of the employer, and any other  
27 information deemed necessary by the commissioner to ensure  
28 compliance with the requirements of this act.

29       b. The amount of the refundable tax credit provided to an  
30 approved employer for each eligible individual employed during a  
31 tax year shall be the total amount of the employer payroll taxes paid  
32 during that tax year by the employer with respect to the eligible  
33 individual, subject to the requirements of subsection a. of this  
34 section. The employer shall receive the tax credit for the number of  
35 eligible individuals employed full-time during the tax year, except  
36 that the number of eligible individuals for which the employer  
37 receives the tax credit shall not exceed the net increase in the total  
38 number of full-time employees. For the purposes of this subsection,  
39 “net increase in the total number of full-time employees” means the  
40 increase, if any, which occurs in the average total number of  
41 individuals employed by the employer full-time during the tax year  
42 over the average total number of full-time employees employed by  
43 the employer during the 12-month period immediately preceding  
44 April 1, 2013.

45       c. An employer may apply for and qualify for a tax credit  
46 pursuant to this act with respect to tax years beginning in calendar  
47 year 2013, 2014, or 2015. If the employer’s application is approved

1 for any of those three tax years, the employer may continue to  
2 receive an amount of tax credit computed pursuant to subsection b.  
3 of this section for any of the tax years:

4 (1) which is in the four-year period immediately following the  
5 first tax year for which the tax credit is approved; and

6 (2) during which the employer meets the requirements of this  
7 section to qualify for the tax credit.

8 d. Upon a determination by the commissioner that the  
9 employer submitting the application is in compliance with the  
10 requirements of this act, the commissioner shall certify to the  
11 Director of the Division of Taxation that the employer is eligible for  
12 a tax credit under this act and the amount of the tax credit, and shall  
13 provide a copy of the certification to the employer.

14

15 4. The commissioner shall provide to the Legislature and the  
16 public, not later than July 1, 2014 and July 1 of each subsequent  
17 year, until and including 2020, a report on the program which shall  
18 include, for the tax year immediately preceding the report each  
19 year, comprehensive data on the costs and benefits of the program,  
20 including the number of participating employers, total amount of  
21 tax credits, and the number of new jobs created and any resulting  
22 benefits of the new jobs, including increased tax revenues. The  
23 report shall include any recommendations the commissioner deems  
24 appropriate regarding the possible extension of the duration, or  
25 other modification, of the program.

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27 5. The commissioner shall promulgate rules and regulations  
28 necessary for the effective implementation of this act.  
29 Notwithstanding any provision of the "Administrative Procedure  
30 Act," P.L.1968, c.410 (C.52:14B-1 et seq.) to the contrary, the  
31 commissioner may adopt, immediately upon filing with the Office  
32 of Administrative Law, such regulations as are necessary to  
33 implement the provisions of this act, which shall be effective for a  
34 period not to exceed 12 months following enactment, and may  
35 thereafter be amended, adopted, or readopted by the commissioner  
36 in accordance with the requirements of the "Administrative  
37 Procedure Act," P.L.1968, c.410 (C.52:14B-1 et seq.).

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39 6. A taxpayer shall be allowed a credit against the corporation  
40 business tax imposed pursuant to section 5 of P.L.1945, c.162  
41 (C.54:10A-5) in the amount certified by the Commissioner of Labor  
42 and Workforce Development as the taxpayer's New Jobs for New  
43 Jersey tax credit amount pursuant to section 3 of P.L. ,  
44 c. (C. ) (pending before the Legislature as this bill). To claim  
45 the New Jobs for New Jersey tax credit amount for a privilege  
46 period, the taxpayer shall include, with the taxpayer's annual  
47 corporation business tax return, the certificate of credit issued for

1 that privilege period by the Commissioner of Labor and Workforce  
2 Development pursuant to section 3 of P.L. , c. (C. )  
3 (pending before the Legislature as this bill).

4 Notwithstanding the minimum tax schedule imposed pursuant to  
5 subsection (e) of section 5 of P.L.1945, c.162 (C.54:10A-5), if the  
6 amount of the tax credit allowed exceeds the amount of corporation  
7 business tax otherwise due pursuant to section 5 of P.L.1945, c.162  
8 (C.54:10A-5), the amount of excess shall be treated as a refundable  
9 overpayment except that interest shall not be paid pursuant to  
10 section 7 of P.L.1992, c.175 (C.54:49-15.1) on the amount of  
11 overpayment attributable to the New Jobs for New Jersey tax credit  
12 amount. The Director of the Division of Taxation shall determine  
13 the order of priority of the application of the credit allowed  
14 pursuant to this section and any other credits allowed by law.

