



LEGISLATIVE HISTORY CHECKLIST

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LAWS OF: 1998

CHAPTER:33

NJSA: 34:1B-125 et al

"Business Employment Incentive Program Act -- amendments"

BILL NO: S1002 (Substituted for A1958)

SPONSOR(S): Kyrillos and Kenny

DATE INTRODUCED: April 27, 1998

COMMITTEE:

ASSEMBLY: ~~~~

SENATE:Budget and Appropriations; Economic Growth

AMENDED DURING PASSAGE:Yes

DATE OF PASSAGE:

ASSEMBLY:June 25, 1998

SENATE: June 25, 1998

DATE OF APPROVAL: June 30, 1998

THE FOLLOWING ARE ATTACHED IF AVAILABLE:

FINAL TEXT OF BILL: 2nd reprint

(Amendments during passage denoted by superscript numbers)

S1002

SPONSORS STATEMENT: *Yes* (Begins on page 5 of original bill)

COMMITTEE STATEMENT:

ASSEMBLY:*No*

SENATE: *Yes*

5-14-98

6-8-98

FLOOR AMENDMENT STATEMENTS: *No*

LEGISLATIVE FISCAL ESTIMATE: *Yes*

A1958

SPONSORS STATEMENT: *Yes* (Begins on page 5 of original bill)
(Bill and Sponsors Statement identical to S1002)

COMMITTEE STATEMENT:

ASSEMBLY: *Yes*

[5-14-98](#)

Identical to Senate statement of 5-14-98 for S1002

[6-15-98](#)

SENATE: *No*

FLOOR AMENDMENT STATEMENTS: *No*

LEGISLATIVE FISCAL ESTIMATE: *Yes*

VETO MESSAGE: *No*

GOVERNOR'S PRESS RELEASE ON SIGNING: *Yes*

THE FOLLOWING WERE PRINTED:

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REPORTS: *No*

HEARINGS: *No*

NEWSPAPER ARTICLES: *No*

[Second Reprint]

SENATE, No. 1002

STATE OF NEW JERSEY
208th LEGISLATURE

INTRODUCED APRIL 27, 1998

Sponsored by:

Senator JOSEPH M. KYRILLOS, JR.

District 13 (Middlesex and Monmouth)

Senator BERNARD F. KENNY

District 33 (Hudson)

Co-Sponsored by:

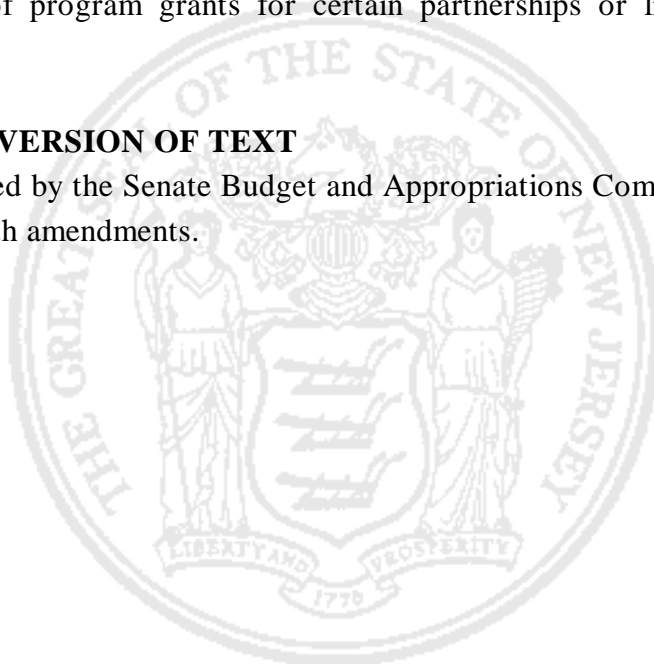
Senator Bucco, Assemblymen Corodemus, Azzolina, Blee and Thompson

SYNOPSIS

Amends "Business Employment Incentive Program Act" to enhance availability of program grants for certain partnerships or limited liability companies.

CURRENT VERSION OF TEXT

As reported by the Senate Budget and Appropriations Committee on June 11, 1998, with amendments.



(Sponsorship Updated As Of: 6/26/1998)

1 AN ACT concerning the "Business Employment Incentive Program"
2 and amending P.L.1996, c.26.

3
4 **BE IT ENACTED** by the Senate and General Assembly of the State
5 of New Jersey:

6
7 1. Section 2 of P.L.1996, c.26 (C.34:1B-125) is amended to read
8 as follows:

9 2. As used in sections 1 through 17 of this act, unless a different
10 meaning clearly appears from the context:

11 ²"Application year" means the grant year for which an eligible
12 partnership submits the information required under section 8 of
13 P.L.1996, c.26 (C.34:1B-131);²

14 "Authority" means the New Jersey Economic Development
15 Authority created pursuant to P.L.1974, c.80 (C.34:1B-1 et seq.);

16 "Base years" means the first two complete calendar years following
17 the effective date of an agreement;

18 "Business" means a corporation; sole proprietorship; partnership;
19 corporation that has made an election under Subchapter S of Chapter
20 One of Subtitle A of the Internal Revenue Code of 1986, or any other
21 business entity through which income flows as a distributive share to
22 its owners; limited liability company; nonprofit corporation; or any
23 other form of business organization located either within or outside
24 this State, including a cooperative association. A grant received under
25 this act by a partnership, Subchapter S-Corporation, or other such
26 business entity shall be apportioned among the persons to whom the
27 income or profit of the partnership, Subchapter S-Corporation, or
28 other entity is distributed, in the same proportions as those in which
29 the income or profit is distributed. "Cooperative association" shall
30 include financial, stock or commodities exchanges;

31 "Business employment incentive agreement" or "agreement" means
32 the written agreement between the authority and a business proposing
33 a project in this State in accordance with the provisions of this act
34 which establishes the terms and conditions of a grant to be awarded
35 pursuant to this act;

36 "Department" means the Department of Commerce and Economic
37 Development;

38 "Director" means the Director of the Division of Taxation;

39 "Division" means the Division of Taxation in the Department of the
40 Treasury;

41 "Eligible partnership" means a partnership or limited liability

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:

¹ Senate SEG committee amendments adopted May 14, 1998.

² Senate SBA committee amendments adopted June 11, 1998.

