

**ASSEMBLY, No. 5616**

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**STATE OF NEW JERSEY**

**222nd LEGISLATURE**

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INTRODUCED OCTOBER 15, 2026

**Sponsored by:**

**Assemblyman GERRY SCHARFENBERGER**

**District 13 (Monmouth)**

**SYNOPSIS**

“Hire New Jersey Act”; provides corporation business tax and gross income tax credits to small businesses for hiring and retaining certain New Jersey residents.

**CURRENT VERSION OF TEXT**

As introduced.



1 AN ACT providing corporation business tax and gross income tax  
2 credits for small businesses hiring and retaining certain New  
3 Jersey residents, designated as the “Hire Jersey Act,” and  
4 supplementing P.L.1945, c.162 (C.54:10A-1 et seq.) and Title  
5 54A of the New Jersey Statutes.

6  
7 **BE IT ENACTED** *by the Senate and General Assembly of the State*  
8 *of New Jersey:*  
9

10 1. a. (1) A taxpayer that is a qualified small business shall be  
11 allowed a credit against the tax imposed pursuant to section 5 of  
12 P.L.1945, c.162 (C.54:10A-5) in amount equal to the qualified  
13 wages paid by the taxpayer to an eligible employee during the  
14 privilege period, subject to limitations set forth in paragraph (2) of  
15 this subsection, except that total credit allowed to a taxpayer during  
16 any privilege period shall not exceed \$50,000. A taxpayer may only  
17 be allowed the credit once per eligible employee and may not claim  
18 a credit for the qualified wages paid to the same eligible employee  
19 in any successive privilege period.

20 (2) The amount of the credit allowed pursuant to this subsection  
21 for each eligible employee shall be subject to the greater of the  
22 following limitations:

23 (a) \$2,500 for an eligible employee;

24 (b) \$4,000 for an eligible employee who is a veteran, is a person  
25 with a disability, or a recent graduate; or

26 (c) \$5,000 for an eligible employee who is paid at least 125  
27 percent of the local median wage.

28 b. The order of priority of the application of the credit allowed  
29 pursuant to this section, and any other credits allowed by law  
30 against the tax imposed pursuant to section 5 of P.L.1945, c.162  
31 (C.54:10A-5), shall be as prescribed by the director. The amount of  
32 the credit applied under this section against the tax imposed  
33 pursuant to section 5 of P.L.1945, c.162 (C.54:10A-5) for a  
34 privilege period, together with any other credits allowed by law,  
35 shall not reduce the tax liability to an amount less than the statutory  
36 minimum provided in subsection (e) of section 5 of P.L.1945, c.162  
37 (C.54:10A-5). The amount of the tax credit otherwise allowable  
38 under this section which cannot be applied for the privilege period  
39 due to the limitations of this subsection may be carried forward, if  
40 necessary, to the three privilege periods following the privilege  
41 period for which the tax credit was issued, after which the tax credit  
42 shall expire.

43 c. When filing a return that includes a claim for a tax credit  
44 allowed pursuant to this section, a taxpayer shall include such  
45 business records as may be required by the director documenting  
46 the qualified wages paid by the taxpayer to each eligible employee  
47 during the privilege period.

1 d. No tax credit shall be allowed pursuant to this section for  
2 any costs or expenses included in the calculation of any other tax  
3 credit, deduction, or exemption granted pursuant to a claim made on  
4 a tax return filed with the director, or included in the calculation of  
5 an award of business assistance or incentive, for a period of time  
6 that coincides with the privilege period for which a tax credit  
7 authorized pursuant to this section is allowed.

8 e. As used in this section:

9 “Community college” means a county college established  
10 pursuant to chapter 64A of Title 18A of the New Jersey Statutes.

11 “Eligible employee” means an individual who resides in the  
12 State and is employed by a qualified small business for  
13 consideration for at least 35 hours a week, or who renders any  
14 standard service generally accepted by custom or practice as full-  
15 time employment, and who has been employed in such capacity for  
16 not less than 12 consecutive months.

