

SENATE, No. 2479

STATE OF NEW JERSEY
220th LEGISLATURE

INTRODUCED MAY 9, 2022

Sponsored by:

Senator M. TERESA RUIZ

District 29 (Essex)

Senator JOSEPH F. VITALE

District 19 (Middlesex)

Co-Sponsored by:

Senators Cruz-Perez, Cryan, Cunningham, Singleton, Turner and Stack

SYNOPSIS

Provides temporary corporation business tax and gross income tax credits for certain employer-provided child care expenditures.

CURRENT VERSION OF TEXT

As introduced.



(Sponsorship Updated As Of: 10/6/2022)

1 AN ACT providing credits against the corporation business tax and
2 the gross income tax for certain employer-provided child care
3 expenditures, supplementing P.L.1945, c.162 (C.54:10A-1 et
4 seq.) and chapter 4 of Title 54A of the New Jersey Statutes.

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

8
9 1. a. For privilege periods beginning in the three calendar
10 years following the effective date of P.L. , c. (C.) (pending
11 before the Legislature as this bill), a taxpayer shall be allowed a
12 credit against the tax imposed pursuant to section 5 of P.L.1945,
13 c.162 (C.54:10A-5), in an amount equal to 50 percent of up to
14 \$50,000 of expenses paid or incurred by the taxpayer to acquire,
15 construct, reconstruct, renovate, or otherwise improve real property
16 in this State that is to be used by the taxpayer, or another person
17 under contract or agreement with the taxpayer, to conduct,
18 maintain, and operate a qualified child care center primarily for the
19 children of individuals employed by the taxpayer.

20 b. To be eligible to apply the credit allowed in accordance with
21 subsection a. of this section against the tax imposed pursuant to
22 section 5 of P.L.1945, c.162 (C.54:10A-5), a taxpayer shall make
23 and enter into an agreement with the director on or before the last
24 day of the privilege period for which the credit is first applied.

25 The agreement shall require the taxpayer to submit to the
26 director all receipts, bills, invoices, and other similar documents
27 that the director determines to be necessary to verify the costs paid
28 or incurred by the taxpayer.

29 The agreement shall require the taxpayer to demonstrate to the
30 director that the real property acquired, constructed, reconstructed,
31 renovated, or otherwise improved in this State is not part of the
32 principal residence of the taxpayer or part of the principal residence
33 of an individual employed by the taxpayer.

34 The agreement shall require the taxpayer to demonstrate to the
35 director that the real property acquired, constructed, reconstructed,
36 renovated, or otherwise improved in this State is used by the
37 taxpayer, or another person under contract or agreement with the
38 taxpayer, to conduct, maintain, and operate a qualified child care
39 center primarily for the children of individuals employed by the
40 taxpayer on the date the agreement is entered into.

41 The agreement shall require the taxpayer to use the real property
42 acquired, constructed, reconstructed, renovated, or otherwise
43 improved in this State to conduct, maintain, and operate, either
44 directly or indirectly by another person under contract or agreement
45 with the taxpayer, a qualified child care center primarily for the
46 children of individuals employed by the taxpayer for a period of 60
47 consecutive months beginning on the first day of the first month
48 next following the date the agreement is entered into.

1 The agreement shall require the taxpayer to notify the director in
2 writing if, at any time during the 60-month period in which the real
3 property is required to be used as a qualified child care center, the
4 real property is not used by the taxpayer, or another person under
5 contract or agreement with the taxpayer, to conduct, maintain, and
6 operate a qualified child care center primarily for the children of
7 individuals employed by the taxpayer.

8 The agreement shall require the taxpayer to repay the amount of
9 credit allowed in accordance with subsection a. of this section that
10 has been applied to reduce the taxpayer's liability for tax, and shall
11 prohibit the taxpayer from applying any unused amount of credit
12 allowed in accordance with subsection a. of this section, if the
13 taxpayer is required to notify the director of the taxpayer's failure to
14 conduct, maintain, and operate a qualified child care center during
15 the 60-month period in which the real property is required to be
16 used as a qualified child care center; provided, however, that the
17 taxpayer shall not be required to repay the amount of any credit, or
18 be prohibited from applying any unused credit, allowed in
19 accordance with subsection a. of this section, if the taxpayer's
20 failure to conduct, maintain, and operate the qualified child care
21 center during the 60-month period results from a casualty loss,
22 involving the qualified child care center, or if another person, under
23 contract or agreement with the taxpayer and the director, assumes
24 the taxpayer's responsibility to use the real property to conduct,
25 maintain, and operate a qualified child care center primarily for the
26 children of individuals employed by that person for the remainder
27 of the 60-month period.

