ASSEMBLY, No. 3465

STATE OF NEW JERSEY

221st LEGISLATURE

INTRODUCED FEBRUARY 5, 2024

Sponsored by:
Assemblywoman CAROL A. MURPHY
District 7 (Burlington)

SYNOPSIS

The New Jersey Battlefield to Boardroom Act; Provides corporation business tax credits and gross income tax credits for qualified wages of certain veterans.

CURRENT VERSION OF TEXT

As introduced.

AN ACT establishing a corporation business tax credit and gross income tax credit for qualified wages of certain veterans, supplementing P.L.1945, c.162 (C.54:10A-1 et seq.) and Title 54A of the New Jersey Statutes.

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

1. This act shall be known and may be cited as "The New Jersey Battlefield to Boardroom Act."

2. a. (1) For privilege periods commencing on or after January 1, 2018 but before January 1, 2022, a taxpayer shall be allowed a credit against the tax imposed pursuant to section 5 of P.L.1945, c.162 (C.54:10A-5), in an amount equal to the value of ten percent of qualified wages paid in the privilege period to a qualified veteran in the course of sustained employment. For each privilege period, a taxpayer's credit allowed pursuant to this section shall not exceed $1,200 for each qualified veteran.

(2) For a taxpayer to qualify for the credit allowed pursuant to this section for a privilege period, the taxpayer shall comply with the requirements of this paragraph.

Twenty-five percent of the taxpayer's new employees for the privilege period for which credit is claimed shall be qualified veterans.

If the taxpayer received the credit allowed pursuant to this section for the privilege period immediately preceding the privilege period for which credit is claimed, then 50 percent of the qualified veterans hired in the immediately preceding privilege period shall remain employed by the taxpayer for the privilege period for which credit is claimed.

The taxpayer shall provide veteran support services that are accessible in the workplace, which services may, but not necessarily, be procured through a private veteran support services service provider.

The taxpayer shall regularly conduct specific recruitment efforts to hire qualified veterans and their nuclear family members.

The taxpayer shall provide support to outreach efforts of veteran support organizations.

The taxpayer shall comply with the federal Uniformed Services Employment and Reemployment Rights Act (38 U.S.C. s.4301 et seq.) and provide additional privileges in excess of the rights protected by the federal Uniformed Services Employment and Reemployment Rights Act.

b. (1) The order of priority of the application of the credit allowed pursuant to this section and any other credits allowed

against the tax imposed pursuant to section 5 of P.L.1945, c.162 (C.54:10A-5) for a privilege period shall be as prescribed by the director.

The amount of the credit applied pursuant to this section, added together with any other credit allowed against the tax imposed pursuant to section 5 of P.L.1945, c.162 (C.54:10A-5), shall not exceed 50% of the tax liability otherwise due and shall not reduce the tax liability to an amount less than the statutory minimum provided in subsection (e) of section 5 of P.L.1945, c.162.

Unused credit resulting from the limitations of this paragraph may be carried forward, if necessary, for use in the seven privilege periods following the privilege period for which the credit is allowed.

(2) A taxpayer shall not be granted a credit pursuant to this section for the qualified wages paid to a qualified veteran in a privilege period if the qualified wages of the qualified veteran or the job providing qualified wages to the qualified veteran is included in the calculation of another credit against any State tax or a grant pursuant to P.L.1996, c.26 (C.34:1B-124 et seq.) for a period of time that coincides with the applicable privilege period.

(3) If the director determines that a taxpayer is displacing employees and replacing the employees with qualified veterans for the primary purposes of obtaining the credit allowed pursuant to this section, the director shall deny the credit allowed under this section for the taxpayer and shall issue a tax assessment for the recapture of credit previously allowed to the taxpayer under this section plus an assessment of 50% of any credit subject to recapture as penalty.

c. As used in this section:

"Sustained employment" means a period of time no less than 185 business days during the privilege period in which a qualified veteran is earning qualified wages.

"Qualified veteran" means a resident of this State initially hired by the taxpayer on or after January 1, 2010 that has been honorably discharged or released under honorable circumstances from active service, occurring on or after January 1, 1965, in any branch of the Armed Forces of the United States.

"Qualified wages" mean any salaries, wages and remuneration subject to the "New Jersey Gross Income Tax Act," N.J.S.54A:1-1 et seq., paid to a qualified veteran on or after January 1, 2018 but before January 1, 2022 for labor rendered in service to an enterprise of the taxpayer.

3. a. (1) For taxable years commencing on or after January 1, 2018 but before January 1, 2022, a taxpayer shall be allowed a credit against the tax due pursuant to the "New Jersey Gross Income

Tax Act," N.J.S.54A:1-1 et seq., in an amount equal to the value of ten percent of qualified wages paid in the taxable year to a qualified veteran in the course of sustained employment. For each taxable year, a taxpayer's credit allowed pursuant to this section shall not exceed $1,200 for each qualified veteran.

(2) For a taxpayer to qualify for the credit allowed pursuant to this section for a taxable year, the taxpayer shall comply with the requirements of this paragraph.

