ASSEMBLY, No. 3832

STATE OF NEW JERSEY

219th LEGISLATURE

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Sponsored by:
Assemblyman GREGORY P. MCGUCKIN
District 10 (Ocean)
Assemblyman JOHN CATALANO
District 10 (Ocean)

SYNOPSIS

Provides gross income tax credit for certain tolls paid via E-ZPass.

CURRENT VERSION OF TEXT

As introduced.

AN ACT providing a gross income tax credit for certain tolls paid via an electronic toll collection system, supplementing Title 54A of the New Jersey Statutes.

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

1. a. A taxpayer shall be allowed a credit against the tax otherwise due under the "New Jersey Gross Income Tax Act," N.J.S.54A:1-1 et seq., in an amount equal to $1,000 per taxable year, for tolls paid by the taxpayer via an electronic toll collection system, for the operation of a motor vehicle by the taxpayer on any toll roadway in this State during the taxable year, if, in the aggregate, such tolls paid exceed $1,000 for the taxable year in which the credit is claimed.

b. The amount of credit claimed pursuant to subsection a. of this section shall not include any amount equal to such tolls:

(1) paid as a fine, penalty, administrative fee, or other type of payment made for a violation of a toll;

(2) paid as an administrative fee, processing fee, or other payment for the purpose of establishing an electronic toll collection system account, acquiring electronic toll collection system equipment, or any other administrative purpose;

(3) reimbursed to the taxpayer by or for the taxpayer's employer;

(4) deductible by the taxpayer from federal adjusted gross income as an unreimbursed employee expense pursuant to section 162 of the federal Internal Revenue Code of 1986 (26 U.S.C. s.162) but without regard to any limits or floor determined pursuant to section 67 of the federal Internal Revenue Code of 1986 (26 U.S.C. s.67), even if not so deducted;

(5) deductible in determining net profits from business pursuant to subsection b. of N.J.S.54A:5-1, even if not so deducted;

(6) deductible in determining distributive share of partnership income pursuant to subsection k. of N.J.S.54A:5-1, even if not so deducted; and

(7) deductible in determining net pro rata share of S corporation income pursuant to subsection p. of N.J.S.54A:5-1, even if not so deducted.

c. If the amount of credit claimed pursuant to subsection a. of this section for a taxable year, together with any other payments or credits against the tax, reduces the tax liability otherwise due for the taxable year to zero, any amount of credit remaining shall be paid to the taxpayer as a refund of an overpayment of tax pursuant to N.J.S.54A:9-7; provided, however, that subsection (f) of that section, concerning the allowance of interest, shall not apply.

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

STATEMENT

The bill provides a credit against the New Jersey gross income tax for tolls paid on State roads via E-ZPass, in an amount equal to $1,000 per taxable year. The bill specifies that to claim the credit a taxpayer must incur toll expenses during the taxable year in excess of $1,000. Under the provisions of this bill, New Jersey gross income taxpayers are treated equally, irrespective of whether they reside in-State or out-of-State.

Toll revenue is increasingly being diverted to pay for transportation projects and economic development projects that are unrelated to the maintenance of tolled roadways. The diversion of toll revenue to unrelated projects undermines the principle behind tolling and diminishes public support for tolled roadways.

The residents of this State have benefited at the expense of toll paying commuters through the diversion of toll revenue to unrelated projects. By providing toll paying commuters with a means to offset a portion of their commuting cost, the bill recognizes that these taxpayers are paying more than their fair share for transportation and economic development projects, and furthers the public policy of this State to encourage electronic toll collection.