1 company that is qualified to receive a grant as established in this act;

2 "Eligible position" is a new full-time position created by a business
3 in New Jersey or transferred from another state by the business under
4 the terms and conditions set forth in this act during the base years or
5 in subsequent years of a grant. In determining if positions are eligible
6 positions, the authority shall give greater consideration to positions
7 that average at least 1.5 times the minimum hourly wage during the
8 term of an agreement authorized pursuant to this act. "Eligible
9 position" also includes all current and future partners or members of
10 a partnership or limited liability company created by a business in New
11 Jersey or transferred from another state by the business pursuant to the
12 conditions set forth in this act during the base years or in subsequent
13 years of a grant;

14 "Employment incentive" means the amount of a grant determined
15 pursuant to subsection a. of section 6 of this act;

16 ²"Estimated tax" means an amount calculated for a partner in an
17 eligible position equal to 6.37% of the lesser of (i) the amount of the
18 partner's net income from the eligible partnership that is sourced to
19 New Jersey as reflected in Column B of the partner's Schedule NJK-1
20 of the application year less the amount of the partner's net income
21 from the eligible partnership that is sourced to New Jersey as reflected
22 in column B of the partner's Schedule NJK-1 in the foundation year,
23 or (ii) the net of all items of partnership income upon which tax has
24 been paid as reflected on the partner's New Jersey Gross Income Tax
25 return in the application year;

26 "Foundation year" means the year immediately prior to the creation
27 of the eligible position;²

28 "Full-time employee" means a person who is employed for
29 consideration for at least 35 hours a week, or who renders any other
30 standard of service generally accepted by custom or practice as
31 full-time employment, whose wages are subject to withholding as
32 provided in the "New Jersey Gross Income Tax Act," N.J.S.54A:1-1
33 et seq., and who is determined by the authority to be employed in a
34 permanent position according to criteria it develops, or who is a
35 partner of an eligible partnership, ¹who works for the partnership for
36 at least 35 hours a week, or who renders any other standard of service
37 generally accepted by custom or practice as full-time employment,
38 and¹ whose distributive share of income, gain, loss or deduction¹,¹ or
39 ¹whose¹ guaranteed payments¹, or any combination thereof,¹ is subject
40 to the payment of estimated taxes, as provided in the "New Jersey
41 Gross Income Tax Act," N.J.S.54A:1-1 et seq. "Full-time employee"
42 shall not include any person who works as an independent contractor
43 or on a consulting basis for the business;

44 "Grant" means a business employment incentive grant as established
45 in this act;

46 ²"Net income from the eligible partnership" means the net

1 combination of a partner's distributive share of the eligible
2 partnership's income, gain, loss, deduction, or guaranteed payments;²
3 "New employee" means a full-time employee first employed in an
4 eligible position on the project which is the subject of an agreement or
5 who is a partner of an eligible partnership, ¹who works for the
6 partnership for at least 35 hours a week, or who renders any other
7 standard of service generally accepted by custom or practice as
8 full-time employment, and¹ whose distributive share of income, gain,
9 loss or deduction¹, ¹ or ¹whose ¹guaranteed payments, ¹br any
10 combination thereof, ¹ is subject to the payment of estimated taxes, as
11 provided in the "New Jersey Gross Income Tax Act," N.J.S.54A:1-1
12 et seq. An out-of-State resident or a resident of New Jersey who is
13 employed outside New Jersey by the business and whose position is
14 relocated to New Jersey after the execution of the agreement may be
15 classified as a new employee when his position is relocated to New
16 Jersey and his wages are subject to withholding ¹or his distributive
17 share of income, gain, loss or deduction, or his guaranteed payments,
18 or any combination thereof, is subject to the payment of estimated
19 taxes,¹ as provided in the "New Jersey Gross Income Tax Act,"
20 N.J.S.54A:1-1 et seq.; except that such a New Jersey resident shall not
21 be classified as a "new employee" unless his wages, ¹or his distributive
22 share of income, gain, loss or deduction, or his guaranteed payments,
23 or any combination thereof,¹ prior to the relocation, were subject to
24 income taxes imposed by the state or municipality in which the
25 position was previously located or who is a partner of an eligible
26 partnership, ¹who works for the partnership for at least 35 hours a
27 week, or who renders any other standard of service generally accepted
28 by custom or practice as full-time employment, and¹ whose
29 distributive share of income, gain, loss or deduction¹, ¹ or ¹whose¹
30 guaranteed payments¹, or any combination thereof,¹ is subject to the
31 payment of estimated taxes, as provided in the "New Jersey Gross
32 Income Tax Act," N.J.S.54A:1-1 et seq. "New employee" may also
33 include an employee rehired or called back from a layoff during or
34 following the base years to a vacant position previously held by that
35 employee or to a new position established during or following the base
36 years. "New employee" shall not include any employee who was
37 previously employed in New Jersey by the business or by a related
38 person as defined in section 2 of P.L.1993, c.170 (C.54:10A-5.5) if the
39 employee is transferred to the business which is the subject of an
40 agreement unless the employee's position at his previous employer is
41 filled by a new employee. "New employee" also shall not include a
42 child, grandchild, parent or spouse of an individual associated with the
43 business who has direct or indirect ownership of at least 15% of the
44 profits, capital, or value of the business;
45 "Partner" means a person who is entitled to ¹either¹ a distributive
46 share of a partnership's income, gain, loss or deduction ¹, ¹ or

1 guaranteed payments¹, or any combination thereof,¹ by virtue of
2 holding an interest in the partnership. "Partner" also includes a person
3 who is a member of a limited liability company which is treated as a
4 partnership, as provided in the "New Jersey Gross Income Tax Act,"
5 N.J.S.54A:1-1 et seq.;

6 ²"Schedule NJK-1" means Schedule NJK-1 as the form existed for
7 taxable year 1997;²

8 "Targeted area" means a qualifying municipality as defined in
9 P.L.1978, c.14 (C.52:27D-178); and

10 "Withholdings" means the amount withheld by a business from the
11 wages of new employees or estimated taxes paid by, or on behalf of,
12 partners that are new employees¹,¹ or ¹[both] any combination
13 thereof¹, pursuant to the "New Jersey Gross Income Tax Act,"
14 N.J.S.54A:1-1 et seq.

15 (cf: P.L.1996, c.26, s.2)

16

17 2. Section 6 of P.L.1996, c.26 (C.34:1B-129) is amended to read
18 as follows:

19 6. a. The amount of the employment incentive awarded as a grant
20 in each case shall be not less than 10% and not more than 80% of the
21 withholdings of the business, or ²not less than 10% and not more than
22 50% of the² estimated ²[taxes from] tax of² partners of an eligible
23 partnership whether paid directly by the partner or by the eligible
24 partnership on behalf of such partner's account, or ¹[both] any
25 combination thereof¹, and shall be subject to the provisions of sections
26 10 and 11 of this act. The employment incentive shall be based on
27 criteria developed by the authority after considering the following:

28 (1) The number of eligible positions to be created;

29 (2) The expected duration of those positions;

30 (3) The type of contribution the business can make to the long-
31 term growth of the State's economy;

32 (4) The amount of other financial assistance the business will
33 receive from the State for the project; and

34 (5) The total dollar investment the business is making in the
35 project.

36 b. The term of the grant shall not exceed 10 years.

37 c. At the discretion of the authority, the grant may apply only to
38 new employees or partners in eligible positions created during the base
39 years, or to additional new employees or partners in eligible positions
40 created during the remainder of the term of the grant.

41 (cf: P.L.1996, c.26, s.6)

42

43 3. Section 10 of P.L.1996, c.26 (C.34:1B-133) is amended to read
44 as follows:

45 10. No amount shall be disbursed to a recipient business as a grant
46 under this act in any year until the State Treasurer has certified that

1 the amount of withholdings or estimated taxes of partners¹, or any
2 combination thereof.¹ received in that year by the division from the
3 business or the partners of the business equals or exceeds the amount
4 of the grant.

5 (cf: P.L.1996, c.26, s.10)

6

7 4. Section 11 of P.L.1996, c.26 (C.34:1B-134) is amended to read
8 as follows:

9 11. a. A business that is receiving a business relocation grant
10 pursuant to the provisions of P.L.1996, c.25 (C.34:1B-112 et
11 seq.) shall not be eligible to receive a grant under this act except upon
12 the approval of the State Treasurer.

