

[Third Reprint]

ASSEMBLY, No. 583

STATE OF NEW JERSEY
220th LEGISLATURE

PRE-FILED FOR INTRODUCTION IN THE 2022 SESSION

Sponsored by:

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District 5 (Camden and Gloucester)

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District 20 (Union)

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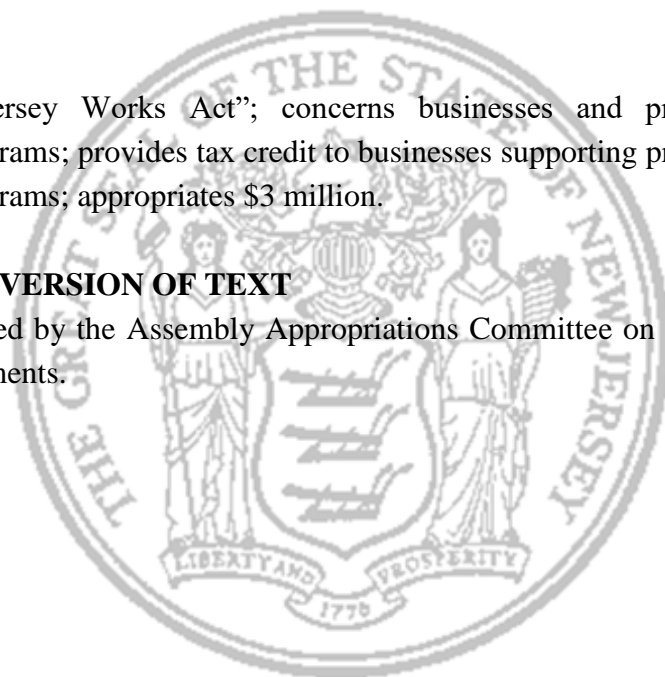
Assemblyman Calabrese, Assemblywomen Sumter, Haider, Assemblymen Atkins, Simonsen, McClellan, Assemblywomen McKnight, Jasey, Assemblyman Wimberly, Assemblywomen Speight, Lampitt, Assemblymen Karabinchak, Freiman, Moriarty, Assemblywomen Murphy and Swain

SYNOPSIS

“New Jersey Works Act”; concerns businesses and pre-employment training programs; provides tax credit to businesses supporting pre-employment training programs; appropriates \$3 million.

CURRENT VERSION OF TEXT

As reported by the Assembly Appropriations Committee on June 22, 2023, with amendments.



(Sponsorship Updated As Of: 6/30/2023)

1 AN ACT concerning pre-employment training programs, ²**[and]**²
2 supplementing P.L.1992, c.43 (C.34:15D-1 et seq.), P.L.1945,
3 c.162 (C.54:10A-1 et seq.), and Title 54A of the New Jersey
4 Statutes ², and making an appropriation².

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

8
9 1. This act shall be known and may be cited as the “New Jersey
10 Works Act.”

11
12 2. As used in ²sections 1 through 4 of² P.L. , c. (C.)
13 (pending before the Legislature as this bill):

14 ²“Agreement” means an agreement between one or more
15 business entities and one or more institutions of higher education,
16 comprehensive high schools, county vocational schools, or
17 nonprofit organizations to establish a pre-employment and work
18 readiness training program.² “Assistance” means the contribution of
19 moneys to aid in the provision of a pre-employment and work
20 readiness training program established by a business entity in
21 partnership with an institution of higher education or a
22 comprehensive high school or county vocational school or
23 nonprofit organization.

24 “Business entity” means any corporation, company, association,
25 society, firm, partnership, joint stock company, sole proprietorship,
26 limited liability entity or individual which is authorized to conduct
27 or operate a trade or business in the State. ¹“Business entity” shall
28 not include any business entity engaged in a construction trade.¹

29 ²“**[**Commission” means the State Employment and Training
30 Commission established pursuant to section 5 of P.L.1989,
31 c.293 (C.34:15C-2).**]**²

32 “Comprehensive high school” means a public or non-public high
33 school located in the State that may grant a State-endorsed diploma
34 to students and offers vocational education.

35 “Department” means the Department of Labor and Workforce
36 Development.

37 “Director” means the Director of the Division of Taxation in the
38 Department of the Treasury.

39 ²“Educational institution ” means an institution of higher
40 education, a comprehensive high school, or a county vocational
41 school.²

42 “Institution of higher education” means any public or
43 independent four-year institution of higher education or a county
44 college.

