

SENATE, No. 734

STATE OF NEW JERSEY 219th LEGISLATURE

PRE-FILED FOR INTRODUCTION IN THE 2020 SESSION

Sponsored by:

Senator ANTHONY M. BUCCO

District 25 (Morris and Somerset)

SYNOPSIS

Revises gross income tax rates for joint filers and similar taxpayers and designated as Marriage Penalty Elimination Act.

CURRENT VERSION OF TEXT

Introduced Pending Technical Review by Legislative Counsel.



1 **AN ACT** revising the gross income tax rates for joint filers and
 2 similar taxpayers and designated as the Marriage Penalty
 3 Elimination Act, and amending N.J.S.54A:2-1.
 4

5 **BE IT ENACTED** by the Senate and General Assembly of the State
 6 of New Jersey:
 7

8 1. N.J.S.54A:2-1 is amended to read as follows:

9 54A:2-1. Imposition of tax. There is hereby imposed a tax for
 10 each taxable year (which shall be the same as the taxable year for
 11 federal income tax purposes) on the New Jersey gross income as
 12 herein defined of every individual, estate or trust (other than a
 13 charitable trust or a trust forming part of a pension or profit-sharing
 14 plan), subject to the deductions, limitations and modifications
 15 hereinafter provided, determined in accordance with the following
 16 tables with respect to taxpayers' taxable income:

17 a. For married individuals filing a joint return and individuals
 18 filing as head of household or as surviving spouse for federal
 19 income tax purposes:

20 (1) for taxable years beginning on or after January 1, 1991 but
 21 before January 1, 1994:

22		
23	If the taxable income is:	The tax is:
24		
25	Not over \$20,000.00	2% of taxable income
26		
27	Over \$20,000.00 but not	
28	over \$50,000.00	\$400.00 plus 2.5% of the excess
29		over \$20,000.00
30	Over \$50,000.00 but not	
31	over \$70,000.00	\$1,150.00 plus 3.5% of the
32		excess over \$50,000.00
33	Over \$70,000.00 but not	
34	over \$80,000.00	\$1,850.00 plus 5.0% of the
35		excess over \$70,000.00
36	Over \$80,000.00 but not	
37	over \$150,000.00	\$2,350.00 plus 6.5% of the
38		excess over \$80,000.00
39		
40	Over \$150,000.00	\$6,900.00 plus 7.0% of the
41		excess over \$150,000.00
42		

43 (2) for taxable years beginning on or after January 1, 1994 but
 44 before January 1, 1995:

45		
46	If the taxable income is:	The tax is:
47		
48	Not over \$20,000.00 . . .	1.900% of taxable income

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	Over \$20,000.00 but not	
2	over \$50,000.00	\$380.00 plus 2.375% of the
3		excess over \$20,000.00
4	Over \$50,000.00 but not	
5	over \$70,000.00	\$1,092.50 plus 3.325% of the
6		excess over \$50,000.00
7	Over \$70,000.00 but not	
8	over \$80,000.00	\$1,757.50 plus 4.750% of the
9		excess over \$70,000.00
10	Over \$80,000.00 but not	
11	over \$150,000.00	\$2,232.50 plus 6.175% of the
12		excess over \$80,000.00
13		
14	Over \$150,000.00	\$6,555.00 plus 6.650% of the
15		excess over \$150,000.00
16		
17	(3) for taxable years beginning on or after January 1, 1995 but	
18	before January 1, 1996:	
19		
20	If the taxable income is:	The tax is:
21		
22	Not over \$20,000.00	1.700% of taxable income
23		
24	Over \$20,000.00 but not	
25	over \$50,000.00	\$340.00 plus 2.125% of the
26		excess over \$20,000.00
27	Over \$50,000.00 but not	
28	over \$70,000.00	\$977.50 plus 2.975% of the
29		excess over \$50,000.00
30	Over \$70,000.00 but not	
31	over \$80,000.00	\$1,572.50 plus 4.250% of the
32		excess over \$70,000.00
33	Over \$80,000.00 but not	
34	over \$150,000.00	\$1,997.50 plus 6.013% of the
35		excess over \$80,000.00
36		
37	Over \$150,000.00	\$6,206.60 plus 6.580% of the
38		excess over \$150,000.00
39		
40	(4) for taxable years beginning on or after January 1, 1996 but	
41	before January 1, 2004:	
42		
43	If the taxable income is:	The tax is:
44	Not over \$20,000.00	1.400% of taxable income
45		
46	Over \$20,000.00 but not	
47	over \$50,000.00	\$280.00 plus 1.750% of the
48		excess over \$20,000.00

