# ASSEMBLY, No. 1185

# STATE OF NEW JERSEY

## 222nd LEGISLATURE

PRE-FILED FOR INTRODUCTION IN THE 2026 SESSION

**Sponsored by:**
**Assemblyman JOHN DIMAIO**
**District 23 (Hunterdon, Somerset and Warren)**
**Assemblyman ALEX SAUICKIE**
**District 12 (Burlington, Middlesex, Monmouth and Ocean)**

**Co-Sponsored by:**
**Assemblymen DePhillips, McGuckin, S.Kean, Clifton, Peterson, Assemblywoman Dunn, Assemblymen McClellan, Guardian, Assemblywoman Fantasia, Assemblyman Inganamort, Assemblywoman Flynn and Assemblyman Scharfenberger**

**SYNOPSIS**

Revises gross income tax rates for joint filers and similar taxpayers and designated as Marriage Penalty Elimination Act.

**CURRENT VERSION OF TEXT**

Introduced Pending Technical Review by Legislative Counsel.




**(Sponsorship Updated As Of: 9/10/2026)**

**AN ACT** revising the gross income tax rates for joint filers and similar taxpayers and designated as the Marriage Penalty Elimination Act, and 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 |

**EXPLANATION – Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted in the law.**

**Matter underlined thus is new matter.**

| | |
|---|---|
| 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, 2018:

| 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, 2018 <u>but before January 1, 2020</u>:

| 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 but not over $5,000,000.00 . . . . . | $27,807.50 plus 8.970% of the excess over $500,000.00 |
| Over $5,000,000.00 . . . . . | $431,457.50 plus 10.75% of the excess over $5,000,000.00 |

(7) for taxable years beginning on or after January 1, 2020:

| | |
|---|---|
| Not over $40,000.00 . . . . . | 1.400% of taxable income |
| Over $40,000.00 but not over $70,000.00 . . . . . | $560.00 plus 1.750% of the excess over $40,000.00 |
| Over $70,000.00 but not over $80,000.00 . . . . . | $1,085.00 plus 3.500% of the excess over $70,000.00 |
| Over $80,000.00 but not over $150,000.00 . . . . . | $1,435.00 plus 5.525% of the excess over $80,000.00 |
| Over $150,000.00 but not over $500,000.00 . . . . . | $5,302.50 plus 6.370% of the excess over $150,000.00 |
| Over $500,000.00 but not over $5,000,000.00 . . . . . | $27,597.50 plus 8.970% of the excess over $500,000.00 |
| Over $5,000,000.00 . . . . . | $431,247.50 plus 10.75% 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, 2018:

| 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, 2018:

| 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 but not over $5,000,000.00 . . . . . | $29,723.75 plus 8.970% of the excess over $500,000.00 |
| Over $5,000,000.00 . . . . . | $433,373.75 plus 10.75% of the excess over $5,000,000.00 |

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.

d. For the purposes of this section, for taxable year 2018, withholding by every employer from salaries, wages and other remuneration paid by an employer for services rendered described in subsections a. and b. of this section, in excess of $5,000,000 during that taxable year, shall be at the rate of 15.6% as soon as practicable but no later than September 1, 2018. The Director of the Division of Taxation is authorized to do all things necessary to implement the withholding tax prescribed by this section for taxable year 2018.

e. No additions to tax or penalty shall be imposed under N.J.S.54A:9-6 for insufficient payment of estimated tax that may otherwise be due on salaries, wages and other remuneration received before September 1, 2018, on which there is a rate of tax imposed pursuant to subsections a. and b. of this section.

f. An employer maintaining an office or transacting business within this State and making payment of any salaries, wages and remuneration subject to New Jersey gross income tax or making

payment of any remuneration for employment subject to contribution under the New Jersey "unemployment compensation law," pursuant to R.S.43:21-1 et seq., that is subject to New Jersey gross income tax shall not be subject to interest, penalties or other costs that may otherwise be imposed for insufficient withholding of salaries, wages and other remuneration made before September 1, 2018, that is directly attributable to the enactment of the taxable income tables and tax rates in subsections a. and b. of this section.
(cf: P.L.2018, c.45, s.10)

2. This act shall take effect immediately and apply to taxable years beginning on or after January 1, 2020.

STATEMENT

The bill revises the gross income tax rates for joint filers and similar taxpayers and is designated as the Marriage Penalty Elimination Act.

As is common with progressive income tax structures, a marriage penalty occurs when married taxpayers, who would have otherwise faced a lower income tax liability by remaining single and filing individual tax returns, face a higher tax liability due to their marital status and filing their taxes jointly. For the sake of tax equity, the bill would amend the tax brackets for those filing jointly to align the tax brackets with those imposed on taxpayers filing individual tax returns. These changes would lower the gross income tax liability of most joint filers.

The bill accomplishes eliminating the so-called marriage penalty by making the following changes to the tax brackets of joint filers:

- Taxable income up to $40,000 would be taxed at a rate of 1.40 percent.
- Taxable income over $40,000 but not over $70,000 would be taxed at a rate of 1.75 percent.

The bill would take effect immediately and apply to taxable years beginning on or after January 1, 2020.