28 The agreement shall require the director to assess the amount of
29 any credit allowed in accordance with subsection a. of this section
30 that is required to be repaid by the taxpayer, give notice of the
31 assessment to the taxpayer, and make demand upon the taxpayer for
32 payment of the assessment to be made within 30 days of the date
33 notice and demand is mailed to the taxpayer by the director.

34 The agreement shall require the taxpayer to pay to the director
35 interest on an assessment, or any portion of an assessment, that is
36 not paid in full within 30 days of the date notice and demand is
37 mailed at a rate of three percentage points above the prime rate
38 assessed for each month or fraction thereof, compounded annually
39 at the end of each year, from the date the credit allowed in
40 accordance with subsection a. of this section was first applied to
41 reduce the taxpayer's liability for tax, or the date the taxpayer made
42 and filed an application with the director for a tax credit transfer
43 certificate, until the date payment is made.

44 The agreement shall stipulate that an assessment, and any
45 interest on an assessment, required to be paid by the taxpayer is a
46 deficiency with respect to the payment of a State tax. The director
47 shall be provided all rights, powers, and duties authorized under the
48 State Uniform Tax Procedure Law, R.S.54:48-1 et seq., to ensure

1 the payment, collection, or recovery of the deficiency and the
2 taxpayer shall be afforded all protections, rights, and remedies
3 allowed under R.S.54:48-1 et seq. to challenge, protest, or appeal
4 the deficiency or any determination or decision rendered in
5 connection with the deficiency.

6 c. If two or more taxpayers pay or incur costs on or after the
7 effective date of P.L. , c. (C.) (pending before the
8 Legislature as this bill), to acquire, construct, reconstruct, renovate,
9 or otherwise improve real property in this State that is to be used
10 jointly by the taxpayers, or another person under contract or
11 agreement with the taxpayers, to conduct, maintain, and operate a
12 qualified child care center primarily for the children of individuals
13 employed by the taxpayers, each taxpayer shall be allowed a credit
14 in accordance with subsection a. of this section for that portion of
15 the costs paid or incurred by that taxpayer; provided however, that
16 to be eligible to apply the credit allowed in accordance with
17 subsection a. of this section to reduce a liability for tax each
18 taxpayer separately shall make and enter into an agreement with the
19 director in accordance with subsection b. of this section.

20 d. The order of priority of the application of the credit allowed
21 in accordance with subsection a. of this section and any other
22 credits allowed by law against the tax imposed pursuant to section 5
23 of P.L.1945, c.162 (C.54:10A-5) shall be as prescribed by the
24 director.

25 The amount of credit allowed in accordance with subsection a. of
26 this section that is applied against the tax liability of the taxpayer
27 for a privilege period, together with any other credits allowed
28 against the tax imposed pursuant to section 5 of P.L.1945,
29 c.162 (C.54:10A-5), shall not exceed 50 percent of the tax liability
30 otherwise due, and shall not reduce the tax liability otherwise due,
31 to an amount less than the statutory minimum provided in
32 subsection (e) of section 5 of P.L.1945, c.162 (C.54:10A-5).

33 The amount of any credit allowed in accordance with subsection
34 a. of this section that is not applied to reduce the tax liability of the
35 taxpayer for a privilege period due to the limitations and conditions
36 of this subsection may be carried forward, if necessary, to be used
37 by the taxpayer against the tax imposed pursuant to section 5 of
38 P.L.1945, c.162 (C.54:10A-5) in each of the seven privilege periods
39 following the privilege period for which the credit is allowed.

40 e. As used in this section:

41 “Grow NJ Kids” means New Jersey’s quality rating improvement
42 system designed to raise the quality of child care and early learning
43 programs.

44 “Highly compensated employee” means the individuals
45 employed by the taxpayer who, in the aggregate, receive the top 25
46 percent of all employee compensation paid by the taxpayer.