13 b. A business that is receiving any other grant by operation of State
14 law shall not receive an amount as a grant pursuant to this act which,
15 when combined with such other grants, exceeds ²the total of² 80% of
16 its withholdings ²[or payments of partners'] or 50% of the ²estimated
17 ²[taxes¹] tax², or any combination thereof¹ ²paid², except upon the
18 approval of the State Treasurer. Amounts received as grants from the
19 Office of Customized Training pursuant to the "1992 New Jersey
20 Employment and Workforce Development Act," P.L.1992, c.43
21 (C.34:15D-1 et seq.) shall be excluded from the calculation of the total
22 amount permitted under this subsection.

23 (cf: P.L.1996, c.26, s.11)

24

25 5. This act shall take effect immediately.

SENATE, No. 1002

STATE OF NEW JERSEY
208th LEGISLATURE

INTRODUCED APRIL 27, 1998

Sponsored by:

Senator JOSEPH M. KYRILLOS, JR.

District 13 (Middlesex and Monmouth)

Senator BERNARD F. KENNY

District 33 (Hudson)

SYNOPSIS

Enhances value of program grants for certain partnerships or limited liability companies under the "Business Employment Incentive Program Act."

CURRENT VERSION OF TEXT

As introduced.



S1002 KYRILLOS, KENNY

2

1 AN ACT concerning the "Business Employment Incentive Program"
2 and amending P.L.1996, c.26.

3

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

6

7 1. Section 2 of P.L.1996, c.26 (C.34:1B-125) is amended to read
8 as follows:

9 2. As used in sections 1 through 17 of this act, unless a different
10 meaning clearly appears from the context:

11 "Authority" means the New Jersey Economic Development
12 Authority created pursuant to P.L.1974, c.80 (C.34:1B-1 et seq.);

13 "Base years" means the first two complete calendar years following
14 the effective date of an agreement;

15 "Business" means a corporation; sole proprietorship; partnership;
16 corporation that has made an election under Subchapter S of Chapter
17 One of Subtitle A of the Internal Revenue Code of 1986, or any other
18 business entity through which income flows as a distributive share to
19 its owners; limited liability company; nonprofit corporation; or any
20 other form of business organization located either within or outside
21 this State, including a cooperative association. A grant received under
22 this act by a partnership, Subchapter S-Corporation, or other such
23 business entity shall be apportioned among the persons to whom the
24 income or profit of the partnership, Subchapter S-Corporation, or
25 other entity is distributed, in the same proportions as those in which
26 the income or profit is distributed. "Cooperative association" shall
27 include financial, stock or commodities exchanges;

28 "Business employment incentive agreement" or "agreement" means
29 the written agreement between the authority and a business proposing
30 a project in this State in accordance with the provisions of this act
31 which establishes the terms and conditions of a grant to be awarded
32 pursuant to this act;

33 "Department" means the Department of Commerce and Economic
34 Development;

35 "Director" means the Director of the Division of Taxation;

36 "Division" means the Division of Taxation in the Department of the
37 Treasury;

38 "Eligible Partnership" means a partnership or limited liability
39 company which is qualified to receive a grant as established in this act;

40 "Eligible position" is a new full-time position created by a business
41 in New Jersey or transferred from another state by the business under
42 the terms and conditions set forth in this act during the base years or
43 in subsequent years of a grant. In determining if positions are eligible

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.

1 positions, the authority shall give greater consideration to positions
2 that average at least 1.5 times the minimum hourly wage during the
3 term of an agreement authorized pursuant to this act. "Eligible
4 position" also includes all current and future partners or members of
5 a partnership or limited liability company created by a business in New
6 Jersey or transferred from another state by the business pursuant to the
7 conditions set forth in this act during the base years or in subsequent
8 years of a grant;

9 "Employment incentive" means the amount of a grant determined
10 pursuant to subsection a. of section 6 of this act;

11 "Full-time employee" means a person who is employed for
12 consideration for at least 35 hours a week, or who renders any other
13 standard of service generally accepted by custom or practice as
14 full-time employment, whose wages are subject to withholding as
15 provided in the "New Jersey Gross Income Tax Act," N.J.S.54A:1-1
16 et seq., and who is determined by the authority to be employed in a
17 permanent position according to criteria it develops, or who is a
18 partner of an eligible partnership, whose distributive share of income,
19 gain, loss or deduction or guaranteed payments is subject to the
20 payment of estimated taxes, as provided in the "New Jersey Gross
21 Income Tax Act," N.J.S.54A:1-1 et seq. "Full-time employee" shall
22 not include any person who works as an independent contractor or on
23 a consulting basis for the business;

24 "Grant" means a business employment incentive grant as established
25 in this act;

26 "New employee" means a full-time employee first employed in an
27 eligible position on the project which is the subject of an agreement or
28 who is a partner of an eligible partnership, whose distributive share of
29 income, gain, loss or deduction or guaranteed payments is subject to
30 the payment of estimated taxes, as provided in the "New Jersey Gross
31 Income Tax Act," N.J.S.54A:1-1 et seq. An out-of-State resident or
32 a resident of New Jersey who is employed outside New Jersey by the
33 business and whose position is relocated to New Jersey after the
34 execution of the agreement may be classified as a new employee when
35 his position is relocated to New Jersey and his wages are subject to
36 withholding as provided in the "New Jersey Gross Income Tax Act,"
37 N.J.S.54A:1-1 et seq.; except that such a New Jersey resident shall not
38 be classified as a "new employee" unless his wages, prior to the
39 relocation, were subject to income taxes imposed by the state or
40 municipality in which the position was previously located or who is a
41 partner of an eligible partnership, whose distributive share of income,
42 gain, loss or deduction or guaranteed payments is subject to the
43 payment of estimated taxes, as provided in the "New Jersey Gross
44 Income Tax Act," N.J.S.54A:1-1 et seq. "New employee" may also
45 include an employee rehired or called back from a layoff during or
46 following the base years to a vacant position previously held by that

1 employee or to a new position established during or following the base
2 years. "New employee" shall not include any employee who was
3 previously employed in New Jersey by the business or by a related
4 person as defined in section 2 of P.L.1993, c.170 (C.54:10A-5.5) if the
5 employee is transferred to the business which is the subject of an
6 agreement unless the employee's position at his previous employer is
7 filled by a new employee. "New employee" also shall not include a
8 child, grandchild, parent or spouse of an individual associated with the
9 business who has direct or indirect ownership of at least 15% of the
10 profits, capital, or value of the business;

11 "Partner" means a person who is entitled to a distributive share of
12 a partnership's income, gain, loss or deduction or guaranteed payments
13 by virtue of holding an interest in the partnership. "Partner" also
14 includes a person who is a member of a limited liability company which
15 is treated as a partnership, as provided in the "New Jersey Gross
16 Income Tax Act," N.J.S.54A:1-1 et seq.:

17 "Targeted area" means a qualifying municipality as defined in
18 P.L.1978, c.14 (C.52:27D-178); and