EXPLANATION – Matter enclosed in bold-faced brackets **[thus]** in the above bill is not enacted and is intended to be omitted in the law.

Matter underlined **thus** is new matter.

Matter enclosed in superscript numerals has been adopted as follows:

¹Assembly ALA committee amendments adopted March 10, 2022.

²Assembly ACE committee amendments adopted December 5, 2022.

³Assembly AAP committee amendments adopted June 22, 2023.

1 “Low income household” means a household whose gross
2 household income is less than 50 percent of the median gross
3 household income for the region in which the business entity is
4 located for households of similar size as determined by the
5 department.

6 “Moderate income household” means a household whose gross
7 household income is greater than or equal to 50 percent but less
8 than 80 percent of the median gross household income of the region
9 in which the business entity is located for households of similar size
10 as determined by the department.

11 “Nonprofit organization” means a private nonprofit corporation
12 that has been determined by the Internal Revenue Service of the
13 United States Department of the Treasury to be exempt from
14 income taxation pursuant to section 501(c)(3) of the federal Internal
15 Revenue Code, 26 U.S.C. s.501(c)(3).

16 ²“Partnership” means an agreement between one or more
17 business entities and one or more institutions of higher education,
18 comprehensive high schools, county vocational schools, or
19 nonprofit organizations to establish a pre-employment and work
20 readiness training program.]²

21

22 3. a. One or more institutions of higher education,
23 comprehensive high schools, county vocational schools, or
24 nonprofit organizations may enter into ²[a partnership] an
25 agreement² with a business entity to establish a pre-employment
26 and work readiness training program. The purpose of the program
27 shall be to recruit, prepare, and educate individuals for entry-level
28 jobs with long-term career potential through paid training programs.
29 The program shall target for recruitment low- and moderate-income
30 households and current workers in need of skills development. A
31 business entity ²[that enters into a partnership]² may provide
32 assistance for a pre-employment and work readiness training
33 program ²[that has been] if the program is² approved by the
34 ²[commission] department² pursuant to section 4 of P.L. ,
35 c. (C.) (pending before the Legislature as this bill) and may
36 receive a credit for such assistance pursuant to ²[sections] section²
37 5 ²[and] or² 6 of P.L. , c. (C. or C.) (pending before the
38 Legislature as this bill).

39 b. Each pre-employment and work readiness training program
40 shall offer no less than 12 weeks of paid training for each
41 participant, and include, but not be limited to training and
42 instruction in the following areas: basic math and English literacy,
43 communication skills, critical thinking, leadership, life skills and
44 job readiness skills training such as conflict management, finance
45 concepts, resume preparation, problem solving, self-awareness and
46 management, and any other requirement deemed necessary by the
47 ²[commission] department². Each pre-employment and work

1 readiness training program participant shall be paid the minimum
 2 wage pursuant to section 5 of P.L.1966, c.113 (C.34:11-56a4) or
 3 any order issued by the Commissioner of Labor and Workforce
 4 Development pursuant to that act.

5 c. Each trainee shall be a minimum of 16 years old ²[, and
 6 no] . An educational² institution ²[of higher education]² or
 7 nonprofit organization shall ²not² determine a trainee's eligibility
 8 for participation in a training program based on the trainee's
 9 possession of a high school diploma or any high school
 10 equivalency. Following the successful completion of a pre-
 11 employment and work readiness training program, each program
 12 shall offer trainees²: (1) college credits for all applicable course
 13 work of the program provided through an institution of higher
 14 education, comprehensive high school, or county vocational school;
 15 or (2)² employment provided through a business entity which has
 16 provided funding for a qualified pre-employment and work
 17 readiness training program, or both.

18 d. Each ²educational² institution ²[of higher education]² or
 19 nonprofit organization shall submit to the ²[commission]
 20 department² the following information three months, six months,
 21 and nine months following the close of ²[the] a² training program:
 22 the number of participants who successfully completed the training
 23 program and the number of participants currently employed by a
 24 business entity, including each participant's job title and salary.