47 “Qualified child care center” means a facility that is licensed as a
48 child care center by the Department of Children and Families in

1 accordance with the “Child Care Licensing Act,” P.L.1983,
2 c.492 (C.30:5B-1 et seq.), and participates in Grow NJ Kids;
3 provided, however, that a “qualified child care center” shall not
4 include a facility licensed by the department if:

5 the principal use of the facility is for some purpose other than the
6 care, development, and supervision of children, unless the facility is
7 the principal residence of the person who owns and operates the
8 qualified child care center;

9 the facility is not used on a regular basis to provide for the care,
10 development, and supervision of children;

11 enrollment in the facility is not open to children of individuals
12 employed by the taxpayer; or

13 use of the facility is limited or restricted under procedures,
14 criteria, or other systems of selection that unfairly discriminate in
15 favor of highly compensated employees, or that unfairly
16 discriminate in favor of individuals employed by the taxpayer on
17 the basis of race, creed, religion, sex, national origin, disability, or
18 marital status.

19
20 2. a. For privilege periods beginning in the three calendar
21 years following the effective date of P.L. , c. (C.) (pending
22 before the Legislature as this bill), a taxpayer shall be allowed a
23 credit against the tax imposed pursuant to section 5 of P.L.1945,
24 c.162 (C.54:10A-5), in an amount equal to:

25 50 percent of up to \$50,000 of expenses paid or incurred by the
26 taxpayer during the privilege period to conduct, maintain, and
27 operate a qualified child care center of the taxpayer that is used
28 primarily by the children of individuals employed by the taxpayer;

29 50 percent of up to \$50,000 of the amount paid by the taxpayer
30 during the privilege period to another person to conduct, maintain,
31 and operate, under contract or agreement with the taxpayer, a
32 qualified child care center of the taxpayer that is used primarily by
33 the children of individuals employed by the taxpayer;

34 50 percent of up to \$50,000 of the amount paid by the taxpayer
35 during the privilege period to another person, under contract or
36 agreement with the taxpayer, for the provision of child care to
37 children of individuals employed by the taxpayer at a qualified
38 child care center; or

39 10 percent of up to \$50,000 of the cost paid or incurred by the
40 taxpayer during the privilege period for the provision, by the
41 taxpayer or by another person under contract or agreement with the
42 taxpayer, of qualified child care information and referral services to
43 individuals employed by the taxpayer.

44 b. If two or more taxpayers jointly pay or incur costs or jointly
45 pay amounts eligible for the credit allowed in accordance with
46 subsection a. of this section during the privilege period, each
47 taxpayer shall be allowed a credit for that portion of the costs paid

1 or incurred by that taxpayer or that portion of the amounts paid by
2 that taxpayer.

3 c. The order of priority of the application of the credit allowed
4 in accordance with subsection a. of this section and any other
5 credits allowed by law against the tax imposed pursuant to section 5
6 of P.L.1945, c.162 (C.54:10A-5) shall be as prescribed by the
7 director.

8 The amount of credit allowed in accordance with subsection a. of
9 this section that is applied against the tax liability of the taxpayer
10 for a privilege period, together with any other credits allowed
11 against the tax imposed pursuant to section 5 of P.L.1945,
12 c.162 (C.54:10A-5), shall not exceed 50 percent of the tax liability
13 otherwise due, and shall not reduce the tax liability otherwise due to
14 an amount less than the statutory minimum provided in subsection
15 (e) of section 5 of P.L.1945, c.162 (C.54:10A-5).

16 The amount of any credit allowed in accordance with subsection
17 a. of this section that is not applied to reduce the tax liability of the
18 taxpayer for a privilege period due to the limitations and conditions
19 of this subsection may be carried forward, if necessary, to be used
20 by the taxpayer against the tax imposed pursuant to section 5 of
21 P.L.1945, c.162 (C.54:10A-5) in each of the seven privilege periods
22 following the privilege period for which the credit is allowed.

23 d. As used in this section:

24 “Grow NJ Kids” means New Jersey’s quality rating improvement
25 system designed to raise the quality of child care and early learning
26 programs.

27 “Highly compensated employee” means the individuals
28 employed by the taxpayer who, in the aggregate, receive the top 25
29 percent of all employee compensation paid by the taxpayer.