Twenty-five percent of the taxpayer's new employees for the taxable year for which credit is claimed shall be qualified veterans.

If the taxpayer received the credit allowed pursuant to this section for the taxable year immediately preceding the taxable year for which credit is claimed, then 50 percent of the qualified veterans hired in the immediately preceding taxable year shall remain employed by the taxpayer for the taxable year for which credit is claimed.

The taxpayer shall provide veteran support services that are accessible in the workplace, which services may, but not necessarily, be procured through a private veteran support services service provider.

The taxpayer shall regularly conduct specific recruitment efforts to hire qualified veterans and their nuclear family members.

The taxpayer shall provide support to outreach efforts of veteran support organizations.

The taxpayer shall comply with the federal Uniformed Services Employment and Reemployment Rights Act (38 U.S.C. s.4301 et seq.) and provide additional privileges in excess of the rights protected by the federal Uniformed Services Employment and Reemployment Rights Act.

b. (1) A credit allowed pursuant to this section shall not reduce the tax liability otherwise due pursuant to the "New Jersey Gross Income Tax Act," N.J.S.54A:1-1 et seq., for a taxable year to less than zero.

Unused credit resulting from the limitations of this paragraph may be carried forward if necessary to the seven taxable years following the taxable year for which the credit was allowed. The form and method of carry forward shall be as prescribed by the director.

(2) A taxpayer shall not be granted a credit pursuant to this section for the qualified wages paid to a qualified veteran in a taxable year if the qualified wages of the qualified veteran or the job providing qualified wages to the qualified veteran is included in the calculation of another credit against any State tax or a grant pursuant to P.L.1996, c.26 (C.34:1B-124 et seq.) for a period of time that coincides with the applicable taxable year.

(3) If the director determines that a taxpayer is displacing employees and replacing the employees with qualified veterans for the primary purposes of obtaining the credit allowed pursuant to this section, the director shall deny the credit allowed under this section for the taxpayer and shall issue a tax assessment for the recapture of credit previously allowed to the taxpayer under this section plus an assessment of 50% of any credit subject to recapture as penalty.

c. As used in this section:

"Sustained employment" means a period of time no less than 185 business days during the privilege period in which a qualified veteran is earning qualified wages.

"Qualified veteran" means a resident of this State initially hired by the taxpayer on or after January 1, 2010 that has been honorably discharged or released under honorable circumstances from active service, occurring on or after January 1, 1965, in any branch of the Armed Forces of the United States.

"Qualified wages" mean any salaries, wages and remuneration subject to the "New Jersey Gross Income Tax Act," N.J.S.54A:1-1 et seq., paid to a qualified veteran on or after January 1, 2018 but before January 1, 2022 for labor rendered in service to an enterprise of the taxpayer.

4. This act shall take effect immediately.

STATEMENT

This bill is entitled "The New Jersey Battlefield to Boardroom Act." The bill provides a corporation business tax credit and gross income tax credit for qualified wages of certain veterans.

The two credits established by this bill provide an employer with a credit in the amount of 10% of the wages paid to a qualified veteran. The credits may not exceed $1,200 for each qualified veteran per tax year. The bill defines a qualified veteran as a resident of this State initially hired by the taxpayer on or after January 1, 2010 that has been honorably discharged or released under honorable circumstances from active service, occurring on or after January 1, 1965, in any branch of the Armed Forces of the United States. The bill requires that for purposes of the credits' availability the wages of a qualified veteran must be subject to the gross income tax and paid on or after January 1, 2018 but before January 1, 2022. To be creditable, wages must also arise from employment of a qualified veteran for at least 185 business days of the applicable tax year.

To qualify for a credit, the bill imposes a series of conditions on a taxpayer as an employer. For a tax year that the credit is claimed, the bill requires that 25 percent of the taxpayer's new employees be qualified veterans. For tax years immediately subsequent to a prior credit year, the bill further requires that 50 percent of the qualified veterans hired in that prior tax year must remain employed by the taxpayer.

In addition to employment criteria, the bill conditions credit qualification on other aspects of veteran employment. The bill requires a taxpayer to provide veteran support services that are accessible in the workplace. The bill further conditions credit qualification on a taxpayer's regular recruitment efforts to hire qualified veterans and their nuclear family members while providing support to outreach efforts of veteran support organizations. The bill also conditions credit qualification on compliance with the federal Uniformed Services Employment and Reemployment Rights Act and the provision of privileges in excess of the rights protected by that act.

In addition to providing the terms of credit qualification, the bill contains provisions aimed at preventing potential misuse of the credit. The bill prohibits taxpayers from simultaneously using the wages or employment of a qualified veteran to qualify for the credit and any other generally available employment incentive that comes in the form of a State tax credit or grant. The bill also empowers the Director of the Division of Taxation to recapture credit, plus an additional 50% penalty, if the Director determines that the employer displaced employees to replace them with qualified veterans for the primary purpose of taking advantage of the credit.

The credits established by this bill are limited in duration in that they are available for tax years commencing on or after January 1, 2018 but before January 1, 2022.