19 "Withholdings" means the amount withheld by a business from the
20 wages of new employees or estimated taxes paid by, or on behalf of,
21 partners that are new employees or both, pursuant to the "New Jersey
22 Gross Income Tax Act," N.J.S.54A:1-1 et seq.
23 (cf: P.L.1996, c.26, s.2)

24

25 2. Section 6 of P.L.1996, c.26 (C.34:1B-129) is amended to read
26 as follows:

27 6. a. The amount of the employment incentive awarded as a grant
28 in each case shall be not less than 10% and not more than 80% of the
29 withholdings of the business, or estimated taxes from partners of an
30 eligible partnership whether paid directly by the partner or by the
31 eligible partnership on behalf of such partner's account, or both, and
32 shall be subject to the provisions of sections 10 and 11 of this act.
33 The employment incentive shall be based on criteria developed by the
34 authority after considering the following:

35 (1) The number of eligible positions to be created;

36 (2) The expected duration of those positions;

37 (3) The type of contribution the business can make to the
38 long-term growth of the State's economy;

39 (4) The amount of other financial assistance the business will
40 receive from the State for the project; and

41 (5) The total dollar investment the business is making in the
42 project.

43 b. The term of the grant shall not exceed 10 years.

44 c. At the discretion of the authority, the grant may apply only to
45 new employees or partners in eligible positions created during the base

1 years, or to additional new employees or partners in eligible positions
2 created during the remainder of the term of the grant.

3 (cf: P.L.1996, c.26, s.6)

4

5 3. Section 10 of P.L.1996, c.26 (C.34:1B-133) is amended to read
6 as follows:

7 10. No amount shall be disbursed to a recipient business as a grant
8 under this act in any year until the State Treasurer has certified that
9 the amount of withholdings or estimated taxes of partners received in
10 that year by the division from the business or the partners of the
11 business equals or exceeds the amount of the grant.

12 (cf: P.L.1996, c.26, s.10)

13

14 4. Section 11 of P.L.1996, c.26 (C.34:1B-134) is amended to read
15 as follows:

16 11. a. A business that is receiving a business relocation grant
17 pursuant to the provisions of P.L.1996, c.25 (C.34:1B-112 et
18 seq.) shall not be eligible to receive a grant under this act except upon
19 the approval of the State Treasurer.

20 b. A business that is receiving any other grant by operation of State
21 law shall not receive an amount as a grant pursuant to this act which,
22 when combined with such other grants, exceeds 80% of its
23 withholdings or payments of partners' estimated taxes, except upon the
24 approval of the State Treasurer. Amounts received as grants from the
25 Office of Customized Training pursuant to the "1992 New Jersey
26 Employment and Workforce Development Act," P.L.1992, c.43
27 (C.34:15D-1 et seq.) shall be excluded from the calculation of the total
28 amount permitted under this subsection.

29 (cf: P.L.1996, c.26, s.11)

30

31 5. This act shall take effect immediately.

32

33

34

STATEMENT

35

36 This bill amends certain provisions of the "Business Employment
37 Incentive Program Act," P.L.1996, c.26 (C.34:1B-124 et seq.), in
38 order to enhance the availability and benefit of the program.
39 Specifically, the bill would enhance the value of program grants to
40 partnerships and limited liability companies by including partners'
41 estimated tax payments for the purposes of computing a grant award.

SENATE ECONOMIC GROWTH, AGRICULTURE AND
TOURISM COMMITTEE

STATEMENT TO

SENATE, No. 1002

with committee amendments

STATE OF NEW JERSEY

DATED: MAY 14, 1998

The Senate Economic Growth, Agriculture and Tourism Committee reports favorably Senate Bill No. 1002, with committee amendments.

As amended, this bill amends certain provisions of the "Business Employment Incentive Program Act," P.L.1996, c.26 (C.34:1B-124 et seq.), in order to enhance the availability of program grants for certain partnerships or limited liability companies. Specifically, the bill provides that certain partnerships and limited liability companies may be eligible to receive program grants that would be determined by including eligible partners' estimated tax payments for the purposes of computing a grant award.

The committee adopted amendments to clarify the definitions of "full-time employee" and "new employee" to include a person: (1) who is a partner of an eligible partnership; (2) who works for the partnership for at least 35 hours a week or renders another standard of service generally accepted by custom or practice as full-time employment; and (3) whose distributive share of income, gain, loss, or deduction or whose guaranteed payments, or any combination thereof, is subject to the payment of estimated taxes as provided in the "New Jersey Gross Income Tax Act."

The committee also adopted amendments to clarify the definition of "partner" to mean a person who is entitled to a distributive share of the partnership's income, gain, loss, or deduction, or guaranteed payments, or any combination thereof, by virtue of holding an interest in the partnership.

The committee amended section 4 of the bill to clarify that a business already receiving a grant under State law shall not receive an amount as a grant under this bill which, when combined with any other State grant, exceeds 80% of its withholdings or payments of partners' estimated taxes, or both, except upon the approval of the State Treasurer.

As amended by the committee, Senate Bill, No.1002 is identical to Assembly Bill, No.1958 ACA.

SENATE BUDGET AND APPROPRIATIONS COMMITTEE

STATEMENT TO

[First Reprint]

SENATE, No. 1002

with committee amendments

STATE OF NEW JERSEY

DATED: JUNE 8, 1998

The Senate Budget and Appropriations Committee reports favorably and with committee amendments Senate Bill No. 1002 (1R).

This bill amends certain provisions of the "Business Employment Incentive Program Act," P.L.1996, c.26 (C.34:1B-124 et seq.), to enhance the availability of program grants for certain partnerships or limited liability companies.

P.L.1996, c.26 established the Business Employment Incentive Program administered by the New Jersey Economic Development Authority to make direct payments in the form of grants to relocating and expanding businesses creating new jobs in the State. The amount of an employment incentive grant equals a percentage, between 10 percent and 80 percent, of the total amount of State income taxes withheld by the business during a calendar year for the new employees hired. The employment incentive can be authorized for a fixed number of years, not to exceed ten.

Partners (and members of limited liability companies) are not employees; they are owners of a business. Because partners are not employees, they do not count as "new jobs" in the State under the Business Employment Incentive Program when a partnership relocates to New Jersey. The profits that partners receive from a business are not subject to withholding. Because there is no withholding on partner's income, the Business Employment Incentive Program, which bases its incentive grants on withholding, often cannot be applied to attract businesses organized as a partnership.

The bill allows certain active partners (and members of limited liability companies) to be considered as employees for purposes of determining "new employees" in New Jersey. To be eligible, a partner would have to be a partner of an eligible partnership who works for the partnership for at least 35 hours a week or renders another standard of service generally accepted by custom or practice as full-time employment; also, the partner's distributive share of partnership income, gain, loss, or deduction, or guaranteed payments, or any combination thereof, would have to be subject to the payment of

estimated taxes as provided in the bill. The bill allows certain portions of partners' estimated tax on their distributive shares of partnership income to be considered for purposes of determining the grant amounts that the partnership could receive in respect of those distributive shares. Specifically, the partnership grants could be from 10% to 50% of the imputed tax (calculated at the top marginal gross income tax rate of 6.37%) on the lesser of (i) the difference between the amount of those partners' net share of partnership income, gain, loss, deduction, or guaranteed payments for the year in which application for the grant is made and the corresponding amount for the year before the new in-State jobs attributable to the partnership are created, or (ii) the net of all items of partnership income on which the partners paid gross income tax in the year of grant application.

