

ASSEMBLY, No. 2934

STATE OF NEW JERSEY

219th LEGISLATURE

INTRODUCED FEBRUARY 20, 2020

Sponsored by:
Assemblyman JAY WEBBER
District 26 (Essex, Morris and Passaic)

SYNOPSIS

Re-establishes 6.37 percent as top marginal gross income tax rate.

CURRENT VERSION OF TEXT

As introduced.



1 **AN ACT** re-establishing 6.37 percent as the top marginal gross
2 income tax rate, amending N.J.S.54A:2-1.

3
4 **BE IT ENACTED** *by the Senate and General Assembly of the State*
5 *of New Jersey:*

6
7 1. N.J.S.54A:2-1 is amended to read as follows:
8 54A:2-1. Imposition of tax. There is hereby imposed a tax for
9 each taxable year (which shall be the same as the taxable year for
10 federal income tax purposes) on the New Jersey gross income as
11 herein defined of every individual, estate or trust (other than a
12 charitable trust or a trust forming part of a pension or profit-sharing
13 plan), subject to the deductions, limitations and modifications
14 hereinafter provided, determined in accordance with the following
15 tables with respect to taxpayers' taxable income:

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

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

21		
22	If the taxable income is:	The tax is:
23		
24	Not over \$20,000.00.....	2% of taxable income
25		
26	Over \$20,000.00 but not	
27	over \$50,000.00.....	\$400.00 plus 2.5% of the
28		excess over \$20,000.00
29		
30	Over \$50,000.00 but not	
31	over \$70,000.00.....	\$1,150.00 plus 3.5% of the
32		excess over \$50,000.00
33		
34	Over \$70,000.00 but not	
35	over \$80,000.00.....	\$1,850.00 plus 5.0% of the
36		excess over \$70,000.00
37		
38	Over \$80,000.00 but not	
39	over \$150,000.00.....	\$2,350.00 plus 6.5% of the
40		excess over \$80,000.00
41		
42	Over \$150,000.00	\$6,900.00 plus 7.0% of the
43		excess over \$150,000.00

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.

A2934 WEBBER

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1	(2) For taxable years beginning on or after January 1, 1994 but	
2	before January 1, 1995:	
3		
4	If the taxable income is:	The tax is:
5		
6	Not over \$20,000.00.....	1.900% of taxable income
7		
8	Over \$20,000.00 but not	
9	over \$50,000.00.....	\$380.00 plus 2.375% of the
10		excess over \$20,000.00
11		
12	Over \$50,000.00 but not	
13	over \$70,000.00.....	\$1,092.50 plus 3.325% of the
14		excess over \$50,000.00
15		
16	Over \$70,000.00 but not	
17	over \$80,000.00.....	\$1,757.50 plus 4.750% of the
18		excess over \$70,000.00
19		
20	Over \$80,000.00 but not	
21	over \$150,000.00.....	\$2,232.50 plus 6.175% of the
22		excess over \$80,000.00
23		
24	Over \$150,000.00	\$6,555.00 plus 6.650% of the
25		excess over \$150,000.00
26		
27	(3) for taxable years beginning on or after January 1, 1995 but	
28	before January 1, 1996:	
29		
30	If the taxable income is:	The tax is:
31		
32	Not over \$20,000.00.....	1.700% of taxable income
33		
34	Over \$20,000.00 but not	
35	over \$50,000.00.....	\$340.00 plus 2.125% of the
36		excess over \$20,000.00
37		
38	Over \$50,000.00 but not	
39	over \$70,000.00.....	\$977.50 plus 2.975% of the
40		excess over \$50,000.00
41		
42	Over \$70,000.00 but not	
43	over \$80,000.00.....	\$1,572.50 plus 4.250% of the
44		excess over \$70,000.00
45		
46	Over \$80,000.00 but not	
47	over \$150,000.00.....	\$1,997.50 plus 6.013% of the
48		excess over \$80,000.00