17 “Local median wage” means the median wage paid to full-time  
18 employees in the county in which the eligible employee principally  
19 performs their work duties, as reported in the occupational  
20 employment statistics wage survey issued by the Department of  
21 Labor and Workforce Development during the preceding calendar  
22 year.

23 “Person with a disability” means the same as the term is defined  
24 in section 4 of P.L.1985, c.222 (C.52:27D-304).

25 “Qualified small business” means a business that is registered to  
26 do business in this State, maintains a business location or otherwise  
27 derives a majority of its income from business activities or  
28 operations conducted within the State, and has no more than 75  
29 employees in any calendar month during the privilege period for  
30 which the credit is claimed.

31 “Qualified wages” means any salaries, wages, and remuneration  
32 subject to the “New Jersey Gross Income Tax Act,” N.J.S.54A:1-1  
33 et seq., paid in the course of employment by a qualified small  
34 business to an eligible employee.

35 “Recent graduate” means an individual who obtained an  
36 associate’s degree from a community college within the last three  
37 years.

38 “Veteran” means any citizen and resident of this State honorably  
39 discharged or released under honorable circumstances from active  
40 service in any branch of the Armed Forces of the United States.

41  
42 2. a. (1) A taxpayer that is a qualified small business shall be  
43 allowed a credit against the tax otherwise due under the “New  
44 Jersey Gross Income Tax Act,” N.J.S.A.54A:1-1 et seq. in an  
45 amount equal to the qualified wages paid by the taxpayer to an  
46 eligible employee during the taxable year, subject to limitations set  
47 forth in paragraph (2) of this subsection, except that the total credit  
48 allowed to a taxpayer during any taxable year shall not exceed

1 \$50,000. A taxpayer may only be allowed the credit once per  
2 eligible employee and may not claim a credit for the qualified  
3 wages paid to the same eligible employee in any successive taxable  
4 year.

5 (2) The amount of the credit allowed pursuant to this subsection  
6 for each eligible employee shall be subject to the greater of the  
7 following limitations:

8 (a) \$2,500 for an eligible employee;

9 (b) \$4,000 for an eligible employee who is a veteran, is a person  
10 with a disability, or a recent graduate; or

11 (c) \$5,000 for an eligible employee who is paid at least 125  
12 percent of the local median wage.

13 b. The order of priority of the application of the credit allowed  
14 pursuant to this section, and any other credits allowed by law  
15 against the tax imposed pursuant to the "New Jersey Gross Income  
16 Tax Act," N.J.S.A.54A:1-1 et seq., for a taxable year shall be as  
17 prescribed by the director. The amount of the credit applied under  
18 this section against the tax imposed pursuant to N.J.S.A.54A:1-1 et  
19 seq. for a taxable year, together with other payments, credits,  
20 deductions, and adjustments allowed by law, shall not reduce a  
21 taxpayer's tax liability to an amount less than zero. The amount of  
22 the tax credit otherwise allowable under this section which cannot  
23 be applied for the taxable year due to the limitations of this  
24 subsection may be carried forward, if necessary, to the three taxable  
25 years following the taxable year for which the tax credit was issued,  
26 after which the tax credit shall expire.

27 c. When filing a return that includes a claim for a tax credit  
28 allowed pursuant to this section, a taxpayer shall include such  
29 business records as may be required by the director documenting  
30 the qualified wages paid by the taxpayer to each eligible employee  
31 during the taxable year.

32 d. (1) A business entity that is classified as a partnership for  
33 federal income tax purposes shall not be allowed a tax credit  
34 directly under N.J.S.54A:1-1 et seq., but the amount of credit of the  
35 taxpayer in respect of a distributive share of partnership income  
36 shall be determined by allocating to the taxpayer that proportion of  
37 the credit acquired by the partnership that is equal to the taxpayer's  
38 share, whether or not distributed, of the total distributive income or  
39 gain of the partnership for its taxable year ending within or with the  
40 taxpayer's taxable year.