25
 26 4. a. An institution of higher education, comprehensive high
 27 school, county vocational school, or nonprofit organization which ²[is
 28 the recipient of funding provided by the] has entered into an
 29 agreement under section 3 of P.L. , c. (C.) (pending before the
 30 Legislature as this bill) with a² business entity shall submit a
 31 ²proposed² pre-employment ²and work-readiness² training plan to the
 32 ²[commission] department² for approval. Two or more institutions of
 33 higher education, comprehensive high schools, county vocational
 34 schools, or nonprofit organizations may submit a plan to the
 35 ²[commission] department² jointly. Any plan submitted by two or
 36 more institutions of higher education, comprehensive high schools,
 37 vocational schools, or nonprofit organizations shall designate one
 38 institution of higher education, comprehensive high school, vocational
 39 school, or nonprofit organization as the lead organization with
 40 responsibility for the plan. An institution of higher education,
 41 comprehensive high school, ²[or] county² vocational school, or ²[a]²
 42 nonprofit organization that has ²[submitted] proposed² a pre-
 43 employment ²and work-readiness² training plan to the ²[commission]
 44 department² may seek to amend it at any time. The ²[commission]
 45 department² shall approve the amendments so long as the pre-
 46 employment and work readiness training ²[program] plan² complies

1 with the minimum requirements set forth in subsection c. of this
2 section.

3 b. The ²[commission] department² shall review a ²proposed²
4 pre-employment ²and work-readiness² training plan to ²[determine]
5 make ³[an initial] a³ determination as to² whether a proposed pre-
6 employment and work readiness training program qualifies for
7 assistance for which a tax credit may be granted pursuant to
8 ²[sections] section² 5 ²[and] or section² 6 of
9 P.L. , c. (C. or C.) (pending before the Legislature as this
10 bill). ²Upon the department's ³[initial]³ determination ³and
11 certification³ of qualification ³and calculation of credit³, the
12 department shall ³[refer the proposed program and application] send
13 the certification and calculation of credit³ to the Director of Taxation
14 in the Department of the Treasury ³[for final approval, and the
15 Treasury shall notify the department of the final approval] to allow the
16 tax credit to be claimed^{3, 2}.

17 c. The ²[commission] department² shall determine that a
18 ²proposed plan for a² pre-employment and work readiness training
19 program qualifies for assistance if ²[it] the plan² meets all of the
20 following standards:

21 (1) The ²proposed² program consists of pre-employment and work
22 readiness training activities ²[that will] to² benefit low- and moderate-
23 income households and persons in need of early and mid-career skills
24 training or vocational retraining.

25 (2) The ²proposed² program is reasonably designed to accomplish
26 its intended purpose and it would further the purposes of the pre-
27 employment ²and work-readiness² training plan.

28 (3) The ²educational² institution ²[of higher education]² or
29 nonprofit organization demonstrates that it has the capacity to
30 implement the ²proposed² pre-employment ²and work-readiness²
31 training plan.

32 (4) The ²educational² institution ²[of higher education]² or
33 nonprofit organization ²[provides adequate assurances] ensures² that
34 ²[the] financial² assistance ²[will] is to² be expended exclusively to
35 implement the pre-employment ²and work-readiness² training plan.

36 (5) The ²educational² institution ²[of higher education]² or
37 nonprofit organization provides documentation of its ²[graduation]
38 completion² rates ²[and of the percentage of students placed in
39 employment relevant to their training and coursework]².

40
41 5. a. A taxpayer, upon ²final² approval of an application ²[to]
42 by² the ³[director] department³, shall be allowed a credit against the
43 tax imposed pursuant to section 5 of P.L.1945, c.162 (C.54:10A-5) in
44 an amount equal to 100 percent of the amount of assistance provided
45 by the taxpayer to an institution of higher education, comprehensive

1 high school, county vocational school, or nonprofit organization
2 during a privilege period commencing on or after January 1 next
3 following the enactment of P.L. , c. (C.) (pending before the
4 Legislature as this bill) for an approved pre-employment and work
5 readiness training program established in ²**[partnership] agreement²**
6 with an institution of higher education, comprehensive high school,
7 county vocational school, or nonprofit organization pursuant to section
8 3 of P.L. , c. (C.) (pending before the Legislature as this bill).

9 b. No tax credit shall be awarded pursuant to this section for any
10 costs or expenses included in the calculation of any other tax credit or
11 exemption granted pursuant to a claim made on a tax return filed with
12 the director, or included in the calculation of an award of business
13 assistance or incentive, for a period of time that coincides with the
14 privilege period for which a tax credit pursuant to this section is
15 allowed. The order of priority of application of the tax credit allowed
16 pursuant to this section, and any other credits allowed against the tax
17 imposed pursuant to section 5 of P.L.1945, c.162 (C.54:10A-5) for a
18 privilege period, shall be as prescribed by the director. The amount of
19 the credit applied against the tax imposed pursuant to section 5 of
20 P.L.1945, c.162 (C.54:10A-5) shall not reduce a taxpayer's tax
21 liability to an amount less than the statutory minimum provided in
22 subsection (e) of section 5 of P.L.1945, c.162 (C.54:10A-5).