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16 7. a. A taxpayer shall be allowed a credit against the gross  
17 income tax imposed pursuant to the “New Jersey Gross Income Tax  
18 Act” N.J.S.54A:1-1 et seq. in the amount certified by the  
19 Commissioner of Labor and Workforce Development as the  
20 taxpayer’s New Jobs for New Jersey tax credit amount pursuant to  
21 section 3 of P.L. , c. (C. ) (pending before the Legislature  
22 as this bill). To claim the New Jobs for New Jersey tax credit  
23 amount for a taxable year the taxpayer shall include, with the  
24 taxpayer’s annual gross income tax return, the certificate of credit  
25 issued for that taxable year by the Commissioner of Labor and  
26 Workforce Development pursuant to section 3 of P.L. ,  
27 c. (C. ) (pending before the Legislature as this bill).

28 If the amount of the credit allowed exceeds the amount of gross  
29 income tax otherwise due pursuant to the “New Jersey Gross  
30 Income Tax Act,” N.J.S.54A:1-1 et seq. the amount of excess shall  
31 be treated as a refundable overpayment except that interest shall not  
32 be paid pursuant to subsection (f) of N.J.S.54A:9-7 on the amount  
33 of overpayment attributable to the New Jobs for New Jersey tax  
34 credit amount. The Director of the Division of Taxation shall  
35 determine the order of priority of the application of the credit  
36 allowed pursuant to this section and any other credits allowed by  
37 law.

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39 8. This act shall take effect immediately.

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42 STATEMENT

43  
44 This bill establishes a New Jobs for New Jersey tax credit  
45 program to be administered by the Commissioner of Labor and  
46 Workforce Development. The purpose of the program is to provide

1 incentives to small private sector employers who increase their  
2 workforce by hiring unemployed workers.

3 The bill makes an employer of 100 or fewer full-time employees  
4 eligible for a refundable New Jobs for New Jersey tax credit against  
5 the corporation business tax or the gross income tax, whichever  
6 applies to the employer, for each eligible individual employed by  
7 the employer in this State on a full-time basis during a tax year, if  
8 the following requirements are met:

9 1. The eligible individual is hired by the employer after April  
10 1, 2013, is employed full-time during the tax year for which the tax  
11 credit is provided, was not previously employed by the employer,  
12 and did not have full-time employment for 30 or more days prior to  
13 being hired by the employer;

14 2. The employer employs an average total number of full-time  
15 employees during the tax year for which the tax credit is provided  
16 which exceeds the average total number of full-time employees  
17 employed by the employer during the 12-month period immediately  
18 prior to April 1, 2013; and

19 3. The employer submits an application for the tax credit in the  
20 manner required by the commissioner and the commissioner  
21 approves the application, and the employer provides, or makes  
22 available as requested by the commissioner, all information  
23 regarding the number, wages, and employer payroll taxes or any  
24 other information required by the commissioner.

25 The bill sets the amount of the refundable tax credit provided to  
26 an approved employer for each eligible individual employed during  
27 a tax year as the total amount of the employer payroll taxes paid  
28 during that tax year by the employer with respect to that individual,  
29 subject to the requirements of the bill. Employer payroll taxes  
30 include the portion paid by employers of State unemployment,  
31 temporary disability, and workforce development and basic skills  
32 assessments, and federal Social Security, Medicare, and  
33 unemployment taxes. The bill provides that the employer receives  
34 the tax credit only for the number of eligible individuals employed  
35 full-time during the tax year which does not exceed the net increase  
36 in the number of full-time employees employed full-time during the  
37 tax year compared with the average total number of full-time  
38 employees employed by the employer during the 12-month period  
39 immediately preceding April 1, 2013.

40 An employer may apply for and qualify for a tax credit under the  
41 bill with respect to tax years beginning in calendar year 2013, 2014  
42 or 2015. If the employer's application is approved for any of those  
43 three years, the employer may continue to receive the tax credit for  
44 any of the four tax years following that tax year during which the  
45 employer meets the requirements of the bill.

46 Upon a finding by the commissioner of employer compliance  
47 with the bill's requirements, the commissioner is required to certify

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- 1 to the Director of the Division of Taxation that the employer
- 2 eligible for a tax credit under this bill and the amount of the tax
- 3 credit and provide a copy of the certification to the employer.