COMMITTEE AMENDMENTS

The committee amendments added the provisions prescribing the "estimated tax" base of partners to which partnership grants in respect of those partners' income would be tied. The purpose of these provisions is to ensure that grants made under the bill (1) are made only with respect to new estimated taxes arising from new business activity, (2) relate solely to the eligible partnership, and (3) accord similar treatment to similarly situated eligible partnerships. The amendments also set the ceiling on the amount of such partnership grants at 50% of this estimated tax base, rather than at the 80% level applicable in the case of employee withholdings.

FISCAL IMPACT

The Department of Commerce and Economic Development has indicated for this bill, as it did when the "Business Employment Incentive Program Act," P.L.1996, c.26, was pending before the legislature in the form that is to be amended by the bill, that the State would will not incur a net increase in expenditures as a result of the program expansion because the cost of employment incentive grants will be offset entirely by increases in State taxes resulting from the increased economic activity created by the incentive program.

The bill's net impact on the General Fund cannot be estimated. It may be noted, however, that the principle of offsetting expenditures through increased associated revenues, related to tax increment financing, may have less application with respect to estimated payments by partners than than it did under the original act. This is because the original program used employee salaries (withholding) to determine grant amounts, a measure of business expenditures in New Jersey. Partner liability, on the other hand, is a measure of business owner profits.

LEGISLATIVE FISCAL ESTIMATE

[First Reprint]

SENATE, No. 1002

STATE OF NEW JERSEY

208th LEGISLATURE

DATED: JULY 1, 1998

Senate Bill No. 1002 (1R) of 1998 extends certain provisions of the "Business Employment Incentive Program Act," P.L.1996, c.26 (C.34:1B-124 et seq.), to enhance the availability of program grants to partnerships and limited liability companies

P.L.1996, c.26 established the Business Employment Incentive Program administered by the New Jersey Economic Development Authority to make direct payments in the form of grants to relocating and expanding businesses creating new jobs in the State. The amount of an employment incentive grant equals a percentage, between 10 percent and 80 percent, of the total amount of State income taxes withheld by the business during a calendar year for the new employees hired. The employment incentive can be authorized for a fixed number of years, not to exceed ten.

Partners (and members of limited liability companies) are not employees; they are owners of a business. Because partners are not employees, they do not count as "new jobs" in the State under the Business Employment Incentive Program when a partnership relocates to New Jersey. The profits that partners receive from a business are not subject to withholding. Because there is no withholding on partner's income, the Business Employment Incentive Program, which bases its incentive grants on withholding, cannot currently be applied to attract businesses organized as a partnership.

The bill allows certain active partners (and members of limited liability companies) to be considered as employees for purposes of determining "new employees" in New Jersey, and the bill allows these partners' estimated taxes to be considered income taxes withheld for purposes of determining grant amounts.

The Department of Commerce and Economic Development has indicated for this bill, as it did when the "Business Employment Incentive Program Act," P.L.1996, c.26, was pending before the legislature in the form that is to be amended by the bill, that the State would not incur a net increase in expenditures as a result of the program expansion because the cost of employment incentive grants will be offset entirely by increases in State taxes resulting from the

increased economic activity created by the incentive program.

The Office of Legislative Services cannot estimate the bill's net impact on the General Fund. However, the OLS notes that the principle of offsetting expenditures through increased associated revenues, related to tax increment financing, would seem to have less application in the context of the bill's amendments to the incentive program than under the original act. This is because the original program used employee salaries (withholding) to determine grant amounts, a measure of business expenditures in New Jersey. The bill's amendments use partner liability (estimated payments) to determine grant amounts, a measure of business owner profits.

The OLS notes further that any partner's estimated payments under the gross income tax are a result of several factors: the statutory estimated payment "safe harbors" (alternative amounts of payment based on percentages of current or previous year liability which, if paid, protect the taxpayer from the imposition of penalties for underpayment of estimated tax), the partner's sources of income and related losses, and the partner's total taxable income amount. Assuming that the intention is to base the incentive amounts only on estimated taxes that relate to the activity of an eligible partnership and to treat like-situated partnerships in a like manner, a partner's tax liability would need to be disassembled into its component parts. The expanded program contemplated by the bill would be expected to be administratively more complex than a program based on salary withholding.

This legislative fiscal estimate has been produced by the Office of Legislative Services due to the failure of the Executive Branch to respond to our request for a fiscal note.

This fiscal estimate has been prepared pursuant to P.L.1980, c.67.

ASSEMBLY, No. 1958

STATE OF NEW JERSEY 208th LEGISLATURE

INTRODUCED APRIL 20, 1998

Sponsored by:

Assemblyman STEVE CORODEMUS

District 11 (Monmouth)

Assemblyman JOSEPH AZZOLINA

District 13 (Middlesex and Monmouth)

SYNOPSIS

Enhances value of program grants for certain partnerships or limited liability companies under the "Business Employment Incentive Program Act."

CURRENT VERSION OF TEXT

As introduced.



(Sponsorship Updated As Of: 5/19/1998)

A1958 CORODEMUS, AZZOLINA

2

1 AN ACT concerning the "Business Employment Incentive Program"
2 and amending P.L.1996, c.26.

3

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

6

7 1. Section 2 of P.L.1996, c.26 (C.34:1B-125) is amended to read
8 as follows:

9 2. As used in sections 1 through 17 of this act, unless a different
10 meaning clearly appears from the context:

11 "Authority" means the New Jersey Economic Development
12 Authority created pursuant to P.L.1974, c.80 (C.34:1B-1 et seq.);

13 "Base years" means the first two complete calendar years following
14 the effective date of an agreement;

15 "Business" means a corporation; sole proprietorship; partnership;
16 corporation that has made an election under Subchapter S of Chapter
17 One of Subtitle A of the Internal Revenue Code of 1986, or any other
18 business entity through which income flows as a distributive share to
19 its owners; limited liability company; nonprofit corporation; or any
20 other form of business organization located either within or outside
21 this State, including a cooperative association. A grant received under
22 this act by a partnership, Subchapter S-Corporation, or other such
23 business entity shall be apportioned among the persons to whom the
24 income or profit of the partnership, Subchapter S-Corporation, or
25 other entity is distributed, in the same proportions as those in which
26 the income or profit is distributed. "Cooperative association" shall
27 include financial, stock or commodities exchanges;

28 "Business employment incentive agreement" or "agreement" means
29 the written agreement between the authority and a business proposing
30 a project in this State in accordance with the provisions of this act
31 which establishes the terms and conditions of a grant to be awarded
32 pursuant to this act;

33 "Department" means the Department of Commerce and Economic
34 Development;

35 "Director" means the Director of the Division of Taxation;

36 "Division" means the Division of Taxation in the Department of the
37 Treasury;

38 "Eligible Partnership" means a partnership or limited liability
39 company which is qualified to receive a grant as established in this act;

40 "Eligible position" is a new full-time position created by a business
41 in New Jersey or transferred from another state by the business under
42 the terms and conditions set forth in this act during the base years or
43 in subsequent years of a grant. In determining if positions are eligible

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.