23 c. The value of tax credits approved by the director pursuant to
24 subsection a. of this section and pursuant to subsection a. of section 6
25 of P.L. , c. (C.) (pending before the Legislature as this bill)
26 shall not exceed a cumulative total of \$12,000,000 in State fiscal year
27 ²**[2020] 2023²**, and in each State fiscal year thereafter, to apply
28 against the tax imposed pursuant to section 5 of P.L.1945,
29 c.162 (C.54:10A-5) and the tax imposed pursuant to the "New Jersey
30 Gross Income Tax Act," N.J.S.54A:1-1 et seq. If the cumulative total
31 amount of tax credits allowed to taxpayers ²**[pursuant]²** for privilege
32 periods or taxable years commencing during a single fiscal year under
33 subsection a. of this section and subsection a. of section 6 of P.L. , c.
34 (C.) (pending before the Legislature as this bill) exceeds the
35 amount of tax credits available in that fiscal year, then taxpayers who
36 have first applied for and have not been allowed a tax credit for that
37 reason shall be allowed, in the order in which they have submitted an
38 application, the amount of the tax credit on the first day of the next
39 succeeding fiscal year in which tax credits under subsection a. of this
40 section and subsection a. of section 6 of P.L. , c. (C.) (pending
41 before the Legislature as this bill) are not in excess of the amount of
42 credits available.

43 d. A taxpayer shall submit to the ³**[director] department³** a report
44 to verify the taxpayer's tax credit claim. The report shall include a
45 certification from an institution of higher education, a comprehensive
46 high school, a county vocational school, or a nonprofit organization
47 that the assistance ²**[is to be] was²** used for an approved pre-

1 employment and work readiness training program ²,² and ²shall
2 include² such other information as ²["shall be determined by"]² the
3 ³["director"] department³ ²may require². The certification shall be
4 provided to the taxpayer and a copy of the certification shall be
5 ³provided to the director and³ included in the filing of a return that
6 includes a claim for a tax credit allowed pursuant to this section

7
8 6. a. A taxpayer, upon approval of an application ³["to"] by³ the
9 ³["director"] department³, shall be allowed a credit against the tax
10 otherwise due for the taxable year under the "New Jersey Gross
11 Income Tax Act," N.J.S.54A:1-1 et seq., in an amount equal to 100
12 percent of the amount of assistance provided by the taxpayer to an
13 institution of higher education, comprehensive high school, county
14 vocational school, or nonprofit organization during a taxable year
15 commencing on or after January 1 next following the enactment of
16 P.L. , c. (C.) (pending before the Legislature as this bill) for an
17 approved pre-employment and work readiness training program
18 established in ²["partnership"] agreement² with an ²educational²
19 institution ²["of higher education"]² or a nonprofit organization
20 pursuant to section 3 of P.L. , c. (C.) (pending before the
21 Legislature as this bill).

22 b. No tax credit shall be allowed pursuant to this section for any
23 costs or expenses included in the calculation of any other tax credit or
24 exemption granted pursuant to a claim made on a tax return filed with
25 the director, or included in the calculation of an award of business
26 assistance or incentive, for a period of the time that coincides with the
27 taxable year, for which a tax credit authorized pursuant to this section
28 is allowed. ³["The order of priority of the application of the credit
29 allowed pursuant to this section, and any other credits allowed against
30 the tax imposed pursuant to N.J.S.54A:1-1 et seq. for a taxable year,
31 shall be as prescribed by the director. The amount of the credit applied
32 against the New Jersey gross income tax imposed pursuant to
33 N.J.S.54A:1-1 shall not reduce a taxpayer's tax liability to an amount
34 less than zero."] ³

35 c. (1) A business entity that is classified as a partnership for
36 federal income tax purposes shall not be allowed a tax credit pursuant
37 to this section directly, but the amount of tax credit of a taxpayer in
38 respect to a distributive share of entity income shall be determined by
39 allocating to the taxpayer that proportion of the tax credit acquired by
40 the entity that is equal to the taxpayer's share, whether or not
41 distributed, of the total distributive income or gain of the entity for its
42 taxable year ending within or with the taxpayer's taxable year.