1	Over \$50,000.00 but not	
2	over \$70,000.00	\$805.00 plus 2.450% of the
3		excess over \$50,000.00
4		
5	Over \$70,000.00 but not	
6	over \$80,000.00	\$1,295.50 plus 3.500% of the
7		excess over \$70,000.00
8	Over \$80,000.00 but not	
9	over \$150,000.00	\$1,645.00 plus 5.525% of the
10		excess over \$80,000.00
11		
12	Over \$150,000.00	\$5,512.50 plus 6.370% of the
13		excess over \$150,000.00
14		
15	(5) for taxable years beginning on or after January 1, 2004 <u>but</u>	
16	<u>before January 1, 2018:</u>	
17		
18	If the taxable income is:	The tax is:
19		
20	Not over \$20,000.00	1.400% of taxable income
21		
22	Over \$20,000.00 but not	
23	over \$50,000.00	\$280.00 plus 1.750% of the
24		excess over \$20,000.00
25	Over \$50,000.00 but not	
26	over \$70,000.00	\$805.00 plus 2.450% of the
27		excess over \$50,000.00
28	Over \$70,000.00 but not	
29	over \$80,000.00	\$1,295.50 plus 3.500% of the
30		excess over \$70,000.00
31	Over \$80,000.00 but not	
32	over \$150,000.00	\$1,645.00 plus 5.525% of the
33		excess over \$80,000.00
34	Over \$150,000.00 but not	
35	over \$500,000.00	\$5,512.50 plus 6.370% of the
36		excess over \$150,000.00
37		
38	Over \$500,000.00	\$27,807.50 plus 8.970% of the
39		excess over \$500,000.00
40		
41	(6) <u>for taxable years beginning on or after January 1, 2018:</u>	
42		
43	<u>Not over \$40,000.00</u>	<u>1.400% of taxable income</u>
44		
45	<u>Over \$40,000.00 but not</u>	
46	<u>over \$70,000.00</u>	<u>\$560.00 plus 1.750% of the</u>
47		<u>excess over \$40,000.00</u>

1	<u>Over \$70,000.00 but not</u>	
2	<u>over \$80,000.00</u>	<u>\$1,085.00 plus 3.500% of the</u>
3		<u>excess over \$70,000.00</u>
4		
5	<u>Over \$80,000.00 but not</u>	
6	<u>over \$150,000.00</u>	<u>\$1,435.00 plus 5.525% of the</u>
7		<u>excess over \$80,000.00</u>
8	<u>Over \$150,000.00 but not</u>	
9	<u>over \$500,000.00</u>	<u>\$5,302.50 plus 6.370% of the</u>
10		<u>excess over \$150,000.00</u>
11		
12	<u>Over \$500,000.00</u>	<u>\$27,597.50 plus 8.970% of the</u>
13		<u>excess over \$500,000.00</u>
14		

15 b. For married individuals filing separately, unmarried
16 individuals other than individuals filing as head of household or as
17 a surviving spouse for federal income tax purposes, and estates and
18 trusts:

19
20 (1) for taxable years beginning on or after January 1, 1991 but
21 before January 1, 1994:

22		
23	If the taxable income is:	The tax is:
24		
25	Not over \$20,000.00	2% of taxable income
26		
27	Over \$20,000.00 but not	
28	over \$35,000.00	\$400.00 plus 2.5% of the excess
29		over \$20,000.00
30	Over \$35,000.00 but not	
31	over \$40,000.00	\$775.00 plus 5.0% of the excess
32		over \$35,000.00
33	Over \$40,000.00 but not	
34	over \$75,000.00	\$1,025.00 plus 6.5% of the
35		excess over \$40,000.00
36		
37	Over \$75,000.00	\$3,300.00 plus 7.0% of the
38		excess over \$75,000.00
39		

40 (2) for taxable years beginning on or after January 1, 1994 but
41 before January 1, 1995:

42		
43	If the taxable income is:	The tax is:
44		
45	Not over \$20,000.00	1.900% of taxable income

