

[First Reprint]
SENATE, No. 835

STATE OF NEW JERSEY
219th LEGISLATURE

PRE-FILED FOR INTRODUCTION IN THE 2020 SESSION

Sponsored by:

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District 38 (Bergen and Passaic)

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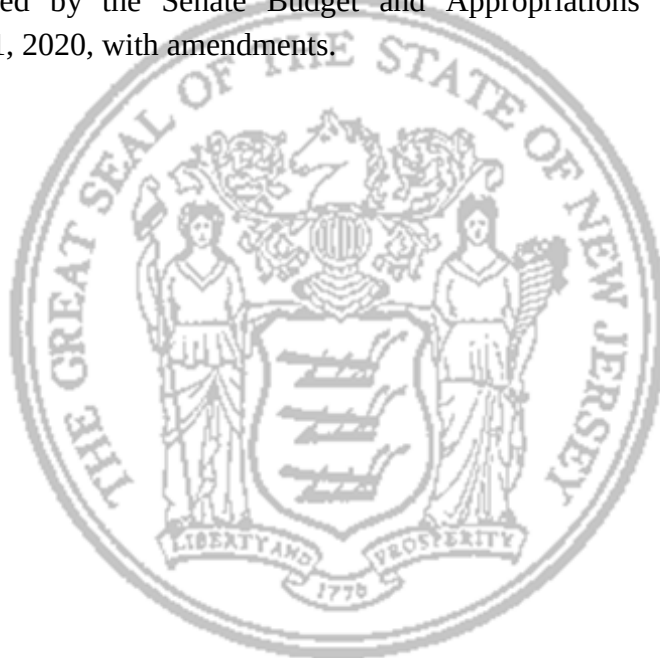
Senators Turner and Pou

SYNOPSIS

Expands eligibility under New Jersey earned income tax credit program to allow taxpayers who are at least 21 years of age to qualify.

CURRENT VERSION OF TEXT

As reported by the Senate Budget and Appropriations Committee on September 21, 2020, with amendments.



(Sponsorship Updated As Of: 9/24/2020)

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 as
8 follows:

9 2. There is established the New Jersey Earned Income Tax Credit
10 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
14 (26 U.S.C. s.32) shall be allowed a credit for the taxable year equal to
15 a 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 section
18 32 of the federal Internal Revenue Code of 1986 (26 U.S.C. s.32) for
19 the same taxable year for which a credit is claimed pursuant to this
20 section, subject to the restrictions of this subsection and subsections b.,
21 c., d. and e. of this section and the modifications of paragraph (4) of
22 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, 2000,
27 but before January 1, 2001;

28 (b) 15% for the taxable year beginning on or after January 1, 2001,
29 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, 2008
35 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, 2018,
45 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.

Matter enclosed in superscript numerals has been adopted as follows:

¹Senate SBA committee amendments adopted September 21, 2020.

1 (k) 39% for the taxable year beginning on or after January 1, 2019,
2 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 the
5 claimant is married, except for a claimant who files as a head of
6 household or surviving spouse for federal income tax purposes for the
7 taxable year, the claimant shall file a joint return or claim for the
8 credit.

9 (4) A resident individual who is at least ¹18 ~~21~~¹ years of age,
10 but 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 Jersey
13 earned income tax credit if that resident individual is ineligible to
14 claim the federal earned income tax credit due to minimum age
15 requirements. The resident individual shall meet all qualifications,
16 except for the minimum age, for the federal earned income tax credit
17 in order to be eligible for the New Jersey earned income tax credit.
18 ¹Calculation of the New Jersey earned income tax credit available to
19 individuals pursuant to this paragraph shall be predicated on the
20 federal maximum amount for taxpayers with no qualifying child for
21 each taxable year beginning on and after January 1, 2020.¹

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

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

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

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

47 (cf: P.L.2018, c.45, s.4)

48
49 2. This act shall take effect immediately.