41 (2) A business entity that is a New Jersey S corporation shall  
42 not be allowed the tax credit directly under N.J.S.54A:1-1 et seq.,  
43 but the amount of credit of a taxpayer in respect of a pro-rata share  
44 of S corporation income shall be determined by allocating to the  
45 taxpayer that proportion of the credit acquired by the New Jersey S  
46 corporation that is equal to the taxpayer's share, whether or not  
47 distributed, of the total pro-rata share of S corporation income of

1 the New Jersey S corporation for its privilege period ending within  
2 or with the taxpayer's taxable year.

3 e. No tax credit shall be allowed pursuant to this section for  
4 any costs or expenses included in the calculation of any other tax  
5 credit, deduction, or exemption granted pursuant to a claim made on  
6 a tax return filed with the director, or included in the calculation of  
7 an award of business assistance or incentive, for a period of time  
8 that coincides with the taxable year for which a tax credit  
9 authorized pursuant to this section is allowed.

10 f. As used in this section:

11 "Community college" means a county college established  
12 pursuant to chapter 64A of Title 18A of the New Jersey Statutes.

13 "Eligible employee" means an individual who resides in the  
14 State and is employed by a qualified small business for  
15 consideration for at least 35 hours a week, or who renders any  
16 standard service generally accepted by custom or practice as full-  
17 time employment, and who has been employed in such capacity for  
18 not less than 12 consecutive months.

19 "Local median wage" means the median wage paid to full-time  
20 employees in the county in which the eligible employee principally  
21 performs their work duties, as reported in the occupational  
22 employment statistics wage survey issued by the Department of  
23 Labor and Workforce Development during the preceding calendar  
24 year.

25 "Person with a disability" means the same as the term is defined  
26 in section 4 of P.L.1985, c.222 (C.52:27D-304).

27 "Qualified small business" means a business that is registered to  
28 do business in this State, maintains a business location or otherwise  
29 derives a majority of its income from business activities or  
30 operations conducted within the State, and has no more than 75  
31 employees in any calendar month during the privilege period for  
32 which the credit is claimed.

33 "Qualified wages" means any salaries, wages, and remuneration  
34 subject to the "New Jersey Gross Income Tax Act," N.J.S.54A:1-1  
35 et seq., paid in the course of employment by a qualified small  
36 business to an eligible employee.

37 "Recent graduate" means an individual who obtained an  
38 associate's degree from a community college within the last three  
39 years.

40 "Veteran" means any citizen and resident of this State honorably  
41 discharged or released under honorable circumstances from active  
42 service in any branch of the Armed Forces of the United States.

43

44 3. This act shall take effect on January 1 of the first privilege  
45 period or taxable year following the date of enactment.

## STATEMENT

This bill provides corporation business tax and gross income tax credits to qualified small businesses that employ certain State residents for at least 12 months.

Under the bill, a qualified small business would be allowed a tax credit, up to \$50,000 per taxable period, based on the wages paid to an eligible employee during the taxable period. However, the bill provides that a qualified small business may only claim the tax credit once per eligible employee. Specifically, the amount of the credit allowed for each eligible employee may not exceed the greater of: (1) \$2,500 for an eligible employee; (2) \$4,000 for an eligible employee that is a veteran, a person with a disability, or a recent graduate of a State community college; or (3) \$5,000 for an eligible employee that is paid at least 125 percent of median wage paid to full-time employees in the county in which the employee principally performs their work duties.

Under the bill, a “qualified small business” includes any business that is registered to do business in this State, maintains a business location or otherwise derives a majority of its income from business activities or operations conducted within the State, and has no more than 75 employees in any calendar month during the taxable year for which the credit is claimed. The bill also defines “eligible employee” as an individual who resides in the State and is employed by a qualified small business for consideration for at least 35 hours a week, or who renders any standard service generally accepted by custom or practice as full-time employment, and who has been employed in such capacity for not less than 12 consecutive months.