

**ASSEMBLY, No. 4944**

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**STATE OF NEW JERSEY**

**219th LEGISLATURE**

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INTRODUCED NOVEMBER 9, 2020

**Sponsored by:**

**Assemblyman RONALD S. DANCER**

**District 12 (Burlington, Middlesex, Monmouth and Ocean)**

**Co-Sponsored by:**

**Assemblywoman Stanfield**

**SYNOPSIS**

Expands eligibility under New Jersey Earned Income Tax Credit program to allow taxpayers without a qualifying child who are 65 years of age or older to be eligible.

**CURRENT VERSION OF TEXT**

As introduced.



**(Sponsorship Updated As Of: 12/7/2020)**

1 AN ACT expanding eligibility under the New Jersey Earned Income  
2 Tax Credit program, amending P.L.2000, c.80.

3

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

6

7 1. Section 2 of P.L.2000, c.80 (C.54A:4-7) is amended to read  
8 as follows:

9 2. There is established the New Jersey Earned Income Tax  
10 Credit program in the Division of Taxation in the Department of the  
11 Treasury.

12 a. (1) A resident individual who is eligible for a credit under  
13 section 32 of the federal Internal Revenue Code of 1986 (26 U.S.C.  
14 s.32) shall be allowed a credit for the taxable year equal to a  
15 percentage, as provided in paragraph (2) of this subsection, of the  
16 federal earned income tax credit that would be allowed to the  
17 individual or the married individuals filing a joint return under  
18 section 32 of the federal Internal Revenue Code of 1986 (26 U.S.C.  
19 s.32) for the same taxable year for which a credit is claimed  
20 pursuant to this section, subject to the restrictions of this subsection  
21 and subsections b., c., d. and e. of this section and the modifications  
22 of paragraph (4) of this subsection.

23 (2) For the purposes of the calculation of the New Jersey earned  
24 income tax credit, the percentage of the federal earned income tax  
25 credit referred to in paragraph (1) of this subsection shall be:

26 (a) 10% for the taxable year beginning on or after January 1,  
27 2000, but before January 1, 2001;

28 (b) 15% for the taxable year beginning on or after January 1,  
29 2001, but before January 1, 2002;

30 (c) 17.5% for the taxable year beginning on or after January 1,  
31 2002, but before January 1, 2003;

32 (d) 20% for taxable years beginning on or after January 1, 2003,  
33 but before January 1, 2008;

34 (e) 22.5% for taxable years beginning on or after January 1,  
35 2008 but before January 1, 2009;

36 (f) 25% for taxable years beginning on or after January 1, 2009  
37 but before January 1, 2010;

38 (g) 20% for taxable years beginning on or after January 1, 2010,  
39 but before January 1, 2015;

40 (h) 30% for taxable years beginning on or after January 1, 2015,  
41 but before January 1, 2016;

42 (i) 35% for taxable years beginning on or after January 1, 2016,  
43 but before January 1, 2018;

44 (j) 37% for the taxable year beginning on or after January 1,  
45 2018, but before January 1, 2019;

**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.

1 (k) 39% for the taxable year beginning on or after January 1,  
2 2019, but before January 1, 2020; and

3 (l) 40% for taxable years beginning on or after January 1, 2020.

4 (3) To qualify for the New Jersey earned income tax credit, if  
5 the claimant is married, except for a claimant who files as a head of  
6 household or surviving spouse for federal income tax purposes for  
7 the taxable year, the claimant shall file a joint return or claim for  
8 the credit.

9 (4) A resident individual who is at least 21 years of age, but  
10 cannot claim a qualifying child as defined under section 152 of the  
11 federal Internal Revenue Code of 1986 (26 U.S.C. s.152) for the  
12 federal earned income tax credit, shall be eligible for the New  
13 Jersey earned income tax credit if that resident individual is  
14 ineligible to claim the federal earned income tax credit due to  
15 **【minimum】** age requirements. The resident individual shall meet  
16 all qualifications, except for the **【minimum】** age requirement, for  
17 the federal earned income tax credit in order to be eligible for the  
18 New Jersey earned income tax credit. Calculation of the New Jersey  
19 earned income tax credit available to individuals pursuant to this  
20 paragraph shall be predicated on the federal maximum amount for  
21 taxpayers with no qualifying child for each taxable year beginning  
22 on and after January 1, 2020.

23 b. In the case of a part-year resident claimant, the amount of  
24 the credit allowed pursuant to this section shall be pro-rated, based  
25 upon that proportion which the total number of months of the  
26 claimant's residency in the taxable year bears to 12 in that period.  
27 For this purpose, 15 days or more shall constitute a month.

28 c. The amount of the credit allowed pursuant to this section  
29 shall be applied against the tax otherwise due under N.J.S.54A:1-1  
30 et seq., after all other credits and payments. If the credit exceeds the  
31 amount of tax otherwise due, that amount of excess shall be an  
32 overpayment for the purposes of N.J.S.54A:9-7; provided however,  
33 that subsection (f) of N.J.S.54A:9-7 shall not apply. The credit  
34 provided under this section as a credit against the tax otherwise due  
35 and the amount of the credit treated as an overpayment shall be  
36 treated as a credit towards or overpayment of gross income tax,  
37 subject to all provisions of N.J.S.54A:1-1 et seq., except as may be  
38 otherwise specifically provided in P.L.2000, c.80 (C.54A:4-6 et al.).

39 d. The Director of the Division of Taxation in the Department  
40 of the Treasury shall establish a program for the distribution of  
41 earned income tax credits pursuant to the provisions of this section.

42 e. Any earned income tax credit pursuant to this section shall  
43 not be taken into account as income or receipts for purposes of  
44 determining the eligibility of an individual for benefits or assistance  
45 or the amount or extent of benefits or assistance under any State  
46 program and, to the extent permitted by federal law, under any State  
47 program financed in whole or in part with federal funds.

48 (cf: P.L.2020, c.98, s.1)

1       2. This act shall take effect immediately and apply to taxable  
2 years beginning on and after January 1 next following the date of  
3 enactment.

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6                                   **STATEMENT**  
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8       This bill expands eligibility under the New Jersey Earned  
9 Income Tax Credit program.

10       The New Jersey earned income tax credit is based off the federal  
11 earned income tax credit. Under the federal credit, a taxpayer who  
12 cannot claim a qualifying child must be between 25 and 65 years  
13 old to be eligible for the credit. New Jersey expanded its credit in  
14 2020 so that a taxpayer who is between 21 and 65 years old can  
15 claim the New Jersey credit based on the amount of credit the  
16 taxpayer would have been eligible for under the federal credit if the  
17 taxpayer was between 25 and 65 years old.

18       Under this bill, the New Jersey credit would be expanded further  
19 so that a taxpayer who cannot claim a qualifying child but is 21  
20 years old or older can claim the New Jersey credit.