

# ASSEMBLY LABOR COMMITTEE

## STATEMENT TO

### **ASSEMBLY, No. 583**

with committee amendments

# **STATE OF NEW JERSEY**

DATED: MARCH 10, 2022

The Assembly Labor Committee reports favorably and with committee amendments Assembly Bill No. 583.

As amended, this bill, titled the “New Jersey Works Act,” provides a financial incentive for businesses to establish pre-employment and work readiness training programs in partnership with institutions of higher education, comprehensive high schools, county vocational schools, and nonprofit organizations. Under the bill, a business entity may receive a credit against the corporation business tax (CBT) or gross income tax (GIT) for 100 percent of any financial assistance provided to support a qualified pre-employment and work readiness training program approved by the State Employment and Training Commission (“commission”). As amended, the bill excludes business entities in construction trades from participation in the bill

A maximum of \$12 million in tax credits per State fiscal year are allowed to be granted to taxpayers for assistance provided to an institution of higher education, a secondary comprehensive school, a vocational school, or a nonprofit organization for an approved pre-employment and work readiness training program.

The bill requires an institution of higher education, comprehensive high school, county vocational school, or nonprofit organization that has entered into a partnership with a business entity to submit a pre-employment training plan for approval by the commission. At a minimum, each pre-employment and work readiness training program shall 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 commission. A single pre-employment training plan may be submitted by multiple institutions of higher education, comprehensive high school, county vocational schools 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 institution of higher education or nonprofit organization may not

determine a trainee's eligibility for participation in the training program on the trainee's possession of either a high school diploma or any high school equivalency diploma. Each program shall offer trainees (1) college credits for all applicable course work of the program provided through a county college; or (2) employment with a business entity which has provided funding for a qualified pre-employment and work readiness training program or both.

The bill requires the commission to review each pre-employment training plan to determine whether a proposed pre-employment and work readiness training program qualifies for financial assistance for which a tax credit may be granted. Each program is required to consist of pre-employment and work readiness training activities that will benefit low- and moderate-income trainees and persons in need of mid-career skills training or vocational retraining and be reasonably designed to accomplish its intended purpose and further the purposes of the pre-employment training plan. The institution of higher education, comprehensive high school, county vocational school, or nonprofit organization is required to demonstrate that it able to implement the plan, provide adequate assurances that the assistance provided by a business entity will be expended exclusively to implement the plan, and provide documentation of its graduation rates and of the percentage of students placed in employment relevant to their training and coursework.

As amended, the bill requires the Treasurer to conduct a study of the efficacy of the employment 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, and the provisions of the bill expire upon completion of the study.

This bill was pre-filed for introduction in the 2022-2023 session pending technical review. As reported, the bill includes the changes required by technical review, which has been performed.

#### COMMITTEE AMENDMENTS:

The committee amended the bill to:

(1) Require the Treasurer to conduct a study of the efficacy of the employment 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;

(2) Make the provisions of the bill expire upon completion of the study; and

(3) Exclude business entities in construction trades from participation in the bill.