

ASSEMBLY APPROPRIATIONS COMMITTEE

STATEMENT TO

[Second Reprint]

ASSEMBLY, No. 583

with committee amendments

STATE OF NEW JERSEY

DATED: JUNE 22, 2023

The Assembly Appropriations Committee reports favorably Assembly Bill No. 583 (2R), with committee amendments.

This bill, titled the “New Jersey Works Act,” would incentivize businesses to establish pre-employment and work readiness training programs together with certain types of educational institutions or with nonprofit organizations. Under the bill, a business may receive a credit against the corporation business tax or gross income tax for 100 percent of the financial assistance provided to support a qualified pre-employment and work readiness training program approved by the Department of Labor and Workforce Development (department). Business engaged in a construction trade are excluded from participating in the bill’s training programs.

The bill would authorize the award of \$12 million in tax credits per State fiscal year to taxpayers that have established an approved pre-employment and work readiness training program with an institution of higher education, a comprehensive high school, a vocational school, or a nonprofit organization.

The bill would require an educational institution or nonprofit organization, which has entered into an agreement with a business entity to establish a training program, to submit a proposed pre-employment and work readiness training plan to the department for approval. At a minimum, each pre-employment and work readiness training program must offer 12 weeks of paid training, at the minimum wage for each participant, and include, but not be limited to instruction and training in the following areas: basic math and English literacy, communication skills, critical thinking, leaderships, life skills and job readiness skills training, such as conflict management, finance concepts, resume preparation, problem solving, self-awareness and management, and any other training deemed necessary by the department. A single pre-employment training plan may be submitted by multiple educational institutions or nonprofit organizations, but the plan must designate one entity as the lead organization with responsibility for the plan.

Program participants must be a minimum of 16 years old. An educational institution or nonprofit organization may not determine a trainee's eligibility for participation in the training program based on the trainee's possession of either a high school diploma or a high school equivalency. Each program would offer trainees employment with a business entity which has provided funding for a qualified pre-employment and work readiness training program.

The bill would require the department to review each proposed pre-employment and work-readiness training plan to make an initial determination of whether the proposed training program qualifies for financial assistance based on whether the program:

(1) consists of pre-employment and work readiness training activities to benefit low- and moderate-income households and persons in need of mid-career skills training or vocational retraining; and

(2) is reasonably designed to accomplish its intended purpose and further the purposes of the proposed training plan.

Additionally, the educational institution or nonprofit organization must: demonstrate that it has the capacity to implement the plan; ensure that financial assistance will be expended exclusively to implement the plan, and provide documentation of its completion rates.

If the department makes an initial determination that a proposed plan qualifies under the program guidelines, the department would refer the proposal to the Director of the Division of Taxation for final approval, and the director would notify the department of a final approval

The bill would require the Department of State to conduct a study of the efficacy of the training programs and tax credits following two years from the date of enactment of the bill and report the findings to the Governor and the Legislature.

PROPOSED COMMITTEE AMENDMENTS:

The committee proposes to amend the bill to:

(1) appropriate \$3 million from the General Fund to implement the provisions and to effectuate the purposes of the bill; and

(2) clarify that the Department of Labor and Workforce Development approves applications and tax credit amounts, instead of the Director of Taxation in the Department of the Treasury.

FISCAL IMPACT:

The Office of Legislative Services (OLS) concludes that this bill will result in an annual net decrease in State revenues. Several factors, such as the amount of assistance provided to pre-employment and work readiness training programs and the number of participants that receive employment following program completion will impact the specific magnitude of the direct and indirect State revenue effects of the bill.

The direct State revenue loss may be partially offset by the indirect State revenue effects catalyzed through new training and employment opportunities, such as additional State revenues from program participants hired by business entities that provide assistance to pre-employment and worker readiness training programs. In contrast, the fiscal effects generated by employment opportunities by credit-receiving businesses that will be created irrespective of the tax credit award cannot be attributed to the bill.

The bill appropriates \$3 million to the Department of Labor and Workforce Development to effectuate the purposes of the bill. If the full \$3 million is not expended in the first year the bill is in effect, the residual amount will be spent in subsequent fiscal years until the full \$3 million is exhausted.