

ASSEMBLY, No. 2415

STATE OF NEW JERSEY 219th LEGISLATURE

INTRODUCED FEBRUARY 3, 2020

Sponsored by:

Assemblyman HAROLD "HAL" J. WIRTHS

District 24 (Morris, Sussex and Warren)

Assemblywoman BETTYLOU DECROCE

District 26 (Essex, Morris and Passaic)

Assemblyman EDWARD H. THOMSON

District 30 (Monmouth and Ocean)

Co-Sponsored by:

**Assemblymen DePhillips, McGuckin, DiMaio, Space, S.Kean, Clifton,
Bramnick, Assemblywoman N.Munoz, Assemblyman Peterson,
Assemblywomen DiMaso and Dunn**

SYNOPSIS

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

CURRENT VERSION OF TEXT

As introduced.



(Sponsorship Updated As Of: 2/20/2020)

1 AN ACT revising the gross income tax rates for joint filers and
2 similar taxpayers and designated as the Marriage Penalty
3 Elimination Act, and amending N.J.S.54A:2-1.

4
5 **BE IT ENACTED** by the Senate and General Assembly of the State
6 of New Jersey:

7
8 1. N.J.S.54A:2-1 is amended to read as follows:
9 54A:2-1. Imposition of tax. There is hereby imposed a tax for
10 each taxable year (which shall be the same as the taxable year for
11 federal income tax purposes) on the New Jersey gross income as
12 herein defined of every individual, estate or trust (other than a
13 charitable trust or a trust forming part of a pension or profit-sharing
14 plan), subject to the deductions, limitations and modifications
15 hereinafter provided, determined in accordance with the following
16 tables with respect to taxpayers' taxable income:

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

20 (1) for taxable years beginning on or after January 1, 1991 but
21 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

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

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.

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3

1	If the taxable income is:	The tax is:
2	Not over \$20,000.00 . . .	1.900% of taxable income
3		
4	Over \$20,000.00 but not	
5	over \$50,000.00	\$380.00 plus 2.375% of the
6		excess over \$20,000.00
7	Over \$50,000.00 but not	
8	over \$70,000.00	\$1,092.50 plus 3.325% of the
9		excess over \$50,000.00
10	Over \$70,000.00 but not	
11	over \$80,000.00	\$1,757.50 plus 4.750% of the
12		excess over \$70,000.00
13	Over \$80,000.00 but not	
14	over \$150,000.00	\$2,232.50 plus 6.175% of the
15		excess over \$80,000.00
16		
17	Over \$150,000.00	\$6,555.00 plus 6.650% of the
18		excess over \$150,000.00
19		

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

22		
23	If the taxable income is:	The tax is:
24		
25	Not over \$20,000.00	1.700% of taxable income
26		
27	Over \$20,000.00 but not	
28	over \$50,000.00	\$340.00 plus 2.125% of the
29		excess over \$20,000.00
30	Over \$50,000.00 but not	
31	over \$70,000.00	\$977.50 plus 2.975% of the
32		excess over \$50,000.00
33	Over \$70,000.00 but not	
34	over \$80,000.00	\$1,572.50 plus 4.250% of the
35		excess over \$70,000.00
36	Over \$80,000.00 but not	
37	over \$150,000.00	\$1,997.50 plus 6.013% of the
38		excess over \$80,000.00
39		
40	Over \$150,000.00	\$6,206.60 plus 6.580% of the
41		excess over \$150,000.00
42		

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

45		
46	If the taxable income is:	The tax is:
47	Not over \$20,000.00	1.400% of taxable income

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1	Over \$20,000.00 but not	
2	over \$50,000.00	\$280.00 plus 1.750% of the
3		excess over \$20,000.00
4		
5	Over \$50,000.00 but not	
6	over \$70,000.00	\$805.00 plus 2.450% of the
7		excess over \$50,000.00
8	Over \$70,000.00 but not	
9	over \$80,000.00	\$1,295.50 plus 3.500% of the
10		excess over \$70,000.00
11	Over \$80,000.00 but not	
12	over \$150,000.00	\$1,645.00 plus 5.525% of the
13		excess over \$80,000.00
14		
15	Over \$150,000.00	\$5,512.50 plus 6.370% of the
16		excess over \$150,000.00
17		

18 (5) for taxable years beginning on or after January 1, 2004 but
19 before January 1, 2018:

