

ASSEMBLY COMMERCE AND ECONOMIC DEVELOPMENT
COMMITTEE

STATEMENT TO

[First Reprint]

ASSEMBLY, No. 583

with committee amendments

STATE OF NEW JERSEY

DATED: DECEMBER 5, 2022

The Assembly Commerce and Economic Development Committee reports favorably Assembly Bill No. 583 (1R), with committee amendments.

As amended, this bill, titled the “New Jersey Works Act,” would incentivize businesses to establish pre-employment and work readiness training programs together with certain types of educational institutions or with nonprofit organizations. Under the bill, a business may receive a credit against the corporation business tax (CBT) or gross income tax (GIT) for 100 percent of the financial assistance provided to support a qualified pre-employment and work readiness training program approved by the Department of Labor and Workforce Development (department). Business engaged in a construction trade are excluded from participating in the bill’s training programs.

The bill would authorize the award of \$12 million in tax credits per State fiscal year to taxpayers that have established an approved pre-employment and work readiness training program with an institution of higher education, a comprehensive high school, a vocational school, or a nonprofit organization.

The bill would require an educational institution or nonprofit organization, which has entered into an agreement with a business entity to establish a training program, to submit a proposed pre-employment and work readiness training plan to the department for approval. At a minimum, each pre-employment and work readiness training program must offer 12 weeks of paid training, at the minimum wage for each participant, and include, but not be limited to instruction and training in the following areas: basic math and English literacy, communication skills, critical thinking, leaderships, life skills and job readiness skills training, such as conflict management, finance concepts, resume preparation, problem solving, self-awareness and management, and any other training deemed necessary by the department. A single pre-employment training plan may be submitted by multiple educational institutions or nonprofit organizations, but the

plan must designate one entity as the lead organization with responsibility for the plan.

Program participants must be a minimum of 16 years old. An educational institution or nonprofit organization may not determine a trainee's eligibility for participation in the training program based on the trainee's possession of either a high school diploma or a high school equivalency. Each program would offer trainees employment with a business entity which has provided funding for a qualified pre-employment and work readiness training program.

The bill would require the department to review each proposed pre-employment and work-readiness training plan to make an initial determination of whether the proposed training program qualifies for financial assistance based on whether the program:

consists of pre-employment and work readiness training activities to benefit low- and moderate-income households and persons in need of mid-career skills training or vocational retraining;

is reasonably designed to accomplish its intended purpose and further the purposes of the proposed training plan.

Additionally, the educational institution or nonprofit organization must: demonstrate that it has the capacity to implement the plan; ensure that financial assistance will be expended exclusively to implement the plan, and provide documentation of its completion rates.

If the department makes an initial determination that a proposed plan qualifies under the program guidelines, the department would refer the proposal to the Director of the Division of Taxation for final approval, and the director would notify the department of a final approval

The bill would require the Department of State to conduct a study of the efficacy of the training programs and tax credits following two years from the date of enactment of the bill and report the findings to the Governor and the Legislature.

PROPOSED COMMITTEE AMENDMENTS:

The committee proposes to amend the bill to:

(1) remove a provision that would have required a training program to offer trainees college credits for all applicable course work of the program provided through an educational institution;

(2) change the State agency tasked with overseeing the pre-employment and work readiness training program from the State Employment and Training Commission to the Department of Labor and Workforce Development (department or DOLWD) throughout the bill;

(3) change the effective date to 180 days following the date of enactment;

(4) change the agency tasked with producing an analysis of the efficacy of the training programs and tax credits from the State Treasurer to the Department of State;

(5) remove the bill's expiration date;

(6) limit definitions in section 2 to sections 1 through 4 of the bill, and revise and supplement the definitions in the bill;

(7) make an appropriation from the general fund to the DOLWD and Division of Taxation for the cost of administering the program;

(8) update language referring to fiscal year 2020 to fiscal year 2023;

(9) change language from graduation rates to completion rates and delete language relating to the percentage of students placed in employment relevant to their training and coursework; and

(10) clarify that after the Director of the Division of Taxation in the Department of Treasury approves the tax credit, the director is required to notify the DOLWD of the approval, since the DOLWD required to manage success rates.