43 (2) A New Jersey S Corporation shall not be allowed a tax credit
44 pursuant to this section directly, but the amount of the tax credit of a
45 taxpayer in respect of a pro rata share of S Corporation income shall
46 be determined by allocating to the taxpayer that proportion of the tax
47 credit acquired by the New Jersey S Corporation that is equal to the

1 taxpayer's share, whether or not distributed, of the total pro rata share
2 of S Corporation income of the New Jersey S Corporation for its
3 privilege period ending within or with the taxpayer's taxable year.

4 d. The value of tax credits approved by the ³**[director]**
5 department³ pursuant to subsection a. of this section and pursuant to
6 subsection a. of section 5 of P.L. , c. (C.) (pending before the
7 Legislature as this bill) shall not exceed a cumulative total of
8 \$12,000,000 in State fiscal year ²**[2020]** 2023² and in State each fiscal
9 year thereafter to apply against the tax imposed pursuant to section 5
10 of P.L.1945, c.162 (C.54:10A-5) and the tax imposed pursuant to the
11 "New Jersey Gross Income Tax Act," N.J.S.54A:1-1 et seq. If the
12 cumulative total amount of tax credits allowed to taxpayers for taxable
13 years or privilege period commencing during a single fiscal year under
14 subsection a. of this section and subsection a. of section 5 of P.L. , c.
15 (C.) (pending before the Legislature as this bill) exceeds the
16 amount of tax credits available in that fiscal year, then taxpayers who
17 have first applied for and have not been allowed a tax credit for that
18 reason shall be allowed, in the order in which they have submitted an
19 application, the amount of tax credit on the first day of the next
20 succeeding fiscal year in which tax credits under subsection a. of this
21 section and subsection a. of section 5 of P.L. , c. (C.) (pending
22 before the Legislature as this bill) are not in excess of the amount of
23 credits available.

24 e. A taxpayer shall submit to the ³**[director]** department³ a report
25 to verify the taxpayer's tax credit claim. The report shall include a
26 certification from an institution of higher education, a comprehensive
27 high school, a county vocational school, or a nonprofit organization
28 that the assistance ²**[is to be]** was² used for an approved pre-
29 employment and work readiness training program ²,² and ²shall
30 include² such other information as ²**[shall be determined by]**² the
31 ³**[director]** department³ ²may require². The certification shall be
32 provided to the taxpayer and a copy of the certification shall be
33 ³provided to the director and³ included in the filing of a return that
34 includes a claim for a tax credit allowed pursuant to this section.
35

36 ¹7. Following two years from the effective date of this act, the
37 ²**[State Treasurer]** Department of State² shall prepare, or cause to
38 be prepared, an appropriate study and analysis of the efficacy of the
39 training programs and tax credits, including but not limited to,
40 employment and education outcomes of participants and the costs
41 and benefits of the programs and tax credits to the State. Upon its
42 completion, copies of the report shall be transmitted to the
43 Governor and the Legislature pursuant to section 2 of P.L.1991,
44 c.164 (C.52:14-19.1).¹

1 ²8. There is appropriated from the General Fund to the Department
2 of Labor and Workforce Development ³and the Division of Taxation
3 such funds as are necessary ³ \$3 million ³ to implement the provisions
4 and to effectuate the purposes of this act.²

5
6 ¹[7.] ²[8.1] ^{9.2} The Commissioner of Labor and Workforce
7 Development shall ³, in consultation with the Director of the Division
8 of Taxation, ³ adopt rules and regulations pursuant to the
9 “Administrative Procedure Act,” P.L.1968, c.410 (C.52:14B-1 et seq.),
10 to effectuate ³[sections 3 and 4 of] the purposes of³ this act.

11
12 ³¹[8.] ²^{9.1} ^{10.2} The Director of the Division of Taxation in
13 the Department of the Treasury shall adopt rules and regulations
14 pursuant to the “Administrative Procedure Act,” P.L.1968, c.410
15 (C.52:14B-1 et seq.), to effectuate sections 5 and 6 of this act. ³

16
17 ¹[9.] ²[10.1] ³[11.2] ^{10.3} This act shall take effect
18 ²[immediately] 180 days following the date of enactment,² and
19 sections 5 and 6 shall apply to privilege periods and taxable years
20 beginning on or after the January 1 next following the ³effective³ date
21 ³[of enactment]³ ²¹, and the act shall expire 30 days following the
22 completion of the study conducted by the State Treasurer pursuant to
23 section 7 of this act¹².