30 “Qualified child care center” means a facility that is licensed as a
31 child care center by the Department of Children and Families in
32 accordance with the “Child Care Licensing Act,” P.L.1983,
33 c.492 (C.30:5B-1 et seq.), and participates in Grow NJ Kids;
34 provided however, that a “qualified child care center” shall not
35 include a facility licensed by the department if:

36 the principal use of the facility is for some purpose other than the
37 care, development, and supervision of children, unless the facility is
38 the principal residence of the person who owns and operates the
39 qualified child care center;

40 the facility is not used on a regular basis to provide for the care,
41 development, and supervision of children;

42 enrollment in the facility is not open to children of individuals
43 employed by the taxpayer; or

44 use of the facility is limited or restricted under procedures,
45 criteria, or other systems of selection that unfairly discriminate in
46 favor of highly compensated employees, or that unfairly
47 discriminate in favor of individuals employed by the taxpayer on

1 the basis of race, creed, religion, sex, national origin, disability, or
2 marital status.

3 “Qualified child care information and referral services” means
4 services that, at a minimum, identify local child care services,
5 provide information describing local child care services available to
6 individuals employed by the taxpayer, and make referrals of
7 individuals employed by the taxpayer to appropriate child care
8 services when openings are available.

9
10 3. a. For the three taxable years following the effective date of
11 P.L. , c. (C.) (pending before the Legislature as this bill), a
12 taxpayer shall be allowed a credit against the tax otherwise due for
13 the taxable year under the "New Jersey Gross Income Tax Act,"
14 N.J.S.54A:1-1 et seq., in an amount equal to 50 percent of up to
15 \$50,000 of expenses paid or incurred by the taxpayer to acquire,
16 construct, reconstruct, renovate, or otherwise improve real property
17 in this State that is to be used by the taxpayer, or another person
18 under contract or agreement with the taxpayer, to conduct,
19 maintain, and operate a qualified child care center primarily for the
20 children of individuals employed by the taxpayer.

21 b. To be eligible to apply the credit allowed in accordance with
22 subsection a. of this section against the tax otherwise due for the
23 taxable year under N.J.S.54A:1-1 et seq., a taxpayer shall make and
24 enter into an agreement with the director on or before the last day of
25 the taxable year for which the credit is first applied.

26 The agreement shall require the taxpayer to submit to the
27 director all receipts, bills, invoices, and other similar documents
28 that the director determines to be necessary to verify the costs paid
29 or incurred by the taxpayer.

30 The agreement shall require the taxpayer to demonstrate to the
31 director that the real property acquired, constructed, reconstructed,
32 renovated, or otherwise improved in this State is not part of the
33 principal residence of the taxpayer or part of the principal residence
34 of an individual employed by the taxpayer.

35 The agreement shall require the taxpayer to demonstrate to the
36 director that the real property acquired, constructed, reconstructed,
37 renovated, or otherwise improved in this State is used by the
38 taxpayer, or another person under contract or agreement with the
39 taxpayer, to conduct, maintain, and operate a qualified child care
40 center primarily for the children of individuals employed by the
41 taxpayer on the date the agreement is entered into.

42 The agreement shall require the taxpayer to use the real property
43 acquired, constructed, reconstructed, renovated, or otherwise
44 improved in this State to conduct, maintain, and operate, either
45 directly or indirectly by another person under contract or agreement
46 with the taxpayer, a qualified child care center primarily for the
47 children of individuals employed by the taxpayer for a period of 60

1 consecutive months beginning on the first day of the first month
2 next following the date the agreement is entered into.

3 The agreement shall require the taxpayer to notify the director in
4 writing if, at any time during the 60-month period in which the real
5 property is required to be used as a qualified child care center, the
6 real property is not used by the taxpayer, or another person under
7 contract or agreement with the taxpayer, to conduct, maintain, and
8 operate a qualified child care center primarily for the children of
9 individuals employed by the taxpayer.

10 The agreement shall require the taxpayer to repay the amount of
11 credit allowed in accordance with subsection a. of this section that
12 has been applied to reduce the taxpayer's liability for tax, and shall
13 prohibit the taxpayer from claiming any unused amount of credit
14 allowed in accordance with subsection a. of this section, if the
15 taxpayer is required to notify the director of the taxpayer's failure to
16 conduct, maintain, and operate a qualified child care center during
17 the 60-month period in which the real property is required to be
18 used as a qualified child care center; provided however, that the
19 taxpayer shall not be required to repay the amount of any credit, or
20 be prohibited from applying any unused credit, allowed in
21 accordance with subsection a. of this section, if the taxpayer's
22 failure to conduct, maintain, and operate the qualified child care
23 center during the 60-month period results from a casualty loss,
24 involving the qualified child care center, or if another person, under
25 contract or agreement with the taxpayer and the director, assumes
26 the taxpayer's responsibility to use the real property to conduct,
27 maintain, and operate a qualified child care center primarily for the
28 children of individuals employed by that person for the remainder
29 of the 60-month period.

