ASSEMBLY, No. 276

STATE OF NEW JERSEY

222nd LEGISLATURE

PRE-FILED FOR INTRODUCTION IN THE 2026 SESSION

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SYNOPSIS

Reduces gross income tax rates by ten percent over three years.

CURRENT VERSION OF TEXT

Introduced Pending Technical Review by Legislative Counsel.

AN ACT reducing gross income tax rates, amending N.J.S.54A:2-1.

BE IT ENACTED *by the Senate and General Assembly of the State of New Jersey:*

1. N.J.S.54A:2-1 is amended to read as follows:

54A:2-1. Imposition of tax. There is hereby imposed a tax for each taxable year (which shall be the same as the taxable year for federal income tax purposes) on the New Jersey gross income as herein defined of every individual, estate or trust (other than a charitable trust or a trust forming part of a pension or profit-sharing plan), subject to the deductions, limitations and modifications hereinafter provided, determined in accordance with the following tables with respect to taxpayers' taxable income:

a. For married individuals filing a joint return and individuals filing as head of household or as surviving spouse for federal income tax purposes:

(1) for taxable years beginning on or after January 1, 1991 but before January 1, 1994:

If the taxable income is:	The tax is:
Not over $20,000.00	2% of taxable income
Over $20,000.00 but not over $50,000.00	$400.00 plus 2.5% of the excess over $20,000.00
Over $50,000.00 but not over $70,000.00	$1,150.00 plus 3.5% of the excess over $50,000.00
Over $70,000.00 but not over $80,000.00	$1,850.00 plus 5.0% of the excess over $70,000.00
Over $80,000.00 but not over $150,000.00	$2,350.00 plus 6.5% of the excess over $80,000.00
Over $150,000.00	$6,900.00 plus 7.0% of the excess over $150,000.00

(2) for taxable years beginning on or after January 1, 1994 but before January 1, 1995:

If the taxable income is:	The tax is:
Not over $20,000.00 . . .	1.900% of taxable income

Over $20,000.00 but not over $50,000.00	$380.00 plus 2.375% of the excess over $20,000.00
Over $50,000.00 but not over $70,000.00	$1,092.50 plus 3.325% of the excess over $50,000.00
Over $70,000.00 but not over $80,000.00	$1,757.50 plus 4.750% of the excess over $70,000.00
Over $80,000.00 but not over $150,000.00	$2,232.50 plus 6.175% of the excess over $80,000.00
Over $150,000.00	$6,555.00 plus 6.650% of the excess over $150,000.00

(3) for taxable years beginning on or after January 1, 1995 but before January 1, 1996:

If the taxable income is:	The tax is:
Not over $20,000.00	1.700% of taxable income
Over $20,000.00 but not over $50,000.00	$340.00 plus 2.125% of the excess over $20,000.00
Over $50,000.00 but not over $70,000.00	$977.50 plus 2.975% of the excess over $50,000.00
Over $70,000.00 but not over $80,000.00	$1,572.50 plus 4.250% of the excess over $70,000.00
Over $80,000.00 but not over $150,000.00	$1,997.50 plus 6.013% of the excess over $80,000.00
Over $150,000.00	$6,206.60 plus 6.580% of the excess over $150,000.00

(4) for taxable years beginning on or after January 1, 1996 but before January 1, 2004:

If the taxable income is:	The tax is:
Not over $20,000.00	1.400% of taxable income

Over $20,000.00 but not over $50,000.00	$280.00 plus 1.750% of the excess over $20,000.00
Over $50,000.00 but not over $70,000.00	$805.00 plus 2.450% of the excess over $50,000.00
Over $70,000.00 but not over $80,000.00	$1,295.50 plus 3.500% of the excess over $70,000.00
Over $80,000.00 but not over $150,000.00	$1,645.00 plus 5.525% of the excess over $80,000.00
Over $150,000.00	$5,512.50 plus 6.370% of the excess over $150,000.00

(5) for taxable years beginning on or after January 1, 2004 but before January 1, 2013:

If the taxable income is:	The tax is:
Not over $20,000.00	1.400% of taxable income
Over $20,000.00 but not over $50,000.00	$280.00 plus 1.750% of the excess over $20,000.00
Over $50,000.00 but not over $70,000.00	$805.00 plus 2.450% of the excess over $50,000.00
Over $70,000.00 but not over $80,000.00	$1,295.50 plus 3.500% of the excess over $70,000.00
Over $80,000.00 but not over $150,000.00	$1,645.00 plus 5.525% of the excess over $80,000.00
Over $150,000.00 but not over $500,000.00	$5,512.50 plus 6.370% of the excess over $150,000.00
Over $500,000.00	$27,807.50 plus 8.970% of the excess over $500,000.00

