

LEGISLATIVE FISCAL ESTIMATE

[First Reprint]

ASSEMBLY, No. 1469
STATE OF NEW JERSEY
220th LEGISLATURE

DATED: JUNE 23, 2022

SUMMARY

- Synopsis:** Allows gross income tax credit for certain child care staff and registered family day care providers.
- Type of Impact:** Annual revenue loss to State’s Property Tax Relief Fund.
- Agencies Affected:** Department of the Treasury.

Office of Legislative Services Estimate

Fiscal Impact	<u>FY 2024 and Each FY Thereafter</u>
Annual State Revenue Loss	\$8.3 million to \$16.5 million

- The Office of Legislative Services (OLS) estimates that this bill could reduce gross income tax revenue by \$8.3 million to \$16.5 million annually.
- Based on Occupational Employment and Wage Statistics for New Jersey from the U.S. Bureau of Labor Statistics, there are about 31,000 childcare workers in New Jersey. The OLS assumes that roughly 16,500 workers may qualify for tax credit awards ranging from \$500 to \$1,000 based on average incomes of the relevant professions.

BILL DESCRIPTION

This bill allows a gross income tax credit for staff members employed by a licensed child care provider who directly supervise children and for registered family day care providers who, as applicable, have been employed by a child care provider or worked as a registered family day care provider for a continuous six month period during the taxable year.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

The OLS estimates that this bill could reduce gross income tax revenue by \$8.3 million to \$16.5 million annually. Based on Occupational Employment and Wage Statistics for New Jersey from the U.S. Bureau of Labor Statistics, there are about 31,000 childcare workers in New Jersey. The OLS assumes that roughly 16,500 workers may qualify for tax credit awards ranging from \$500 to \$1,000 based on average income.

The OLS notes that qualifying for the bill's tax credits appears to be predicated on an individual's gross income. For purposes of this fiscal estimate, the OLS is assuming that each worker only has wage income and a spouse's income is not considered. If a worker has other sources of income, such as individual investment income, then those workers may be ineligible for the bill's tax credits if their total individual gross income exceeds \$45,000. The OLS further notes that determining whether the bill's tax credits are refundable or not appears to be based on all of the worker's gross income, including any income from a spouse. Thus, the actual impact of the bill's tax credits on revenue collections may be diminished as certain workers may be ineligible for a tax credit due to income restrictions or a worker may not be able to utilize the full tax credit award for a given tax year.

Section: Revenue, Finance and Appropriations
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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 (C.52:13B-6 et seq.).