30 The agreement shall require the director to assess the amount of
31 any credit allowed in accordance with subsection a. of this section
32 that is required to be repaid by the taxpayer, give notice of the
33 assessment to the taxpayer, and make demand upon the taxpayer for
34 payment of the assessment to be made within 30 days of the date
35 notice and demand is mailed to the taxpayer by the director.

36 The agreement shall require the taxpayer to pay to the director
37 interest on an assessment, or portion of an assessment, that is not
38 paid in full within 30 days of the date notice and demand is mailed
39 at a rate of three percentage points above the prime rate assessed for
40 each month or fraction thereof, compounded annually at the end of
41 each year, from the date the credit allowed in accordance with
42 subsection a. of this section was first applied to reduce the
43 taxpayer's liability for tax, or the date the taxpayer made and filed
44 an application with the director for a tax credit transfer certificate,
45 until the date payment is made.

46 The agreement shall stipulate that an assessment, and any
47 interest on an assessment, required to be paid by the taxpayer is a
48 deficiency with respect to the payment of a State tax. The director

1 shall be provided all rights, powers, and duties authorized under the
2 State Uniform Tax Procedure Law, R.S.54:48-1 et seq., to ensure
3 the payment, collection, or recovery of the deficiency and the
4 taxpayer shall be afforded all protections, rights, and remedies
5 allowed under R.S.54:48-1 et seq. to challenge, protest, or appeal
6 the deficiency or any determination or decision rendered in
7 connection with the deficiency.

8 c. If two or more taxpayers pay or incur costs on or after the
9 effective date of P.L. , c. (C.) (pending before the
10 Legislature as this bill), to acquire, construct, reconstruct, renovate,
11 or otherwise improve real property in this State that is to be used
12 jointly by the taxpayers, or another person under contract or
13 agreement with the taxpayers, to conduct, maintain, and operate a
14 qualified child care center primarily for the children of individuals
15 employed by the taxpayers, each taxpayer shall be allowed a credit
16 in accordance with subsection a. of this section for that portion of
17 the costs paid or incurred by that taxpayer; provided, however, that
18 to be eligible to apply the credit allowed in accordance with
19 subsection a. of this section to reduce a liability for tax each
20 taxpayer separately shall make and enter into an agreement with the
21 director in accordance with subsection b. of this section.

22 d. A business entity that is classified as a partnership for
23 federal income tax purposes shall not be allowed the credit directly
24 under N.J.S.54A:1-1 et seq., but the amount of credit of the
25 taxpayer in respect of a distributive share of partnership income
26 shall be determined by allocating to the taxpayer that proportion of
27 the credit acquired by the partnership that is equal to the taxpayer's
28 share, whether or not distributed, of the total distributive income or
29 gain of the partnership for its taxable year ending within or with the
30 taxpayer's taxable year.

31 A taxpayer that is a New Jersey S corporation shall not be
32 allowed the credit directly under N.J.S.54A:1-1 et seq., but the
33 amount of credit of a taxpayer in respect of a pro rata share of S
34 corporation income shall be determined by allocating to the
35 taxpayer that proportion of the credit acquired by the New Jersey S
36 corporation that is equal to the taxpayer's share, whether or not
37 distributed, of the total pro rata share of S corporation income of the
38 New Jersey S corporation for its privilege period ending within or
39 with the taxpayer's taxable year.

40 e. The order of priority of the application of the credit allowed
41 in accordance with subsection a. of this section and any other
42 credits allowed by law against the tax otherwise due for the taxable
43 year under N.J.S.54A:1-1 et seq. shall be as prescribed by the
44 director.

45 f. As used in this section:

46 "Grow NJ Kids" means New Jersey's quality rating improvement
47 system designed to raise the quality of child care and early learning
48 programs.

1 “Highly compensated employee” means the individuals
2 employed by the taxpayer who, in the aggregate, receive the top 25
3 percent of all employee compensation paid by the taxpayer.