A2934 WEBBER

4

1	Over \$150,000.00	\$6,206.60 plus 6.580% of the
2		excess over \$150,000.00
3		
4	(4) for taxable years beginning on or after January 1, 1996 but	
5	before January 1, 2004:	
6		
7	If the taxable income is:	The tax is:
8		
9	Not over \$20,000.00.....	1.400% of taxable income
10		
11	Over \$20,000.00 but not	
12	over \$50,000.00.....	\$280.00 plus 1.750% of the
13		excess over \$20,000.00
14		
15	Over \$50,000.00 but not	
16	over \$70,000.00.....	\$805.00 plus 2.450% of the
17		excess over \$50,000.00
18		
19	Over \$70,000.00 but not	
20	over \$80,000.00.....	\$1,295.50 plus 3.500% of the
21		excess over \$70,000.00
22		
23	Over \$80,000.00 but not	
24	over \$150,000.00.....	\$1,645.00 plus 5.525% of the
25		excess over \$80,000.00
26		
27	Over \$150,000.00	\$5,512.50 plus 6.370% of the
28		excess over \$150,000.00
29		
30	(5) for taxable years beginning on or after January 1, 2004 but	
31	before January 1, 2018:	
32		
33	If the taxable income is:	The tax is:
34		
35	Not over \$20,000.00.....	1.400% of taxable income
36		
37	Over \$20,000.00 but not	
38	over \$50,000.00.....	\$280.00 plus 1.750% of the
39		excess over \$20,000.00
40		
41	Over \$50,000.00 but not	
42	over \$70,000.00.....	\$805.00 plus 2.450% of the
43		excess over \$50,000.00
44		
45	Over \$70,000.00 but not	
46	over \$80,000.00.....	\$1,295.50 plus 3.500% of the
47		excess over \$70,000.00

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1	Over \$80,000.00 but not	
2	over \$150,000.00.....	\$1,645.00 plus 5.525% of the
3		excess over \$80,000.00
4		
5	Over \$150,000.00 but not	
6	over \$500,000.00.....	\$5,512.50 plus 6.370% of the
7		excess over \$150,000.00
8		
9	Over \$500,000.00	\$27,807.50 plus 8.970% of the
10		excess over \$500,000.00
11		
12	(6) for taxable years beginning on or after January 1, 2018 <u>but</u>	
13	<u>before January 1, 2021:</u>	
14		
15	If the taxable income is:	The tax is:
16		
17	Not over \$20,000.00.....	1.400% of taxable income
18		
19	Over \$20,000.00 but not	
20	over \$50,000.00.....	\$280.00 plus 1.750% of the
21		excess over \$20,000.00
22		
23	Over \$50,000.00 but not	
24	over \$70,000.00.....	\$805.00 plus 2.450% of the
25		excess over \$50,000.00
26		
27	Over \$70,000.00 but not	
28	over \$80,000.00.....	\$1,295.50 plus 3.500% of the
29		excess over \$70,000.00
30		
31	Over \$80,000.00 but not	
32	over \$150,000.00.....	\$1,645.00 plus 5.525% of the
33		excess over \$80,000.00
34		
35	Over \$150,000.00 but not	
36	over \$500,000.00.....	\$5,512.50 plus 6.370% of the
37		excess over \$150,000.00
38		
39	Over \$500,000.00 but not	
40	over \$5,000,000.00.....	\$27,807.50 plus 8.970% of the
41		excess over \$500,000.00.
42		
43	Over \$5,000,000.00	\$431,457.50 plus 10.75% of the
44		excess over \$5,000,000.00.