1 positions, the authority shall give greater consideration to positions
2 that average at least 1.5 times the minimum hourly wage during the
3 term of an agreement authorized pursuant to this act. "Eligible
4 position" also includes all current and future partners or members of
5 a partnership or limited liability company created by a business in New
6 Jersey or transferred from another state by the business pursuant to the
7 conditions set forth in this act during the base years or in subsequent
8 years of a grant;

9 "Employment incentive" means the amount of a grant determined
10 pursuant to subsection a. of section 6 of this act;

11 "Full-time employee" means a person who is employed for
12 consideration for at least 35 hours a week, or who renders any other
13 standard of service generally accepted by custom or practice as
14 full-time employment, whose wages are subject to withholding as
15 provided in the "New Jersey Gross Income Tax Act," N.J.S.54A:1-1
16 et seq., and who is determined by the authority to be employed in a
17 permanent position according to criteria it develops, or who is a
18 partner of an eligible partnership, whose distributive share of income,
19 gain, loss or deduction or guaranteed payments is subject to the
20 payment of estimated taxes, as provided in the "New Jersey Gross
21 Income Tax Act," N.J.S.54A:1-1 et seq. "Full-time employee" shall
22 not include any person who works as an independent contractor or on
23 a consulting basis for the business;

24 "Grant" means a business employment incentive grant as established
25 in this act;

26 "New employee" means a full-time employee first employed in an
27 eligible position on the project which is the subject of an agreement or
28 who is a partner of an eligible partnership, whose distributive share of
29 income, gain, loss or deduction or guaranteed payments is subject to
30 the payment of estimated taxes, as provided in the "New Jersey Gross
31 Income Tax Act," N.J.S.54A:1-1 et seq. An out-of-State resident or
32 a resident of New Jersey who is employed outside New Jersey by the
33 business and whose position is relocated to New Jersey after the
34 execution of the agreement may be classified as a new employee when
35 his position is relocated to New Jersey and his wages are subject to
36 withholding as provided in the "New Jersey Gross Income Tax Act,"
37 N.J.S.54A:1-1 et seq.; except that such a New Jersey resident shall not
38 be classified as a "new employee" unless his wages, prior to the
39 relocation, were subject to income taxes imposed by the state or
40 municipality in which the position was previously located or who is a
41 partner of an eligible partnership, whose distributive share of income,
42 gain, loss or deduction or guaranteed payments is subject to the
43 payment of estimated taxes, as provided in the "New Jersey Gross
44 Income Tax Act," N.J.S.54A:1-1 et seq. "New employee" may also
45 include an employee rehired or called back from a layoff during or
46 following the base years to a vacant position previously held by that

1 employee or to a new position established during or following the base
2 years. "New employee" shall not include any employee who was
3 previously employed in New Jersey by the business or by a related
4 person as defined in section 2 of P.L.1993, c.170 (C.54:10A-5.5) if the
5 employee is transferred to the business which is the subject of an
6 agreement unless the employee's position at his previous employer is
7 filled by a new employee. "New employee" also shall not include a
8 child, grandchild, parent or spouse of an individual associated with the
9 business who has direct or indirect ownership of at least 15% of the
10 profits, capital, or value of the business;

11 "Partner" means a person who is entitled to a distributive share of
12 a partnership's income, gain, loss or deduction or guaranteed payments
13 by virtue of holding an interest in the partnership. "Partner" also
14 includes a person who is a member of a limited liability company which
15 is treated as a partnership, as provided in the "New Jersey Gross
16 Income Tax Act," N.J.S.54A:1-1 et seq.:

17 "Targeted area" means a qualifying municipality as defined in
18 P.L.1978, c.14 (C.52:27D-178); and

19 "Withholdings" means the amount withheld by a business from the
20 wages of new employees or estimated taxes paid by, or on behalf of,
21 partners that are new employees or both, pursuant to the "New Jersey
22 Gross Income Tax Act," N.J.S.54A:1-1 et seq.
23 (cf: P.L.1996, c.26, s.2)

24

25 2. Section 6 of P.L.1996, c.26 (C.34:1B-129) is amended to read
26 as follows:

27 6. a. The amount of the employment incentive awarded as a grant
28 in each case shall be not less than 10% and not more than 80% of the
29 withholdings of the business, or estimated taxes from partners of an
30 eligible partnership whether paid directly by the partner or by the
31 eligible partnership on behalf of such partner's account, or both, and
32 shall be subject to the provisions of sections 10 and 11 of this act.
33 The employment incentive shall be based on criteria developed by the
34 authority after considering the following:

35 (1) The number of eligible positions to be created;

36 (2) The expected duration of those positions;

37 (3) The type of contribution the business can make to the
38 long-term growth of the State's economy;

39 (4) The amount of other financial assistance the business will
40 receive from the State for the project; and

41 (5) The total dollar investment the business is making in the
42 project.

43 b. The term of the grant shall not exceed 10 years.

44 c. At the discretion of the authority, the grant may apply only to
45 new employees or partners in eligible positions created during the base
46 years, or to additional new employees or partners in eligible positions

1 created during the remainder of the term of the grant.

2 (cf: P.L.1996, c.26, s.6)

3

4 3. Section 10 of P.L.1996, c.26 (C.34:1B-133) is amended to read
5 as follows:

6 10. No amount shall be disbursed to a recipient business as a grant
7 under this act in any year until the State Treasurer has certified that
8 the amount of withholdings or estimated taxes of partners received in
9 that year by the division from the business or the partners of the
10 business equals or exceeds the amount of the grant.

11 (cf: P.L.1996, c.26, s.10)

12

13 4. Section 11 of P.L.1996, c.26 (C.34:1B-134) is amended to read
14 as follows:

15 11. a. A business that is receiving a business relocation grant
16 pursuant to the provisions of P.L.1996, c.25 (C.34:1B-112 et
17 seq.) shall not be eligible to receive a grant under this act except upon
18 the approval of the State Treasurer.

19 b. A business that is receiving any other grant by operation of State
20 law shall not receive an amount as a grant pursuant to this act which,
21 when combined with such other grants, exceeds 80% of its
22 withholdings or payments of partners' estimated taxes, except upon the
23 approval of the State Treasurer. Amounts received as grants from the
24 Office of Customized Training pursuant to the "1992 New Jersey
25 Employment and Workforce Development Act," P.L.1992, c.43
26 (C.34:15D-1 et seq.) shall be excluded from the calculation of the total
27 amount permitted under this subsection.

28 (cf: P.L.1996, c.26, s.11)

29

30 5. This act shall take effect immediately.

31

32

33

STATEMENT

34

35 This bill amends certain provisions of the "Business Employment
36 Incentive Program Act," P.L.1996, c.26 (C.34:1B-124 et seq.), in
37 order to enhance the availability and benefit of the program.
38 Specifically, the bill would enhance the value of program grants to
39 partnerships and limited liability companies by including partners'
40 estimated tax payments for the purposes of computing a grant award.

ASSEMBLY COMMERCE, TOURISM, GAMING, AND
MILITARY AND VETERANS' AFFAIRS COMMITTEE

STATEMENT TO

ASSEMBLY, No. 1958

with committee amendments

STATE OF NEW JERSEY

DATED: MAY 14, 1998

The Assembly Commerce, Tourism, Gaming, and Military and Veterans' Affairs Committee reports favorably Assembly Bill No. 1958, with committee amendments.