4 “Qualified child care center” means a facility that is licensed as a
5 child care center by the Department of Children and Families in
6 accordance with the “Child Care Licensing Act,” P.L.1983,
7 c.492 (C.30:5B-1 et seq.), and participates in Grow NJ Kids;
8 provided however, that a “qualified child care center” shall not
9 include a facility licensed by the department if:

10 the principal use of the facility is for some purpose other than the
11 care, development, and supervision of children, unless the facility is
12 the principal residence of the person who owns and operates the
13 qualified child care center;

14 the facility is not used on a regular basis to provide for the care,
15 development, and supervision of children;

16 enrollment in the facility is not open to children of individuals
17 employed by the taxpayer; or

18 use of the facility is limited or restricted under procedures,
19 criteria, or other systems of selection that unfairly discriminate in
20 favor of highly compensated employees, or that unfairly
21 discriminate in favor of individuals employed by the taxpayer on
22 the basis of race, creed, religion, sex, national origin, disability, or
23 marital status.

24

25 4. a. For the three taxable years following the effective date of
26 P.L. , c. (C.) (pending before the Legislature as this bill), a
27 taxpayer shall be allowed a credit against the tax otherwise due for
28 the taxable year under the "New Jersey Gross Income Tax Act,"
29 N.J.S.54A:1-1 et seq., in an amount equal to:

30 50 percent of up to \$50,000 of expenses paid or incurred by the
31 taxpayer during the taxable year to conduct, maintain, and operate a
32 qualified child care center of the taxpayer that is used primarily by
33 the children of individuals employed by the taxpayer;

34 50 percent of up to \$50,000 of the amount paid by the taxpayer
35 during the taxable year to another person to conduct, maintain, and
36 operate, under contract or agreement with the taxpayer, a qualified
37 child care center of the taxpayer that is used primarily by the
38 children of individuals employed by the taxpayer;

39 50 percent of up to \$50,000 of the amount paid by the taxpayer
40 during the taxable year to another person, under contract or
41 agreement with the taxpayer, for the provision of child care to
42 children of individuals employed by the taxpayer at a qualified
43 child care center; or

44 10 percent of up to \$50,000 of the cost paid or incurred by the
45 taxpayer during the taxable year for the provision, by the taxpayer
46 or by another person under contract or agreement with the taxpayer,
47 of qualified child care information and referral services to
48 individuals employed by the taxpayer.

1 b. If two or more taxpayers jointly pay or incur costs or jointly
2 pay amounts eligible for the credit allowed in accordance with
3 subsection a. of this section during the taxable year, each taxpayer
4 shall be allowed a credit for that portion of the costs paid or
5 incurred by that taxpayer or that portion of the amounts paid by that
6 taxpayer.

7 c. A business entity that is classified as a partnership for
8 federal income tax purposes shall not be allowed the credit directly
9 under N.J.S.54A:1-1 et seq., but the amount of credit of the
10 taxpayer in respect of a distributive share of partnership income
11 shall be determined by allocating to the taxpayer that proportion of
12 the credit acquired by the partnership that is equal to the taxpayer's
13 share, whether or not distributed, of the total distributive income or
14 gain of the partnership for its taxable year ending within or with the
15 taxpayer's taxable year.

16 A taxpayer that is a New Jersey S corporation shall not be
17 allowed the credit directly under N.J.S.54A:1-1 et seq., but the
18 amount of credit of a taxpayer in respect of a pro rata share of S
19 corporation income shall be determined by allocating to the
20 taxpayer that proportion of the credit acquired by the New Jersey S
21 corporation that is equal to the taxpayer's share, whether or not
22 distributed, of the total pro rata share of S corporation income of the
23 New Jersey S corporation for its privilege period ending within or
24 with the taxpayer's taxable year.

25 d. The order of priority of the application of the credit allowed
26 in accordance with subsection a. of this section and any other
27 credits allowed by law against the tax otherwise due for the taxable
28 year under N.J.S.54A:1-1 et seq. shall be as prescribed by the
29 director.

30 e. As used in this section:

31 “Grow NJ Kids” means New Jersey’s quality rating improvement
32 system designed to raise the quality of child care and early learning
33 programs.

34 “Highly compensated employee” means the individuals
35 employed by the taxpayer who, in the aggregate, receive the top 25
36 percent of all employee compensation paid by the taxpayer.