A2934 WEBBER

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1	<u>(7) for taxable years beginning on or after January 1, 2021</u>	
2		
3	<u>If the taxable income is:</u>	<u>The tax is:</u>
4		
5	<u>Not over \$20,000.00.....</u>	<u>1.400% of taxable income</u>
6		
7	<u>Over \$20,000.00 but not</u>	
8	<u>over \$50,000.00.....</u>	<u>\$280.00 plus 1.750% of the</u>
9		<u>excess over \$20,000.00</u>
10		
11	<u>Over \$50,000.00 but not</u>	
12	<u>over \$70,000.00.....</u>	<u>\$805.00 plus 2.450% of the</u>
13		<u>excess over \$50,000.00</u>
14		
15	<u>Over \$70,000.00 but not</u>	
16	<u>over \$80,000.00.....</u>	<u>\$1,295.50 plus 3.500% of the</u>
17		<u>excess over \$70,000.00</u>
18		
19	<u>Over \$80,000.00 but not</u>	
20	<u>over \$150,000.00.....</u>	<u>\$1,645.00 plus 5.525% of the</u>
21		<u>excess over \$80,000.00</u>
22		
23	<u>Over \$150,000.00.....</u>	<u>\$5,512.50 plus 6.370% of the</u>
24		<u>excess over \$150,000.00</u>
25		
26	b. For married individuals filing separately, unmarried	
27	individuals other than individuals filing as head of household or as	
28	a surviving spouse for federal income tax purposes, and estates and	
29	trusts:	
30		
31	<u>(1) for taxable years beginning on or after January 1, 1991 but</u>	
32	<u>before January 1, 1994:</u>	
33		
34	<u>If the taxable income is:</u>	<u>The tax is:</u>
35		
36	<u>Not over \$20,000.00.....</u>	<u>2% of taxable income</u>
37		
38	<u>Over \$20,000.00 but not</u>	
39	<u>over \$35,000.00.....</u>	<u>\$400.00 plus 2.5% of the</u>
40		<u>excess over \$20,000.00</u>
41		
42	<u>Over \$35,000.00 but not</u>	
43	<u>over \$40,000.00.....</u>	<u>\$775.00 plus 5.0% of the</u>
44		<u>excess over \$35,000.00</u>
45		
46	<u>Over \$40,000.00 but not</u>	
47	<u>over \$75,000.00.....</u>	<u>\$1,025.00 plus 6.5% of the</u>
48		<u>excess over \$40,000.00</u>

A2934 WEBBER

7

1	Over \$75,000.00	\$3,300.00 plus 7.0% of the
2		excess over \$75,000.00
3		
4	(2) for taxable years beginning on or after January 1, 1994 but	
5	before January 1, 1995:	
6		
7	If the taxable income is:	The tax is:
8		
9	Not over \$20,000.00.....	1.900% of taxable income
10		
11	Over \$20,000.00 but not	
12	over \$35,000.00.....	\$380.00 plus 2.375% of the
13		excess over \$20,000.00
14		
15	Over \$35,000.00 but not	
16	over \$40,000.00.....	\$736.25 plus 4.750% of the
17		excess over \$35,000.00
18		
19	Over \$40,000.00 but not	
20	over \$75,000.00.....	\$973.75 plus 6.175% of the
21		excess over \$40,000.00
22		
23	Over \$75,000.00	\$3,135.00 plus 6.650% of the
24		excess over \$75,000.00
25		
26	(3) for taxable years beginning on or after January 1, 1995 but	
27	before January 1, 1996:	
28		
29	If the taxable income is:	The tax is:
30		
31	Not over \$20,000.00.....	1.700% of taxable income
32		
33	Over \$20,000.00 but not	
34	over \$35,000.00.....	\$340.00 plus 2.125% of the
35		excess over \$20,000.00
36		
37	Over \$35,000.00 but not	
38	over \$40,000.00.....	\$658.75 plus 4.250% of the
39		excess over \$35,000.00
40		
41	Over \$40,000.00 but not	
42	over \$75,000.00.....	\$871.25 plus 6.013% of the
43		excess over \$40,000.00
44		
45	Over \$75,000.00	\$2,975.80 plus 6.580% of the
46		excess over \$75,000.00

