

SENATE, No. 122

STATE OF NEW JERSEY
219th LEGISLATURE

PRE-FILED FOR INTRODUCTION IN THE 2020 SESSION

Sponsored by:

Senator JAMES W. HOLZAPFEL

District 10 (Ocean)

SYNOPSIS

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

CURRENT VERSION OF TEXT

Introduced Pending Technical Review by Legislative Counsel.



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

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

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

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

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

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

24 (3) reimbursed to the taxpayer by or for the taxpayer’s
25 employer;

26 (4) deductible by the taxpayer from federal adjusted gross
27 income as an unreimbursed employee expense pursuant to section
28 162 of the federal Internal Revenue Code of 1986 (26 U.S.C. s.162)
29 but without regard to any limits or floor determined pursuant to
30 section 67 of the federal Internal Revenue Code of 1986 (26 U.S.C.
31 s.67), even if not so deducted;

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

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

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

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

1 2. This act shall take effect immediately and apply to taxable
2 years beginning on or after January 1, 2013.

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STATEMENT

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7 The bill provides a credit against the New Jersey gross income
8 tax for tolls paid on State roads via E-ZPass, in an amount equal to
9 \$1,000 per taxable year. The bill specifies that to claim the credit a
10 taxpayer must incur toll expenses during the taxable year in excess
11 of \$1,000. Under the bill, New Jersey gross income taxpayers are
12 treated equally, irrespective of whether they reside in-State or out-
13 of-State.

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

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