37 “Qualified child care center” means a facility that is licensed as a
38 child care center by the Department of Children and Families in
39 accordance with the “Child Care Licensing Act,” P.L.1983,
40 c.492 (C.30:5B-1 et seq.), and participates in Grow NJ Kids;
41 provided however, that a “qualified child care center” shall not
42 include a facility licensed by the department if:

43 the principal use of the facility is for some purpose other than the
44 care, development, and supervision of children, unless the facility is
45 the principal residence of the person who owns and operates the
46 qualified child care center;

47 the facility is not used on a regular basis to provide for the care,
48 development, and supervision of children;

1 enrollment in the facility is not open to children of individuals
2 employed by the taxpayer; or

3 use of the facility is limited or restricted under procedures,
4 criteria, or other systems of selection that unfairly discriminate in
5 favor of highly compensated employees, or that unfairly
6 discriminate in favor of individuals employed by the taxpayer on
7 the basis of race, creed, religion, sex, national origin, disability, or
8 marital status.

9 “Qualified child care information and referral services” means
10 services that, at a minimum, identify local child care services,
11 provide information describing local child care services available to
12 individuals employed by the taxpayer, and make referrals of
13 individuals employed by the taxpayer to appropriate child care
14 services when openings are available.

15
16 5. This act shall take effect immediately.

17
18
19 STATEMENT

20
21 This bill provides businesses with credits against the corporation
22 business tax and the gross income tax for certain employer-provided
23 child care expenditures. The bill allows the tax credits for the three
24 calendar years beginning after enactment.

25 The bill permits businesses subject to the corporation business
26 tax or the gross income tax to apply a credit against the tax liability
27 otherwise due for a percentage of up to \$50,000 of eligible
28 expenditure made to acquire, construct, reconstruct, renovate, or
29 otherwise improve real property to be used as a qualified child care
30 center. The bill also permits businesses to apply a separate,
31 additional credit for a percentage of up to \$50,000 of eligible
32 expenditures made in connection with the provision of certain child
33 care services.

34 The bill provides that the amount of the credit allowed for the
35 construction of a child care center is equal to 50 percent of up to
36 \$50,000 of the cost paid or incurred by a business to acquire,
37 construct, reconstruct, renovate, or otherwise improve real property
38 in this State that is to be used by the business, or another person
39 under contract or agreement with the business, to conduct, maintain,
40 and operate a qualified child care center primarily for the children
41 of individuals employed by the business.

42 The bill provides that the amount of the credit allowed for the
43 provision of child care services is equal to:

44 -- 50 percent of up to \$50,000 of the cost paid or incurred by a
45 business to conduct, maintain, and operate a qualified child care
46 center of the business that is used primarily by the children of
47 individuals employed by the business;

1 -- 50 percent of up to \$50,000 of the amount paid by a business
2 to another person to conduct, maintain, and operate, under contract
3 or agreement with the business, a qualified child care center of the
4 business that is used primarily by the children of individuals
5 employed by the business;

6 -- 50 percent of up to \$50,000 of the amount paid by a business
7 to another person under contract or agreement with the business, for
8 the provision of child care to children of individuals employed by
9 the business at a qualified child care center; or

10 -- 10 percent of up to \$50,000 of the cost paid or incurred by a
11 business for the provision, by the business or by another person
12 under contract or agreement with the business, of qualified child
13 care information and referral services to individuals employed by
14 the business.

15 The bill provides that to be eligible to apply the credit for the
16 construction of a child care center a business must make and enter
17 into an agreement with the Director of the Division of Taxation in
18 the Department of the Treasury. The bill specifies that the
19 agreement must require the business to demonstrate the intended
20 use and status of the real property acquired, constructed,
21 reconstructed, renovated, or otherwise improved in this State, and
22 require the business to use that property to conduct, maintain, and
23 operate a qualified child care center primarily for the children of
24 individuals employed by the business for a 60-month period.

25 The bill defines a “qualified child care center” as a facility that is
26 licensed as a child care center by the Department of Children and
27 Families, and participates in Grow NJ Kids, but specifically
28 excludes from that definition facilities licensed by the department
29 if: the principal use of the facility is for some purpose other than the
30 care, development, and supervision of children; the facility is not
31 used on a regular basis to provide for the care, development, and
32 supervision of children; enrollment in the facility is not open to
33 children of individuals employed by the business claiming the
34 credit; or use of the facility is limited or restricted under
35 procedures, criteria, or other systems of selection that unfairly
36 discriminate.

37 The purpose of this bill is to encourage New Jersey businesses to
38 take a more active role in the provision of child care to employees
39 and their children. Businesses that are active in providing child care
40 typically have a more engaged and productive workforce and play
41 an integral part in reducing the overall demand for quality,
42 affordable child care in this State.