20		
21	If the taxable income is:	The tax is:
22		
23	Not over \$20,000.00	1.400% of taxable income
24		
25	Over \$20,000.00 but not	
26	over \$50,000.00	\$280.00 plus 1.750% of the
27		excess over \$20,000.00
28	Over \$50,000.00 but not	
29	over \$70,000.00	\$805.00 plus 2.450% of the
30		excess over \$50,000.00
31	Over \$70,000.00 but not	
32	over \$80,000.00	\$1,295.50 plus 3.500% of the
33		excess over \$70,000.00
34	Over \$80,000.00 but not	
35	over \$150,000.00	\$1,645.00 plus 5.525% of the
36		excess over \$80,000.00
37	Over \$150,000.00 but not	
38	over \$500,000.00	\$5,512.50 plus 6.370% of the
39		excess over \$150,000.00
40		
41	Over \$500,000.00	\$27,807.50 plus 8.970% of the
42		excess over \$500,000.00
43		

44 (6) for taxable years beginning on or after January 1, 2018 but
45 before January 1, 2020:

46
47 If the taxable income is: The tax is:

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1	Not over \$20,000.00	1.400% of taxable income
2		
3	Over \$20,000.00 but not	
4	over \$50,000.00	\$280.00 plus 1.750% of the
5		excess over \$20,000.00
6	Over \$50,000.00 but not	
7	over \$70,000.00	\$805.00 plus 2.450% of the
8		excess over \$50,000.00
9	Over \$70,000.00 but not	
10	over \$80,000.00	\$1,295.50 plus 3.500% of the
11		excess over \$70,000.00
12	Over \$80,000.00 but not	
13	over \$150,000.00	\$1,645.00 plus 5.525% of the
14		excess over \$80,000.00
15	Over \$150,000.00 but not	
16	over \$500,000.00	\$5,512.50 plus 6.370% of the
17		excess over \$150,000.00
18		
19	Over \$500,000.00 but not	
20	over \$5,000,000.00	\$27,807.50 plus 8.970% of the
21		excess over \$500,000.00
22		
23	Over \$5,000,000.00	\$431,457.50 plus 10.75% of the
24		excess over \$5,000,000.00
25		
26	<u>(7) for taxable years beginning on or after January 1, 2020:</u>	
27		
28	<u>Not over \$40,000.00</u>	<u>1.400% of taxable income</u>
29		
30	<u>Over \$40,000.00 but not</u>	
31	<u> over \$70,000.00</u>	<u>\$560.00 plus 1.750% of the</u>
32		<u>excess over \$40,000.00</u>
33	<u>Over \$70,000.00 but not</u>	
34	<u> over \$80,000.00</u>	<u>\$1,085.00 plus 3.500% of the</u>
35		<u>excess over \$70,000.00</u>
36	<u>Over \$80,000.00 but not</u>	
37	<u> over \$150,000.00</u>	<u>\$1,435.00 plus 5.525% of the</u>
38		<u>excess over \$80,000.00</u>
39	<u>Over \$150,000.00 but not</u>	
40	<u> over \$500,000.00</u>	<u>\$5,302.50 plus 6.370% of the</u>
41		<u>excess over \$150,000.00</u>
42	<u>Over \$500,000.00 but not</u>	
43	<u> over \$5,000,000.00</u>	<u>\$27,597.50 plus 8.970% of the</u>
44		<u>excess over \$500,000.00</u>
45		
46	<u>Over \$5,000,000.00</u>	<u>\$431,247.50 plus 10.75% of the</u>
47		<u>excess over \$500,000.00</u>

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

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

8 If the taxable income is:	9 The tax is:
10 Not over \$20,000.00	11 2% of taxable income
12 Over \$20,000.00 but not 13 over \$35,000.00	14 \$400.00 plus 2.5% of the excess 15 over \$20,000.00
16 Over \$35,000.00 but not 17 over \$40,000.00	18 \$775.00 plus 5.0% of the excess 19 over \$35,000.00
20 Over \$40,000.00 but not 21 over \$75,000.00	22 \$1,025.00 plus 6.5% of the 23 excess over \$40,000.00
24 Over \$75,000.00	25 \$3,300.00 plus 7.0% of the 26 excess over \$75,000.00

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

29 If the taxable income is:	30 The tax is:
31 Not over \$20,000.00	32 1.900% of taxable income
33 Over \$20,000.00 but not 34 over \$35,000.00	35 \$380.00 plus 2.375% of the 36 excess over \$20,000.00
37 Over \$35,000.00 but not 38 over \$40,000.00	39 \$736.25 plus 4.750% of the 40 excess over \$35,000.00
41 Over \$40,000.00 but not 42 over \$75,000.00	43 \$973.75 plus 6.175% of the 44 excess over \$40,000.00
45 Over \$75,000.00	46 \$3,135.00 plus 6.650% of the 47 excess over \$75,000.00