As amended, this bill amends certain provisions of the "Business Employment Incentive Program Act," P.L. 1996, c. 26 (C.34:1B-124 et seq.), in order to enhance the availability of program grants for certain partnerships or limited liability companies. Specifically, the bill provides that certain partnerships and limited liability companies may be eligible to receive program grants that would be determined by including eligible partners' estimated tax payments for the purposes of computing a grant award.

The committee adopted amendments to clarify the definitions of "full-time employee" and "new employee" to include a person: (1) who is a partner of an eligible partnership; (2) who works for the partnership for at least 35 hours a week or renders another standard of service generally accepted by custom or practice as full-time employment; and (3) whose distributive share of income, gain, loss, or deduction, or whose guaranteed payments, or any combination thereof, is subject to the payment of estimated taxes as provided in the "New Jersey Gross Income Tax Act."

The committee also adopted amendments to clarify the definition of "partner" to mean a person who is entitled to a distributive share of the partnership's income, gain, loss, or deduction, or guaranteed payments, or any combination thereof, by virtue of holding an interest in the partnership.

The committee amended section 4 of the bill to clarify that a business already receiving a grant under State law shall not receive an amount as a grant under this bill which, when combined with any other State grant, exceeds 80% of its withholdings or payments of partners' estimated taxes, or both, except upon the approval of the State Treasurer.

As amended by the committee, Assembly Bill. No. 1958 is identical to Senate Bill. No. 1002 SCA.

ASSEMBLY APPROPRIATIONS COMMITTEE

STATEMENT TO

[First Reprint]

ASSEMBLY, No. 1958

with Assembly committee amendments

STATE OF NEW JERSEY

DATED: JUNE 15, 1998

The Assembly Appropriations Committee reports favorably Assembly Bill No. 1958 (1R), with committee amendments.

Assembly Bill No. 1958 (1R), as amended, amends certain provisions of the "Business Employment Incentive Program Act," P.L.1996, c.26 (C.34:1B-124 et seq.), to enhance the availability of program grants for certain partnerships or limited liability companies.

P.L.1996, c.26 established the Business Employment Incentive Program administered by the New Jersey Economic Development Authority to make direct payments in the form of grants to relocating and expanding businesses creating new jobs in the State. The amount of an employment incentive grant equals a percentage, between 10 percent and 80 percent, of the total amount of State income taxes withheld by the business during a calendar year for the new employees hired. The employment incentive can be authorized for a fixed number of years, not to exceed ten.

Partners (and members of limited liability companies) are not employees; they are owners of a business. Because partners are not employees, they do not count as "new jobs" in the State under the Business Employment Incentive Program when a partnership relocates to New Jersey. The profits that partners receive from a business are not subject to withholding. Because there is no withholding on partner's income, the Business Employment Incentive Program, which bases its incentive grants on withholding, often cannot be applied to attract businesses organized as a partnership.

The bill allows certain active partners (and members of limited liability companies) to be considered as employees for purposes of determining "new employees" in New Jersey. To be eligible, a partner would have to be a partner of an eligible partnership who works for the partnership for at least 35 hours a week or renders another standard of service generally accepted by custom or practice as full-time employment; also, the partner's distributive share of partnership income, gain, loss, or deduction, or guaranteed payments, or any combination thereof, would have to be subject to the payment of estimated taxes as provided in the bill. The bill allows certain portions

of partners' estimated tax on their distributive shares of partnership income to be considered for purposes of determining the grant amounts that the partnership could receive in respect of those distributive shares. Specifically, the partnership grants could be from 10% to 50% of the imputed tax (calculated at the top marginal gross income tax rate of 6.37%) on the lesser of (i) the difference between the amount of those partners' net share of partnership income, gain, loss, deduction, or guaranteed payments for the year in which application for the grant is made and the corresponding amount for the year before the new in-State jobs attributable to the partnership are created, or (ii) the net of all items of partnership income on which the partners paid gross income tax in the year of grant application.

As amended by the committee, Assembly Bill. No.1958 (1R) is identical to Senate Bill. No.1002 (2R)

FISCAL IMPACT:

The Department of Commerce and Economic Development has indicated for this bill, as it did when the "Business Employment Incentive Program Act," P.L.1996, c.26, was pending before the legislature in the form that is to be amended by the bill, that the State would will not incur a net increase in expenditures as a result of the program expansion because the cost of employment incentive grants will be offset entirely by increases in State taxes resulting from the increased economic activity created by the incentive program.

The bill's net impact on the General Fund cannot be estimated. It may be noted, however, that the principle of offsetting expenditures through increased associated revenues, related to tax increment financing, may have less application with respect to estimated payments by partners than than it did under the original act. This is because the original program used employee salaries (withholding) to determine grant amounts, a measure of business expenditures in New Jersey. Partner liability, on the other hand, is a measure of business owner profits.

COMMITTEE AMENDMENTS:

The committee amendments added the provisions prescribing the "estimated tax" base of partners to which partnership grants in respect of those partners' income would be tied. The purpose of these provisions is to ensure that grants made under the bill (1) are made only with respect to new estimated taxes arising from new business activity, (2) relate solely to the eligible partnership, and (3) accord similar treatment to similarly situated eligible partnerships. The amendments also set the ceiling on the amount of such partnership grants at 50% of this estimated tax base, rather than at the 80% level applicable in the case of employee withholdings.

LEGISLATIVE FISCAL ESTIMATE

[Second Reprint]

ASSEMBLY, No. 1958

STATE OF NEW JERSEY

208th LEGISLATURE

DATED: JULY 20, 1998

Assembly Bill No. 1958 (2R) of 1998 extends certain provisions of the "Business Employment Incentive Program Act," P.L.1996, c.26 (C.34:1B-124 et seq.), to enhance the availability of program grants to partnerships and limited liability companies

P.L.1996, c.26 established the Business Employment Incentive Program administered by the New Jersey Economic Development Authority to make direct payments in the form of grants to relocating and expanding businesses creating new jobs in the State. The amount of an employment incentive grant equals a percentage, between 10 percent and 80 percent, of the total amount of State income taxes withheld by the business during a calendar year for the new employees hired. The employment incentive can be authorized for a fixed number of years, not to exceed ten.

Partners (and members of limited liability companies) are not employees; they are owners of a business. Because partners are not employees, they do not count as "new jobs" in the State under the Business Employment Incentive Program when a partnership relocates to New Jersey. The profits that partners receive from a business are not subject to withholding. Because there is no withholding on partner's income, the Business Employment Incentive Program, which bases its incentive grants on withholding, cannot currently be applied to attract businesses organized as a partnership.

The bill allows certain active partners (and members of limited liability companies) to be considered as employees for purposes of determining "new employees" in New Jersey, and the bill allows these partners' estimated taxes to be considered income taxes withheld for purposes of determining grant amounts.

The Department of Commerce and Economic Development has indicated for this bill, as it did when the "Business Employment Incentive Program Act," P.L.1996, c.26, was pending before the legislature in the form that is to be amended by the bill, that the State would will not incur a net increase in expenditures as a result of the program expansion because the cost of employment incentive grants

will be offset entirely by increases in State taxes resulting from the increased economic activity created by the incentive program.

