

ASSEMBLY, No. 5421

STATE OF NEW JERSEY

219th LEGISLATURE

INTRODUCED MARCH 8, 2021

Sponsored by:
Assemblyman JON M. BRAMNICK
District 21 (Morris, Somerset and Union)

SYNOPSIS

Provides retirement income exclusion under gross income tax for certain persons with income over \$3,000 from part-time employment.

CURRENT VERSION OF TEXT

As introduced.



1 **AN ACT** concerning retirement income exclusions under the gross
2 income tax, and amending P.L.1977, c.273.

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

6
7 1. Section 3 of P.L.1977, c.273 (C.54A:6-15) is amended to
8 read as follows:

9 3. Other retirement income. a. (1) Gross income shall not
10 include income:

11 for taxable years beginning before January 1, 2000, of up to
12 \$10,000 for a married couple filing jointly, \$5,000 for a married
13 person filing separately, or \$7,500 for an individual filing as a
14 single taxpayer or an individual determining tax pursuant to
15 subsection a. of N.J.S.54A:2-1;

16 for the taxable year beginning on or after January 1, 2000, but
17 before January 1, 2001, of up to \$12,500 for a married couple filing
18 jointly, \$6,250 for a married person filing separately, or \$9,375 for
19 an individual filing as a single taxpayer or an individual
20 determining tax pursuant to subsection a. of N.J.S.54A:2-1;

21 for the taxable year beginning on or after January 1, 2001, but
22 before January 1, 2002, of up to \$15,000 for a married couple filing
23 jointly, \$7,500 for a married person filing separately, or \$11,250 for
24 an individual filing as a single taxpayer or an individual
25 determining tax pursuant to subsection a. of N.J.S.54A:2-1;

26 for the taxable year beginning on or after January 1, 2002, but
27 before January 1, 2003, of up to \$17,500 for a married couple filing
28 jointly, \$8,750 for a married person filing separately, or \$13,125 for
29 an individual filing as a single taxpayer or an individual
30 determining tax pursuant to subsection a. of N.J.S.54A:2-1;

31 for taxable years beginning on or after January 1, 2003, but
32 before January 1, 2017, gross income shall not include income of up
33 to \$20,000 for a married couple filing jointly, \$10,000 for a married
34 person filing separately, or \$15,000 for an individual filing as a
35 single taxpayer or an individual determining tax pursuant to
36 subsection a. of N.J.S.54A:2-1;

37 for taxable years beginning on or after January 1, 2017 but
38 before January 1, 2018, gross income shall not include income of up
39 to \$40,000 for a married couple filing jointly, \$20,000 for a married
40 person filing separately, or \$30,000 for an individual filing as a
41 single taxpayer or an individual determining tax pursuant to
42 subsection a. of N.J.S.54A:2-1;

43 for taxable years beginning on or after January 1, 2018, but
44 before January 1, 2019, gross income shall not include income of up
45 to \$60,000 for a married couple filing jointly, \$30,000 for a married

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 person filing separately, or \$45,000 for an individual filing as a
2 single taxpayer or an individual determining tax pursuant to
3 subsection a. of N.J.S.54A:2-1;

4 for taxable years beginning on or after January 1, 2019, but
5 before January 1, 2020, gross income shall not include income of up
6 to \$80,000 for a married couple filing jointly, \$40,000 for a married
7 person filing separately, or \$60,000 for an individual filing as a
8 single taxpayer or an individual determining tax pursuant to
9 subsection a. of N.J.S.54A:2-1;

10 for taxable years beginning on or after January 1, 2020, gross
11 income shall not include income of up to \$100,000 for a married
12 couple filing jointly, \$50,000 for a married person filing separately,
13 or \$75,000 for an individual filing as a single taxpayer or an
14 individual determining tax pursuant to subsection a. of
15 N.J.S.54A:2-1,

16 when received in any tax year by a person aged 62 years or older
17 who received no income in excess of \$3,000 from one or more of
18 the sources enumerated in subsections a., b., k. and p. of
19 N.J.S.54A:5-1.

20 (2) For taxable years beginning on or after January 1, 2005, the
21 exclusion provided by this subsection shall only be allowed if the
22 taxpayer has gross income for the taxable year of not more than
23 \$100,000.

24 (3) The total exclusion under this subsection and that allowable
25 under N.J.S.54A:6-10 shall not exceed the amounts of the
26 exclusions set forth in this subsection.

27 b. In addition to the exclusion provided under N.J.S.54A:6-10
28 and subsection a. of this section, gross income shall not include
29 income of up to \$6,000 for a married couple filing jointly or an
30 individual determining tax pursuant to subsection a. of N.J.S.54A:2-
31 1, or \$3,000 for a single person or a married person filing
32 separately, who is not covered under N.J.S.54A:6-2 or N.J.S.54A:6-
33 3, but who would be eligible in any year to receive payments under
34 either section if he or she were covered thereby.

35 c. (1) For taxable years beginning on or after the effective date
36 of P.L. , c. (pending before the Legislature as this bill), if a
37 taxpayer otherwise qualifies for the exclusion provided under
38 subsection a. of this section, but received income in excess of
39 \$3,000 from the sources enumerated in subsection a. of
40 N.J.S.54A:5-1 from a position of part-time employment, then gross
41 income shall not include an amount, if greater than zero, equal to:

42 (a) the amount of the exclusion otherwise allowed under
43 subsection a. of this section, as determined based on the filing status
44 of the taxpayer; minus

45 (b) the product of 2,000 times the minimum wage in effect
46 pursuant to subsection a. of section 5 of P.L.1966, c.113 (C.34:11-
47 56a4); and minus

1 Under the bill, a person who otherwise qualifies for the other
2 retirement income exclusion (i.e., a person aged 62 years or older
3 and with gross income not more than \$100,000), but earned income
4 over \$3,000 from part-time wages, may also receive an exclusion
5 for other retirement income under the gross income tax. The
6 amount of the exclusion would equal: (1) the amount of the
7 exclusion otherwise allowed for other retirement income, as
8 determined based on the taxpayer's filing status (\$100,000,
9 \$75,000, or \$50,000); minus (2) the product of 2,000 times the
10 minimum hourly wage rate established for the taxable year (\$12 in
11 taxable year 2021); and minus (3) the amount of the pension and
12 annuity income exclusion claimed by the taxpayer for the taxable
13 year, if applicable. For example, a single taxpayer who is 65 years
14 old, works fewer than 30 hours a week, and does not collect pension
15 income would be allowed an exclusion from gross income of
16 \$26,000 in taxable year 2021 (i.e., \$50,000 minus \$24,000 minus \$0
17 equals \$26,000).

18 Consequently, the bill requires the amount of the exclusion to
19 annually decrease as the State's minimum hourly wage increases.
20 The bill also parallels existing law by providing that the exclusion
21 would complement, but not exceed, the amount of the pension and
22 annuity income exclusion that a taxpayer may claim for the taxable
23 year.