

ASSEMBLY BILL No. 1271

To the General Assembly:

Pursuant to Article V, Section I, Paragraph 14 of the New Jersey Constitution, I am returning Assembly Bill No. 1271 with my recommendations for reconsideration.

This bill would allow employers to take a tax credit against their corporation business tax or gross income tax liabilities for wages paid to "qualified interns" in tax years 2013 and 2014. According to the sponsors, the bill is "designed to encourage businesses to hire post-secondary students to learn firsthand about their chosen field of study and help them get their foot in the door to eventually secure full-time employment." The Legislature estimates that the tax credit proposed in this bill would reduce revenues received by the State through the corporation business tax and gross income tax by approximately \$7 million over the next two years.

While I support the concept of increased employment opportunities for future college graduates, the Legislature has offered no data to show that this type of tax credit will actually lead to increased long-term employment. Tellingly, the bill's own provisions call for a study concerning the effectiveness of such tax credits as a job-creation tool *subsequent* to the expiration of the two-year tax credit program. I believe that fiscal prudence requires us to conduct this study, including whether similar programs have been effective in this State or other jurisdictions, before we commit \$7 million of taxpayer funds to implement the program.

Therefore, I recommend that the Commissioner of the Department of Labor and Workforce Development undertake a review of the proposed "qualified intern" tax credit program, as well as similar tax credit programs in New Jersey and other

jurisdictions. The Commissioner should develop findings and recommendations on whether this type of tax credit program would be effective in increasing long-term employment for future college graduates. The Commissioner of the Department of Labor and Workforce Development should report such findings and recommendations directly to me no later than twelve months after the enactment of this bill.

Accordingly, I herewith return Assembly Bill No. 1271 and recommend that it be amended as follows:

<u>Page 2, Title, Lines 1-4:</u>	Delete "allowing a corporation business tax credit and gross income tax credit for certain payments to qualified interns in tax years 2013 and 2014, supplementing P.L. 1945, c.162 (C.54:10A-1 et seq.) and Title 54A of the New Jersey Statutes." and insert "requiring a review of corporation business tax credit and gross income tax credit programs for payments to interns."
<u>Page 2, Section 1, Lines 9-47:</u>	Delete in their entirety
<u>Page 3, Section 1, Lines 1-47:</u>	Delete in their entirety
<u>Page 4, Section 1, Lines 1-17:</u>	Delete in their entirety
<u>Page 4, Section 2, Lines 19-46:</u>	Delete in their entirety
<u>Page 5, Section 2, Lines 1-47:</u>	Delete in their entirety
<u>Page 6, Section 2, Lines 1-39:</u>	Delete in their entirety
<u>Page 6, Section 3, Lines 41-47:</u>	Delete in their entirety
<u>Page 7, Section 3, Lines 1-7:</u>	Delete in their entirety
<u>Page 7, Line 8:</u>	Insert new section 1: "1. The Commissioner of Labor and Workforce Development shall undertake a review of corporation business tax credit and gross income tax credit programs for payments to interns and shall report any findings and recommendations directly to the Governor no later

than twelve months from the date of enactment of this act. Specifically, the Commissioner shall examine the impact of, and make recommendations on, tax credit programs for interns as it pertains to increasing long-term employment for future college graduates."

Page 7, Section 4, Line 9:

Delete "4" and insert "2"

Respectfully,

/s/ Chris Christie

Governor

[seal]

Attest:

/s/ Charles B. McKenna

Chief Counsel to the Governor