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SYNOPSIS
Allows corporation business tax credit and gross income tax credit for
certain wages paid to qualified interns in tax years 2012 and 2013.

CURRENT VERSION OF TEXT
As reported by the Senate Budget and Appropriations Committee on
December 20, 2010, with amendments.
AN ACT allowing a corporation business tax credit and gross income tax credit for certain payments to qualified interns in tax years 2012 and 2013, 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. a. For privilege periods commencing on or after January 1, 2012 but before January 1, 2014, 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 40 percent of the value of the salaries, wages or other remuneration for services paid to a qualified intern or $600 of the salaries, wages or other remuneration for services paid to a qualified intern, whichever is less.

b. Notwithstanding the limitations of subsection a. of this section, the credit allowed pursuant to subsection a. of this section shall be increased by $75 per qualified intern for a taxpayer that employs three or more qualified interns for whom the credit pursuant to subsection a. of this section is allowed for the privilege period.

c. (1) To be eligible for the credit allowed pursuant to this section a taxpayer shall not employ fewer employees in the State, other than qualified interns, on the first day of the third month before the privilege period for which this credit is claimed than on the last day of the privilege period for which this credit is claimed.

(2) The credits allowed pursuant to this section and section 2 of P.L. , c. (C. ) (pending before the Legislature as this bill) shall not be allowed for more than 5,250 qualified interns per calendar year or 700 taxpayers, whichever limitation first applies.

(3) No credit shall be allowed pursuant to this section for a qualified intern that was employed by the taxpayer in the six months immediately preceding the commencement of employment as a qualified intern.

(4) A credit claimed pursuant to this section shall not be allowed unless the taxpayer submits an application and receives an initial approval in accordance with subsection d. of this section and complies with the filing requirements in accordance with subsection e. of this section.

d. (1) A taxpayer shall file an application with the Director of the Division of Taxation for an initial approval of a credit allowed pursuant to this section for each qualified intern for which the taxpayer claims a credit. In the application the taxpayer shall certify that the taxpayer would not have employed the qualified intern but substantially for the credit allowed pursuant to this

EXPLANATION – Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted in the law.

Matter underlined thus is new matter.
Matter enclosed in superscript numerals has been adopted as follows:

Senate SBA committee amendments adopted December 20, 2010.
section and that the taxpayer expects that the number of hours
worked by qualified interns will increase in the privilege period for
which the application is submitted compared to the immediately
preceding privilege period.

(2) The director shall reject an initial approval pursuant to this
subsection if that approval would exceed the limitations set forth in
paragraph (2) of subsection c. Complete applications shall be
applied against the limitations authorized pursuant to paragraph (2)
of subsection c. in the order in which they are received. The
director shall issue an initial approval or rejection within 90 days of
receipt of an application made pursuant to this subsection. If the
director fails to issue an initial approval or rejection within 90 days
of receipt of an application, that application shall be deemed to have
received initial approval, notwithstanding the limitations of
paragraph (2) of subsection c. of this section.

(3) The commencement of the employment of a qualified intern
prior to the receipt of an initial approval made pursuant to this
section shall not preclude allowance of the credit claimed pursuant
to this section.

e. A taxpayer having received an initial approval pursuant to
subsection d. of this section shall file with their return an
application for the credit allowed pursuant to this section. In the
application the taxpayer shall certify that the qualified intern was
employed and supervised in New Jersey in a position that provides
training and experience to the individual in their chosen field of
study, that the qualified intern was paid a wage of no less than
$8.00 per hour for a term of employment that lasts at least 12 weeks
and includes a minimum of 14 hours of service per week, the total
hours and weeks worked by the qualified intern for the privilege
period, the total compensation paid to the qualified intern for the
privilege period, and the number of employees employed by the
taxpayer other than qualified interns on the first day of the third
month before the privilege period for which this credit is claimed
and on the last day of the privilege period for which this credit is
claimed.

f. (1) The director is authorized to adopt such rules and
regulations that the director determines are necessary to administer
this section, including but not limited to the form and manner of
applications required by subsections d. and e. of this section. Rules
and regulations deemed necessary by the director pursuant to this
subsection shall be adopted in accordance with the "Administrative

(2) The order of priority of the application of the credit allowed
under this section and any other credits allowed by law shall be as
prescribed by the director. The amount of the credit applied under
this section against the tax imposed pursuant to section 5 of
P.L.1945, c.162 for a privilege period, together with any other
credits allowed against the tax imposed pursuant to section 5 of
P.L.1945, c.162, 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. An 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.

As used in this section:
“Qualified intern” means an individual enrolled and in good
standing at a New Jersey four-year institution of higher education, a
New Jersey county college, or a New Jersey accredited post-
secondary business, technical, trade or vocational school, that is
employed and supervised in New Jersey in a position that provides
training and experience to the individual in their chosen field of
study, and is paid a wage of no less than $8.00 per hour by the
taxpayer during a term of employment that lasts at least 12 weeks
and includes a minimum of 14 hours of service per week.

2. a. For taxable years commencing on or after January 1, 2012
but before January 1, 2014, a taxpayer operating a business as a sole
proprietor or through a partnership shall be allowed a credit against
the tax otherwise due pursuant to the “New Jersey Gross Income
Tax Act,” N.J.S.54A:1-1 et seq., in an amount equal to 40 percent
of the value of the salaries, wages or other remuneration for
services paid to a qualified intern or $600 of the salaries, wages or
other remuneration for services paid to a qualified intern, whichever
is less.

b. Notwithstanding the limitations of subsection a. of this
section, the credit allowed pursuant to subsection a. of this section
shall be increased by $75 per qualified intern for a taxpayer that
employs three or more qualified interns for whom the credit
pursuant to subsection a. of this section is allowed for the taxable
year.

c. (1) To be eligible for the credit allowed pursuant to this
section a taxpayer shall not employ fewer employees in the State,
other than qualified interns, on the first day of the third month
before the taxable year for which this credit is claimed than on the
last day of the taxable year for which this credit is claimed.

