

STATEMENT TO
[Second Reprint]
SENATE, No. 3128

with Senate Floor Amendments
(Proposed by Senator LAGANA)

ADOPTED: JUNE 20, 2023

These floor amendments modify the "convenience of the employer" test created by the bill to provide the following: for an individual who is a nonresident of this State and who has income from employee compensation from a New Jersey employer for the performance of personal services performed outside of New Jersey that were not required by the employer to be performed outside of New Jersey, and whose state of residence imposes an income or wage tax that requires employee compensation to be sourced to an employer's location if the nonresident renders the personal services from an out-of-state location for the convenience of the nonresident employee and not due to the necessity of the employer, that same sourcing rule will apply to that income of the nonresident.

The amendments also remove a section establishing a nonrefundable tax credit in the amount of \$2,000 for certain qualified taxpayers. The section defined a "qualified taxpayer" as a taxpayer who is a New Jersey resident and whose employer has assigned that individual a work location outside of the State, who seeks from the employer and accepts a permanent reassignment of work location to a New Jersey location during the taxable year. A qualified taxpayer did not include an individual who received a credit pursuant to this section in a prior taxable year. The section also required the New Jersey Economic Development Authority to determine the taxpayer's eligibility for a tax credit, and to issue a certification awarding the tax credit to the taxpayer. The section capped the total value of tax credits approved by the authority at \$10,000,000 in any fiscal year. The amendments remove these provisions from the bill entirely.

The amendments modify certain provisions concerning the pilot program created by the bill. The amendments require any business seeking a grant under the pilot program to submit an application for approval to the New Jersey Economic Development Authority (EDA) on or before July 1, 2028, in the form and manner prescribed by the chief executive officer of the EDA.

The amendments also modify certain requirements concerning grant agreements entered into under the pilot program. The amendments provide that in awarding the grants made available for the pilot program pursuant to the bill, the EDA may establish a preference for businesses that: acquire or lease office space in this State and make a capital investment in such office space; submit to the authority a plan showing that the business will provide bonuses to, or otherwise

increase the compensation of, employees relocating to the State; or both. The amendments require a grant agreement to specify the amount of the grant to be awarded to a business, the minimum number of resident employees the business is to assign to the State, and, if applicable, the terms governing actions proposed to be undertaken by the business for the purpose of receiving the preference.

The amendments modify the value of the grant to be awarded to a business under the pilot program, providing that the value of the grant is to be the New Jersey Gross Income Tax withholdings of resident employees re-assigned by the business to a New Jersey location, as certified by the Director of the Division of Taxation, or \$500,000, whichever is less. The amendments provide that the sum of all grants awarded under the pilot program is not to exceed \$35,000,000 in any State fiscal year, and the amendments appropriate this sum from the General Fund to the EDA.