

ASSEMBLY, No. 4897

STATE OF NEW JERSEY

219th LEGISLATURE

INTRODUCED OCTOBER 29, 2020

Sponsored by:

Assemblyman RONALD S. DANCER

District 12 (Burlington, Middlesex, Monmouth and Ocean)

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District 23 (Hunterdon, Somerset and Warren)

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SYNOPSIS

Requires State Treasurer to issue report concerning New York's taxation of New Jersey residents' income.

CURRENT VERSION OF TEXT

As introduced.



(Sponsorship Updated As Of: 3/22/2021)

1 **AN ACT** requiring the State Treasurer to issue a report concerning
2 New York's taxation of New Jersey residents' income.

3

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

6

7 1. The Legislature finds and declares that:

8 a. Thousands of New Jersey residents, many of whom work
9 from home, have New York income taxes taken from their
10 paychecks because their employers are located in the State of New
11 York.

12 b. New Jersey allows those residents to claim a tax credit
13 against their New Jersey income tax liability for the taxes they paid
14 to New York, so that their income is not taxed again.

15 c. It is grossly inequitable that the State of New York receives
16 and retains income tax revenue from New Jersey residents who may
17 only infrequently and sporadically travel to New York to conduct
18 business.

19 d. The inequity extends to New Jersey residents who may be
20 required to pay higher New York income tax rates.

21 e. Current inequities have been growing over time as
22 technology improvements have allowed New York businesses to
23 decrease office space available to New Jersey residents working in
24 New York and effectively use New Jersey's infrastructure and
25 services as support for their employees.

26 f. Current inequities have further been exacerbated by COVID-
27 19, which is hastening the trend of New Jersey residents no longer
28 truly working in New York and New York businesses downsizing
29 New York office space available to New Jersey residents.

30 g. With creativity and affirmative steps, the State Treasurer and
31 the Division of Taxation could increase revenues available to the
32 State of New Jersey and reduce New Jersey residents' income tax
33 liabilities if New Jersey aggressively sought to protect against the
34 State of New York from gaming the tax system in a manner that
35 drains revenue from the pockets of the New Jersey residents and
36 syphons money away from the State of New Jersey's budget.

37

38 2. Within six months following the enactment of
39 P.L. , c. (C.) (pending before the Legislature as this bill), the
40 State Treasurer shall submit a report to the Legislature in accordance
41 with section 2 of P.L.1991, c.164 (C.52:14-19.1) concerning New
42 York's taxation of New Jersey residents' income. The State Treasurer
43 may contract with a third party to prepare all or a portion of the report.

44 The report shall include:

45 a. an explanation of efforts the State has taken to address the
46 inequity of New York's taxation of New Jersey resident's income,
47 including any State efforts to educate New Jersey residents and New
48 York employers of the possible illegality of New York's taxation of

1 New Jersey residents who, because of necessity and as required by
2 their employers, are working from their homes in New Jersey;

3 b. the estimated total credits the State has granted, or will grant,
4 to New Jersey residents for income taxes paid to New York and its
5 political subdivision in each tax year beginning with Tax Year 2011
6 and ending with Tax Year 2020;

7 c. a discussion of steps that the State may take to protect the State
8 of New Jersey's public fisc, and the paychecks of New Jersey
9 residents, from New York and its political subdivisions' taxing
10 authority;

11 d. an estimate of New Jersey residents' tax savings should the
12 State be able to shift residents' income tax payments from New York
13 and its political subdivisions to New Jersey;

14 e. a discussion of any New Jersey, New York, or other state or
15 federal statutory or case law impediments to successfully achieving
16 equitable taxation of New Jersey commuters working for employers in
17 New York;

18 f. an analysis of how other states and jurisdictions address the tax
19 implications of residents living in one state and commuting to another;

20 g. a discussion of the State's efforts to participate in the litigation
21 between the State of New Hampshire and the Commonwealth of
22 Massachusetts concerning Massachusetts' taxation of New Hampshire
23 residents, or if no efforts have been made, an explanation of why not;
24 and

25 h. recommendations as to how the State may resolve the
26 inequitable tax treatment of New Jersey commuters working for
27 employers in New York.

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29 3. This act shall take effect immediately.
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32 STATEMENT
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34 This bill requires the State Treasurer to issue a report to the
35 Legislature concerning New York's taxation of New Jersey
36 resident's income. The report is required to include:

37 (1) an explanation of efforts the State has taken to address the
38 inequity of New York's taxation of New Jersey residents' income,

39 (2) the estimated total credits the State has granted, or will
40 grant, to New Jersey residents for income taxes paid to New York
41 in each tax year beginning with Tax Year 2011 and ending with an
42 estimate for Tax Year 2020,

43 (3) a discussion of steps that the State may take to protect the
44 State of New Jersey's public fisc, and the paychecks of New Jersey
45 residents, from New York and its political subdivisions taxing
46 authority,

- 1 (4) an estimate of New Jersey residents' tax savings should the
- 2 State be able to shift residents' income tax payments from New
- 3 York and its political subdivisions to New Jersey,
- 4 (5) a discussion of any state or federal statutory or case law
- 5 impediments to successfully achieving equitable taxation of New
- 6 Jersey commuters working for employers in New York,
- 7 (6) an analysis of how other states and jurisdictions address the
- 8 tax implications of residents living in one state and commuting to
- 9 another,
- 10 (7) a discussion of the State's efforts to participate in the
- 11 litigation between the State of New Hampshire and the
- 12 Commonwealth of Massachusetts concerning Massachusetts'
- 13 taxation of New Hampshire residents, and
- 14 (8) recommendations as to how the State may resolve the
- 15 inequitable tax treatment of New Jersey commuters working for
- 16 employers in New York.
- 17 The State Treasurer is permitted to contract with a third party to
- 18 prepare all or a portion of the report. The report is to be delivered
- 19 within six months of the bill's enactment.