(2) The credits allowed pursuant to this section and section 1 of
P.L. , c. (C. ) (pending before the Legislature as this bill)
shall not be allowed for more than 5,250 qualified interns per
calendar year or 700 taxpayers, whichever limitation first applies.

(3) No credit shall be allowed pursuant to this section for a
qualified intern that was employed by the taxpayer in the six
months immediately preceding the commencement of employment
as a qualified intern.

(4) A credit claimed pursuant to this section shall not be allowed
unless the taxpayer submits an application and receives an initial
approval in accordance with subsection d. of this section and complies with the filing requirements in accordance with subsection e. of this section.

d. (1) A taxpayer shall file an application with the Director of the Division of Taxation for an initial approval of a credit allowed pursuant to this section for each qualified intern for which the taxpayer claims a credit. In the application the taxpayer shall certify that the taxpayer’s business would not have employed the qualified intern but substantially for the credit allowed pursuant to this section and that the taxpayer expects that the number of hours worked by qualified interns will increase in the taxable year for which the application is submitted compared to the immediately preceding taxable year.

(2) The director shall reject an initial approval pursuant to this subsection if that approval would exceed the limitations set forth in paragraph (2) of subsection c. Complete applications shall be applied against the limitations authorized pursuant to paragraph (2) of subsection c. in the order in which they are received. The director shall issue an initial approval or rejection within 90 days of receipt of an application made pursuant to this subsection. If the director fails to issue an initial approval or rejection within 90 days of receipt of an application, that application shall be deemed to have received initial approval, notwithstanding the limitations of paragraph (2) of subsection c. of this section.

(3) The commencement of the employment of a qualified intern prior to the receipt of an initial approval made pursuant to this section shall not preclude allowance of the credit claimed pursuant to this section.

e. A taxpayer having received an initial approval pursuant to subsection d. of this section shall file with their return an application for the credit allowed pursuant to this section. In the application the taxpayer shall certify that the qualified intern was employed and supervised in New Jersey in a position that provides training and experience to the individual in their chosen field of study, that the qualified intern was paid a wage of no less than $8.00 per hour for a term of employment that lasts at least 12 weeks and includes a minimum of 14 hours of service per week, the total hours and weeks worked by the qualified intern for the taxable year, the total compensation paid to the qualified intern for the taxable year, and the number of employees employed by the taxpayer other than qualified interns on the first day of the third month before the taxable year for which this credit is claimed and on the last day of the taxable year for which this credit is claimed.

f. A partnership shall not be allowed a credit under this section directly, but a partnership may file an application with the director for the credit allowed pursuant to this section. In the application the partnership shall certify that the qualified intern was employed and supervised in New Jersey in a position that provides training and
experience to the individual in their chosen field of study, that the qualified intern was paid a wage of no less than $8.00 per hour for a term of employment that lasts at least 12 weeks and includes a minimum of 14 hours of service per week, the total hours and weeks worked by the qualified intern for the partnership taxable year, the total compensation paid to the qualified intern for the partnership taxable year, and the number of employees employed by the partnership other than qualified interns on the first day of the third month before the partnership taxable year for which this credit is claimed and on the last day of the partnership taxable year for which this credit is claimed. Upon the director’s approval of this application, the amount of credit of a taxpayer in respect of a distributive share of partnership income under the “New Jersey Gross Income Tax Act,” N.J.S.54A:1-1 et seq., shall be determined by allocating to the taxpayer that proportion of the credit acquired by the partnership that is equal to the taxpayer's share, whether or not distributed, of the total distributive income or gain of the partnership for its taxable year ending within or with the taxpayer's taxable year.

The director is authorized to adopt such rules and regulations that the director determines are necessary to administer this section, including but not limited to the form and manner of applications required by subsections d. and e. of this section. Rules and regulations deemed necessary by the director pursuant to this subsection shall be adopted in accordance with the ”Administrative Procedure Act,” P.L.1968, c.410 (C.52:14B-1 et seq.).

As used in this section:
“Qualified intern” means an individual enrolled and in good standing at a New Jersey four-year institution of higher education, a New Jersey county college, or a New Jersey accredited post-secondary business, technical, trade or vocational school, that is employed and supervised in New Jersey in a position that provides training and experience to the individual in their chosen field of study, and is paid a wage of no less than $8.00 per hour by the taxpayer during a term of employment that lasts at least 12 weeks and includes a minimum of 14 hours of service per week.

3. On or before January 1 of 2015 the Director of the Division of Taxation shall prepare and submit a report to the Governor and the Legislature, in accordance with section 2 of P.L.1991, c.164 (C.52:14-19.1), addressing the credits allowed pursuant to sections 1 and 2 of P.L. , c. (C. ) (pending before the Legislature as this bill). The report shall include the total value of credits allowed for each tax year, the total number of qualified interns for which a credit was allowed for each tax year, information on the division’s experience in administering the credits allowed pursuant to sections 1 and 2 of P.L. , c. (C. ) (pending before the Legislature as this bill) including but not limited to a description of increased
workload associated with the credit, and an analysis as to the
effectiveness of the credits as an incentive for encouraging the
employment of qualified interns.

4. This act shall take effect immediately.