1	Over \$20,000.00 but not	
2	over \$35,000.00	\$380.00 plus 2.375% of the
3		excess over \$20,000.00
4		
5	Over \$35,000.00 but not	
6	over \$40,000.00	\$736.25 plus 4.750% of the
7		excess over \$35,000.00
8		
9	Over \$40,000.00 but not	
10	over \$75,000.00	\$973.75 plus 6.175% of the
11		excess over \$40,000.00
12		
13	Over \$75,000.00	\$3,135.00 plus 6.650% of the
14		excess over \$75,000.00
15		
16	(3) for taxable years beginning on or after January 1, 1995 but	
17	before January 1, 1996:	
18		
19	If the taxable income is:	The tax is:
20		
21	Not over \$20,000.00	1.700% of taxable income
22		
23	Over \$20,000.00 but not	
24	over \$35,000.00	\$340.00 plus 2.125% of the
25		excess over \$20,000.00
26	Over \$35,000.00 but not	
27	over \$40,000.00	\$658.75 plus 4.250% of the
28		excess over \$35,000.00
29	Over \$40,000.00 but not	
30	over \$75,000.00	\$871.25 plus 6.013% of the
31		excess over \$40,000.00
32		
33	Over \$75,000.00	\$2,975.80 plus 6.580% of the
34		excess over \$75,000.00
35		
36	(4) for taxable years beginning on or after January 1, 1996 but	
37	before January 1, 2004:	
38		
39	If the taxable income is:	The tax is:
40		
41	Not over \$20,000.00	1.400% of taxable income
42		
43	Over \$20,000.00 but not	
44	over \$35,000.00	\$280.00 plus 1.750% of the
45		excess over \$20,000.00
46	Over \$35,000.00 but not	
47	over \$40,000.00	\$542.50 plus 3.500% of the
48		excess over \$35,000.00

1	Over \$40,000.00 but not	
2	over \$75,000.00	\$717.50 plus 5.525% of the
3		excess over \$40,000.00
4		
5	Over \$75,000.00	\$2,651.25 plus 6.370% of the
6		excess over \$75,000.00
7		
8	(5) for taxable years beginning on or after January 1, 2004:	
9		
10	If the taxable income is:	The tax is:
11		
12	Not over \$20,000.00	1.400% of taxable income
13		
14	Over \$20,000.00 but not	
15	over \$35,000.00	\$280.00 plus 1.750% of the
16		excess over \$20,000.00
17	Over \$35,000.00 but not	
18	over \$40,000.00	\$542.50 plus 3.500% of the
19		excess over \$35,000.00
20	Over \$40,000.00 but not	
21	over \$75,000.00	\$717.50 plus 5.525% of the
22		excess over \$40,000.00
23	Over \$75,000.00 but not	
24	over \$500,000.00	\$2,651.25 plus 6.370% of the
25		excess over \$75,000.00
26		
27	Over \$500,000.00	\$29,723.75 plus 8.970% of the
28		excess over \$500,000.00
29		

30 c. For the purposes of this section, an individual who would be
31 eligible to file as a head of household for federal income tax
32 purposes but for the fact that such taxpayer is a nonresident alien,
33 shall determine tax pursuant to subsection a. of this section.
34 (cf: P.L.2004, c.40, s.17)

35
36 2. This act shall take effect immediately and apply to taxable
37 years beginning on or after January 1, 2018.

38
39
40 STATEMENT

41
42 The bill revises the gross income tax rates for joint filers and
43 similar taxpayers and is designated as the Marriage Penalty
44 Elimination Act.

45 As is common with progressive income tax structures, a marriage
46 penalty occurs when married taxpayers, who would have otherwise
47 faced a lower income tax liability by remaining single and filing
48 individual tax returns, face a higher tax liability due to their marital

1 status and filing their taxes jointly. For the sake of tax equity, the
2 bill would amend the tax brackets for those filing jointly to align
3 the tax brackets with those imposed on taxpayers filing individual
4 tax returns. These changes would lower the gross income tax
5 liability of most joint filers.

6 The bill accomplishes eliminating the so-called marriage penalty
7 by making the following changes to the tax brackets of joint filers:

- 8 • Taxable income up to \$40,000 would be taxed at a rate of
9 1.40 percent.
- 10 • Taxable income over \$40,000 but not over \$70,000 would be
11 taxed at a rate of 1.75 percent.

12 The bill would take effect immediately and apply to taxable
13 years beginning on or after January 1, 2018.