A2934 WEBBER

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1	(4) for taxable years beginning on or after January 1, 1996 but	
2	before January 1, 2004:	
3		
4	If the taxable income is:	The tax is:
5		
6	Not over \$20,000.00.....	1.400% of taxable income
7		
8	Over \$20,000.00 but not	
9	over \$35,000.00.....	\$280.00 plus 1.750% of the
10		excess over \$20,000.00
11		
12	Over \$35,000.00 but not	
13	over \$40,000.00.....	\$542.50 plus 3.500% of the
14		excess over \$35,000.00
15		
16	Over \$40,000.00 but not	
17	over \$75,000.00.....	\$717.50 plus 5.525% of the
18		excess over \$40,000.00
19		
20	Over \$75,000.00.....	\$2,651.25 plus 6.370% of the
21		excess over \$75,000.00
22		
23	(5) for taxable years beginning on or after January 1, 2004 but	
24	before January 1, 2018:	
25		
26	If the taxable income is:	The tax is:
27		
28	Not over \$20,000.00.....	1.400% of taxable income
29		
30	Over \$20,000.00 but not	
31	over \$35,000.00.....	\$280.00 plus 1.750% of the
32		excess over \$20,000.00
33		
34	Over \$35,000.00 but not	
35	over \$40,000.00.....	\$542.50 plus 3.500% of the
36		excess over \$35,000.00
37		
38	Over \$40,000.00 but not	
39	over \$75,000.00.....	\$717.50 plus 5.525% of the
40		excess over \$40,000.00
41		
42	Over \$75,000.00 but not	
43	over \$500,000.00.....	\$2,651.25 plus 6.370% of the
44		excess over \$75,000.00
45		
46	Over \$500,000.00	\$29,723.75 plus 8.970% of the
47		excess over \$500,000.00

1	(6) for taxable years beginning on or after January 1, 2018 <u>but</u>	
2	<u>before January 1, 2021:</u>	
3		
4	If the taxable income is:	The tax is:
5		
6	Not over \$20,000.00.....	1.400% of taxable income
7		
8	Over \$20,000.00 but not	
9	over \$35,000.00.....	\$280.00 plus 1.750% of the
10		excess over \$20,000.00
11		
12	Over \$35,000.00 but not	
13	over \$40,000.00.....	\$542.50 plus 3.500% of the
14		excess over \$35,000.00
15		
16	Over \$40,000.00 but not	
17	over \$75,000.00.....	\$717.50 plus 5.525% of the
18		excess over \$40,000.00
19		
20	Over \$75,000.00 but not	
21	over \$500,000.00.....	\$2,651.25 plus 6.370% of the
22		excess over \$75,000.00
23		
24	Over \$500,000.00 but not	
25	over \$5,000,000.00.....	\$29,723.75 plus 8.970% of the
26		excess over \$500,000.00
27		
28	Over \$5,000,000.00	\$433,373.75 plus 10.75% of the
29		excess over \$5,000,000.00
30		
31	(7) <u>for taxable years beginning on or after January 1, 2021:</u>	
32		
33	<u>If the taxable income is:</u>	<u>The tax is:</u>
34		
35	<u>Not over \$20,000.00</u>	<u>1.400% of taxable income</u>
36		
37	<u>Over \$20,000.00 but not</u>	
38	<u>over \$35,000.00</u>	<u>\$280.00 plus 1.750% of the</u>
39		<u>excess over \$20,000.00</u>
40		
41	<u>Over \$35,000.00 but not</u>	
42	<u>over \$40,000.00</u>	<u>\$542.50 plus 3.500% of the</u>
43		<u>excess over \$35,000.00</u>
44		
45	<u>Over \$40,000.00 but not</u>	
46	<u>over \$75,000.00</u>	<u>\$717.50 plus 5.525% of the</u>
47		<u>excess over \$40,000.00</u>

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- Over \$75,000.00 \$2,651.25 plus 6.370% of the
excess over \$75,000.00

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)

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2. This act shall take effect immediately and apply to taxable years beginning on or after January 1, 2021.

STATEMENT

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This bill re-establishes 6.37 percent as the top gross income tax rate. Over the last decade, several income tax increases were targeted at the State’s most productive individuals, families, and small-business owners, causing many within that same tax base to relocate their residence out-of-State.

The bill re-establishes the top gross income tax rate to 2004 levels as an initial step toward retaining the talents and contributions of some of the State’s most productive citizens.