ASSEMBLY, No. 1469

STATE OF NEW JERSEY
220th LEGISLATURE

PRE-FILED FOR INTRODUCTION IN THE 2022 SESSION

Sponsored by:
Assemblywoman YVONNE LOPEZ
District 19 (Middlesex)
Assemblyman ROY FREIMAN
District 16 (Hunterdon, Mercer, Middlesex and Somerset)
Assemblywoman ELIANA PINTOR MARIN
District 29 (Essex)

Co-Sponsored by:
Assemblywomen Timberlake, Reynolds-Jackson, Haider and Park

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

CURRENT VERSION OF TEXT
Introduced Pending Technical Review by Legislative Counsel.

(Sponsorship Updated As Of: 3/17/2022)
AN ACT allowing a gross income tax credit for certain child care providers and supplementing Title 54A of New Jersey Statutes.

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

1. The Legislature finds and declares that:
   a. Even before the start of the coronavirus disease 2019 (COVID-19) pandemic, New Jersey’s child care industry struggled to find and retain teaching staff due to chronically low wages paid to child care employees.
   b. Since the COVID-19 pandemic, child care programs throughout New Jersey are not only losing teachers and assistant teachers but are struggling to find qualified staff to take their places.
   c. Over the last year, the responsibilities of child care teachers have become increasingly demanding and complex, yet many child care programs cannot afford to compensate their teachers above a minimum wage.
   d. While the Department of Human Services has increased State child care subsidy rates and continues to pay child care programs based on the number of children enrolled rather than attendance, the State’s child care system has been inadequately funded for so long that any additional financial assistance is often not reflected in augmented wages for child care program staff.
   e. Without sufficient staffing, child care programs cannot adequately care for and educate the number of children needing care, which directly impacts their parents’ ability to participate in the workforce.
   f. In order to address the State’s child care staffing crisis and to ensure the continued success of child care programs and the teaching staff who care for, educate, and support the low-income families, it is in the best interest of the State to provide direct relief to financially struggling child care program employees.

2. a. A credit against the tax otherwise due for the taxable year under the “New Jersey Gross Income Tax Act,” N.J.S.54A:1-1 et seq., shall be allowed on the New Jersey gross income of any staff member working for a child care provider, licensed pursuant to the “Child Care Center Licensing Act,” P.L.1983, c.492 (C.30:5B-1 et seq.), who directly supervise children as defined in N.J.A.C. 3A:52-4.3 or a family day care provider, registered by a family day care sponsoring organization pursuant to the “Family Day Care Provider Registration Act,” P.L.1987, c.27 (C.30:5B-16 et seq.), who has been employed by a licensed child care provider or worked as a registered family day care provider in their current position for a minimum of 1,260 hours for a six month period during the taxable year.
b. For a staff member working for a child care provider who
directly supervises children or registered family day care provider
with an individual gross income:
(1) less than $25,000, the amount of the credit shall be equal to
$1,000 for providing child care services to children 30 months of
age or older, and $1,500 for providing child care services to
children from birth to the age of 30 months;
(2) between $25,000 to $35,000, the amount of the credit shall be
equal to $750 for providing child care services to children 30
months of age or older, and $1,000 for providing child care services
to children from birth to the age of 30 months; and
(3) between $35,001 and $45,000, the amount of the credit shall
be equal to $500 for providing child care services to children 30
months of age or older, and $750 for providing child care services
to children from birth to the age of 30 months.
(4) The amount of credit allowed on the gross income of a staff
member working for a child care provider who directly supervises
children or registered family day care provider for providing child
care services to children from birth to the age of 30 months shall
only apply to a staff member or provider who spends at least 50%
of the classroom teacher’s or provider’s employment time providing
such services.
c. (1) For a staff member working for a child care provider
who directly supervises children or registered family day care
provider who has gross income for the taxable year of less than
$45,000: if the amount of credit allowed pursuant to this section for
the taxable year, together with any other payments or credits against
the tax, reduces the tax liability otherwise due for the taxable year
to zero, any amount of credit remaining shall be paid to the
taxpayer as a refund of an overpayment of tax pursuant to
N.J.S.54A:9-7, provided that subsection (f) of N.J.S.54A:9-7 shall
not apply.
(2) For a staff member working for a child care provider who
directly supervises children or registered family day care provider
who has gross income for the taxable year of $45,000: if the amount
of credit allowed pursuant to this section for the taxable year,
short with any other payments or credits against the tax, reduces
the tax liability otherwise due for the taxable year to zero, any
amount of credit remaining shall be carried forward to the next
taxable year. No portion of a credit shall carry forward to more than
the next taxable year following the year in which the credit is first
allowed.
d. The order of priority of the application of the credit allowed
pursuant to this section and any other credits allowed against the
gross income tax for the taxable year shall be as prescribed by the
Director of the Division of Taxation in the Department of the
Treasury.
A credit allowed pursuant to this section shall not be taken into account as income or receipts for purposes of determining the eligibility of a taxpayer for benefits or assistance or the amount or extent of benefits or assistance under any State program and, to the extent permitted by federal law, under any State program financed in whole or in part with federal funds.

3. This act shall take effect immediately and apply to taxable years beginning January 1 next following enactment.

STATEMENT

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

The credit amount varies depending on the staff member’s or registered family day care provider’s income. If the staff member’s or provider’s income is (1) less than $25,000, the amount of the credit shall be equal to $1,000 for providing child care services to children 30 months of age or older, and $1,500 for providing child care services to children from birth to the age of 30 months; (2) between $25,000 to $35,000, the amount of the credit shall be equal to $750 for providing child care services to children 30 months of age or older, and $1,000 for providing child care services to children from birth to the age of 30 months; and (3) between $35,001 and $45,000, the amount of the credit shall be equal to $500 for providing child care services to children 30 months of age or older, and $750 for providing child care services to children from birth to the age of 30 months.

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

For a staff member working for a child care provider who directly supervises children or registered family day care provider with less than $45,000 of gross income, the credit is refundable. If the staff member or provider has no tax liability to use the whole or
part of the credit against, the staff member or provider would receive the remaining credit amount from the State in cash. For a staff member or provider with income of $45,000, any remaining credit may be carried forward to the next taxable year, but may not be carried forward beyond that. The credit allowed by this bill cannot be taken into account as income or receipts for purposes of determining the eligibility of a taxpayer for benefits or assistance or the amount or extent of benefits or assistance under any State program and any State program financed in whole or in part with federal funds.