(6) for taxable years beginning on or after January 1, 2013 but before January 1, 2014:

If the taxable income is:	The tax is:
Not over $20,000.00	1.353% of taxable income

Over $20,000.00 but not over $50,000.00	$270.60 plus 1.692% of the excess over $20,000.00
Over $50,000.00 but not over $70,000.00	$778.20 plus 2.368% of the excess over $50,000.00
Over $70,000.00 but not over $80,000.00	$1,251.80 plus 3.383% of the excess over $70,000.00
Over $80,000.00 but not over $150,000.00	$1,590.10 plus 5.341% of the excess over $80,000.00
Over $150,000.00 but not over $500,000.00	$5,328.80 plus 6.158% of the excess over $150,000.00
Over $500,000.00	$26,881.80 plus 8.671% of the excess over $500,000.00

(7) for taxable years beginning on or after January 1, 2014 but before January 1, 2015:

If the taxable income is:	The tax is:
Not over $20,000.00	1.306% of taxable income
Over $20,000.00 but not over $50,000.00	$261.20 plus 1.634% of the excess over $20,000.00
Over $50,000.00 but not over $70,000.00	$751.40 plus 2.286% of the excess over $50,000.00
Over $70,000.00 but not over $80,000.00	$1,208.60 plus 3.266% of the excess over $70,000.00
Over $80,000.00 but not over $150,000.00	$1,535.20 plus 5.157% of the excess over $80,000.00
Over $150,000.00 but not over $500,000.00	$5,145.10 plus 5.946% of the excess over $150,000.00
Over $500,000.00	$25,956.10 plus 8.372% of the excess over $500,000.00

(8) for taxable years beginning on or after January 1, 2015:

If the taxable income is:	The tax is:

Not over $20,000.00	1.260% of taxable income
Over $20,000.00 but not over $50,000.00	$252.00 plus 1.575% of the excess over $20,000.00
Over $50,000.00 but not over $70,000.00	$724.50 plus 2.205% of the excess over $50,000.00
Over $70,000.00 but not over $80,000.00	$1,165.50 plus 3.150% of the excess over $70,000.00
Over $80,000.00 but not over $150,000.00	$1,480.50 plus 4.973% of the excess over $80,000.00
Over $150,000.00 but not over $500,000.00	$4,961.60 plus 5.734% of the excess over $150,000.00
Over $500,000.00.	$25,030.60 plus 8.074% of the excess over $500,000.00

b. For married individuals filing separately, unmarried individuals other than individuals filing as head of household or as a surviving spouse for federal income tax purposes, and estates and trusts:

(1) for taxable years beginning on or after January 1, 1991 but before January 1, 1994:

If the taxable income is:	The tax is:
Not over $20,000.00	2% of taxable income
Over $20,000.00 but not over $35,000.00	$400.00 plus 2.5% of the excess over $20,000.00
Over $35,000.00 but not over $40,000.00	$775.00 plus 5.0% of the excess over $35,000.00
Over $40,000.00 but not over $75,000.00	$1,025.00 plus 6.5% of the excess over $40,000.00
Over $75,000.00	$3,300.00 plus 7.0% of the excess over $75,000.00

(2) for taxable years beginning on or after January 1, 1994 but before January 1, 1995:

If the taxable income is:	The tax is:
Not over $20,000.00	1.900% of taxable income
Over $20,000.00 but not over $35,000.00	$380.00 plus 2.375% of the excess over $20,000.00
Over $35,000.00 but not over $40,000.00	$736.25 plus 4.750% of the excess over $35,000.00
Over $40,000.00 but not over $75,000.00	$973.75 plus 6.175% of the excess over $40,000.00
Over $75,000.00	$3,135.00 plus 6.650% of the excess over $75,000.00

(3) for taxable years beginning on or after January 1, 1995 but before January 1, 1996:

If the taxable income is:	The tax is:
Not over $20,000.00	1.700% of taxable income
Over $20,000.00 but not over $35,000.00	$340.00 plus 2.125% of the excess over $20,000.00
Over $35,000.00 but not over $40,000.00	$658.75 plus 4.250% of the excess over $35,000.00
Over $40,000.00 but not over $75,000.00	$871.25 plus 6.013% of the excess over $40,000.00
Over $75,000.00	$2,975.80 plus 6.580% of the excess over $75,000.00