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

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1	If the taxable income is:	The tax is:
2		
3	Not over \$20,000.00	1.700% of taxable income
4		
5	Over \$20,000.00 but not	
6	over \$35,000.00	\$340.00 plus 2.125% of the
7		excess over \$20,000.00
8	Over \$35,000.00 but not	
9	over \$40,000.00	\$658.75 plus 4.250% of the
10		excess over \$35,000.00
11	Over \$40,000.00 but not	
12	over \$75,000.00	\$871.25 plus 6.013% of the
13		excess over \$40,000.00
14		
15	Over \$75,000.00	\$2,975.80 plus 6.580% of the
16		excess over \$75,000.00
17		

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

20		
21	If the taxable income is:	The tax is:
22		
23	Not over \$20,000.00	1.400% of taxable income
24		
25	Over \$20,000.00 but not	
26	over \$35,000.00	\$280.00 plus 1.750% of the
27		excess over \$20,000.00
28	Over \$35,000.00 but not	
29	over \$40,000.00	\$542.50 plus 3.500% of the
30		excess over \$35,000.00
31	Over \$40,000.00 but not	
32	over \$75,000.00	\$717.50 plus 5.525% of the
33		excess over \$40,000.00
34		
35	Over \$75,000.00	\$2,651.25 plus 6.370% of the
36		excess over \$75,000.00
37		

38 (5) for taxable years beginning on or after January 1, 2004 but
39 before January 1, 2018:

40		
41	If the taxable income is:	The tax is:
42		
43	Not over \$20,000.00	1.400% of taxable income
44		
45	Over \$20,000.00 but not	
46	over \$35,000.00	\$280.00 plus 1.750% of the
47		excess over \$20,000.00

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1	Over \$35,000.00 but not	
2	over \$40,000.00	\$542.50 plus 3.500% of the
3		excess over \$35,000.00
4	Over \$40,000.00 but not	
5	over \$75,000.00	\$717.50 plus 5.525% of the
6		excess over \$40,000.00
7	Over \$75,000.00 but not	
8	over \$500,000.00	\$2,651.25 plus 6.370% of the
9		excess over \$75,000.00
10		
11	Over \$500,000.00	\$29,723.75 plus 8.970% of the
12		excess over \$500,000.00
13		
14	(6) for taxable years beginning on or after January 1, 2018:	
15		
16	If the taxable income is:	The tax is:
17		
18	Not over \$20,000.00	1.400% of taxable income
19		
20	Over \$20,000.00 but not	
21	over \$35,000.00	\$280.00 plus 1.750% of the
22		excess over \$20,000.00
23	Over \$35,000.00 but not	
24	over \$40,000.00	\$542.50 plus 3.500% of the
25		excess over \$35,000.00
26	Over \$40,000.00 but not	
27	over \$75,000.00	\$717.50 plus 5.525% of the
28		excess over \$40,000.00
29	Over \$75,000.00 but not	
30	over \$500,000.00	\$2,651.25 plus 6.370% of the
31		excess over \$75,000.00
32	Over \$500,000.00 but not	
33	over \$5,000,000.00	\$29,723.75 plus 8.970% of the
34		excess over \$500,000.00
35		
36	Over \$5,000,000.00	\$433,373.75 plus 10.75% of the
37		excess over \$5,000,000.00
38		

39 c. For the purposes of this section, an individual who would be
40 eligible to file as a head of household for federal income tax
41 purposes but for the fact that such taxpayer is a nonresident alien,
42 shall determine tax pursuant to subsection a. of this section.

43 d. For the purposes of this section, for taxable year 2018,
44 withholding by every employer from salaries, wages and other
45 remuneration paid by an employer for services rendered described
46 in subsections a. and b. of this section, in excess of \$5,000,000
47 during that taxable year, shall be at the rate of 15.6% as soon as
48 practicable but no later than September 1, 2018. The Director of the

1 Division of Taxation is authorized to do all things necessary to
2 implement the withholding tax prescribed by this section for taxable
3 year 2018.

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

9 f. An employer maintaining an office or transacting business
10 within this State and making payment of any salaries, wages and
11 remuneration subject to New Jersey gross income tax or making
12 payment of any remuneration for employment subject to
13 contribution under the New Jersey "unemployment compensation
14 law," pursuant to R.S.43:21-1 et seq., that is subject to New Jersey
15 gross income tax shall not be subject to interest, penalties or other
16 costs that may otherwise be imposed for insufficient withholding of
17 salaries, wages and other remuneration made before September 1,
18 2018, that is directly attributable to the enactment of the taxable
19 income tables and tax rates in subsections a. and b. of this section.
20 (cf: P.L.2018, c.45, s.10)

21

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

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25

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STATEMENT

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

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

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

- 42 • Taxable income up to \$40,000 would be taxed at a rate of
43 1.40 percent.
- 44 • Taxable income over \$40,000 but not over \$70,000 would be
45 taxed at a rate of 1.75 percent.

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