The Office of Legislative Services (OLS) cannot estimate the bill's net impact on the General Fund. However, the OLS notes that the principle of offsetting expenditures through increased associated revenues, related to tax increment financing, would seem to have less application in the context of the bill's modifications to the incentive program than under the original act. This is because the original program used employee salaries (withholding) to determine grant amounts, a measure of business expenditures in New Jersey. The program's amendments in this bill use partner liability (estimated payments) to determine grant amounts, a measure of business owner profits.

The OLS notes however that amendments to the bill act to ensure the tax increment aspects of the incentive by limiting the estimated tax base on which grants will be made to the lesser of a partner's: (1) incremental taxes arising from the eligible partnership; or (2) net taxes from partnership activities. The expanded program contemplated by the bill would be expected to be administratively more complex than a program based on salary withholding.

This legislative fiscal estimate has been produced by the Office of Legislative Services due to the failure of the Executive Branch to respond to our request for a fiscal note.

This fiscal estimate has been prepared pursuant to P.L.1980, c.67.

Office of the Governor
NEWS RELEASE

PO BOX 004
TRENTON, NJ 08625

CONTACT: Jayne O'Connor
Julie Plocinik
609-777-2600

RELEASE: June 30, 1998

Gov. Christie Whitman today signed the following legislation:

S-2001, sponsored by Senator Robert Littell (R- Sussex/Hunterdon/Morris) and Assembly Members Richard Bagger (R- Middlesex/Morris/Somerset/Union) and Joseph Charles (D-Hudson), makes various FY 1998 supplemental appropriations totaling \$105,403,932 in state funds and \$579,254 in federal funds and appropriates \$15 million in bond funds. Projects funded through this bill include: \$400,000 for the purchase of protective vests for law enforcement, \$750,000 to support a toll free telephone system for dealing with the Division of Motor Vehicles services, \$285,000 for computer equipment to run criminal history background checks on school employees, and \$15 million in property tax relief aid to the City of Camden and the creation of a financial oversight board for the city, and \$15 million for sewer overflow abatement projects for the Passaic River/Newark Bay Restoration Program.

A-2141, sponsored by Assembly Member Francis Blee (R-Atlantic) and Senators Louis Bassano (R-Essex/Union) and Leonard Connors (R-Atlantic/Burlington/Ocean), establishes an annual assessment of 5.8 percent of gross revenue on all intermediate care facilities for the mentally retarded. The revenue generated by the assessment will be used to reduce the Developmental Disabilities waiting list for placement in community residences.

A-673, sponsored by Assembly Members Jack Gibson and Nicholas Asselta and Senator James Cafiero (all R-Cape May/Atlantic/Cumberland), authorizes municipalities to regulate skateboards and roller skates upon roadways and public properties under their jurisdiction. This law supplements legislation signed January 19, requiring helmets for skaters under 14 years of, by ensuring that municipalities have the ability to regulate skating activities to protect skaters, motorists and other pedestrians in their communities.

A-553, sponsored by Assembly Members David Russo (R- Bergen/Passaic) and Gerald Zecker (R-Essex/Passaic) and Senators Jack Sinagra (R-Middlesex) and John Adler (D-Camden), prohibits smoking in child care centers when children are present.

A-1902, sponsored by Assembly Member Richard Bagger (R-Middlesex/Morris/Somerset/Union) and Louis Romano (D-Hudson) and Senator Robert Littell (R-Sussex/Hunterdon/Morris), authorizes the State Treasurer to determine the salary of the Director and Deputy Director of the Division of Investment and authorizes the Treasurer to designate an additional deputy director.

S-851, sponsored by Senators Joseph Palaia (R-Monmouth) and Norman M.

Robertson (R-Essex/Passaic) and Assembly Member Christopher "Kip" Bateman (R-Morris/Somerset), revises statutes providing for criminal history record checks of school employees and school bus drivers. The bill expands the list of disqualifying crimes; deletes a provision authorizing the employment of a persons with a disqualifying crime if rehabilitation has been demonstrated and prohibits schools from provisionally hiring candidates pending completion of their criminal history record checks, except in limited circumstances.

A-1996, gives the state Treasurer the authority to bundle old, difficult to collect tax debt represented as tax certificates and enter into a contract with a financial institution after public bidding. The financial institution would assume ownership of the debt and replace the state as the collector. The bill was sponsored by Assembly Members Paul DiGaetano (R- Bergen/Essex/Passaic) and Richard Bagger (R-Middlesex/Morris /Somerset/Union) and Senators Walter Kavanaugh (R-Morris/Somerset) and Peter Inverso (R-Mercer/Middlesex).

S-1002, which amends the state's Business Employment Incentive Program (BEIP) Act to encourage partnerships and limited liability companies to participate in the BEIP program and locate or expand in New Jersey. Companies that create jobs in New Jersey by either moving to the state or expanding operations are eligible to receive incentive grants which are based upon the income taxes paid by the newly-hired employees. The new legislation amends the law to allow estimated taxes paid by partners to be included in the BEIP calculation, thereby increasing the amount of the BEIP grant for partnerships and limited liability companies and providing them with an incentive to move to New Jersey. The bill was sponsored by Senators Joseph Kyrillos, Jr. (R- Middlesex/Monmouth) and Bernard Kenny, Jr. (D-Hudson) and Assembly Members Steve Corodemus (R-Monmouth) and Joseph Azzolina (R- Middlesex/Monmouth).

A-2190, sponsored by Assembly Members Francis Blee (R-Atlantic) and Carol Murphy (R-Essex/Morris/Passaic), expands the Drug Utilization Review Board in the Department of Human Services for state-funded pharmaceutical benefits programs. The powers of the Board will include review of the Pharmaceutical Assistance to the Aged and Disabled (PAAD) and the AIDS Drug Distribution programs. Membership of the Board shall include individuals with expertise in the prescribing of medication to the geriatric and AIDS populations to address specific needs of these individuals. The bill appropriates \$90,000 for establishment of the Review Board.

A- 1690, eliminates the requirement in the current charity care law that the Commissioner of Health and Senior Services (DHSS) seek federal approval to establish a permanent state-wide program for providing hospital charity care services on a managed care basis. The bill permits the Commissioner of Human Services to seek federal approval to establish a demonstration managed charity care program, within a single region or county, for a two-year period in order to test the programmatic and fiscal viability of delivering charity care services by this alternative means. The bill was sponsored by Assembly Members Nicholas Asselta (R-Cape May/Atlantic/Cumberland) and Joseph Doria, Jr. ((D-Hudson) and by Senators John Matheussen (R-Camden/Gloucester) and John Bennett (R-Monmouth).

S-990, sponsored by Senator Louis Bassano (R-Essex/Union) and Bernard Kenny (D-Hudson), establishes the New Jersey Supplementary Food Stamp Program in the Department of Human Services. The legislation, an administration initiative,

extends the availability of food stamps to certain noncitizens covered under E.O. 74, which expires today. The program provides broader coverage than the legislation passed in Congress earlier this month. The bill will also provide coverage for individuals who are considered unemployable under the WorkFirst New Jersey Program and are ineligible for federal Supplemental Security Income benefits.