(4) for taxable years beginning on or after January 1, 1996 but before January 1, 2004:

If the taxable income is:	The tax is:
Not over $20,000.00	1.400% of taxable income

Over $20,000.00 but not over $35,000.00	$280.00 plus 1.750% of the excess over $20,000.00
Over $35,000.00 but not over $40,000.00	$542.50 plus 3.500% of the excess over $35,000.00
Over $40,000.00 but not over $75,000.00	$717.50 plus 5.525% of the excess over $40,000.00
Over $75,000.00	$2,651.25 plus 6.370% of the excess over $75,000.00

(5) for taxable years beginning on or after January 1, 2004 but before January 1, 2013:

If the taxable income is:	The tax is:
Not over $20,000.00	1.400% of taxable income
Over $20,000.00 but not over $35,000.00	$280.00 plus 1.750% of the excess over $20,000.00
Over $35,000.00 but not over $40,000.00	$542.50 plus 3.500% of the excess over $35,000.00
Over $40,000.00 but not over $75,000.00	$717.50 plus 5.525% of the excess over $40,000.00
Over $75,000.00 but not over $500,000.00	$2,651.25 plus 6.370% of the excess over $75,000.00
Over $500,000.00	$29,723.75 plus 8.970% of the excess over $500,000.00

(6) for taxable years beginning on or after January 1, 2013 but before January 1, 2014:

If the taxable income is:	The tax is:
Not over $20,000.00	1.353% of taxable income
Over $20,000.00 but not over $35,000.00	$270.60 plus 1.692% of the excess over $20,000.00
Over $35,000.00 but not over $40,000.00	$524.40 plus 3.383% of the excess over $35,000.00

Over $40,000.00 but not over $75,000.00	$693.55 plus 5.341% of the excess over $40,000.00
Over $75,000.00 but not over $500,000.00	$2,562.90 plus 6.158% of the excess over $75,000.00
Over $500,000.00	$28,734.40 plus 8.671% of the excess over $500,000.00

(7) for taxable years beginning on or after January 1, 2014 but before January 1, 2015:

If the taxable income is:	The tax is:
Not over $20,000.00	1.307% of taxable income
Over $20,000.00 but not over $35,000.00	$261.40 plus 1.633% of the excess over $20,000.00
Over $35,000.00 but not over $40,000.00	$506.35 plus 3.267% of the excess over $35,000.00
Over $40,000.00 but not over $75,000.00	$669.70 plus 5.157% of the excess over $40,000.00
Over $75,000.00 but not over $500,000.00	$2,474.65 plus 5.946% of the excess over $75,000.00
Over $500,000.00	$27,745.15 plus 8.373% of the excess over $500,000.00

(8) for taxable years beginning on or after January 1, 2015:

If the taxable income is:	The tax is:
Not over $20,000.00	1.260% of taxable income
Over $20,000.00 but not over $35,000.00	$252.00 plus 1.575% of the excess over $20,000.00
Over $35,000.00 but not over $40,000.00	$488.25 plus 3.150% of the excess over $35,000.00
Over $40,000.00 but not over $75,000.00	$645.75 plus 4.973% of the excess over $40,000.00

Over $75,000.00 but not over $500,000.00	$2,386.30 plus 5.734% of the excess over $75,000.00
Over $500,000.00	$26,755.80 plus 8.074% of the excess over $500,000.00

c. For the purposes of this section, an individual who would be eligible to file as a head of household for federal income tax purposes but for the fact that such taxpayer is a nonresident alien, shall determine tax pursuant to subsection a. of this section.
(cf: P.L.2004, c.40, s.17)

2. This act shall take effect immediately and apply to taxable years beginning on or after January 1, 2013.

STATEMENT

The bill reduces gross income tax rates by ten percent over three taxable years. The purpose of this bill is to lower the gross income tax liabilities of all New Jersey gross income taxpayers while tempering the steep progressivity of the gross income tax liability structure.

The bill schedules the gross income tax rate reductions to occur at three and one-third percent for taxable years beginning in 2013, an additional three and one-third percent for taxable years beginning in 2014, and an additional three and one-third percent for taxable years beginning in 2015. After 2015, the bill maintains the total ten percent gross income tax rate reduction for future taxable years.