SENATE BUDGET AND APPROPRIATIONS COMMITTEE

STATEMENT TO

SENATE, No. 835

with committee amendments

STATE OF NEW JERSEY

DATED: SEPTEMBER 22, 2020

The Senate Budget and Appropriations Committee reports favorably Senate Bill No. 835, with committee amendments.

This bill expands eligibility for certain resident individuals. Under the federal program, there are age restrictions for taxpayers who cannot claim a qualifying child. Currently, a taxpayer who is between 25 and 65 years old is eligible for federal earned income tax credit even without claiming a qualifying child. The bill allows a taxpayer who is between 21 and 65 years old to claim the New Jersey earned income tax credit based on a percentage of the federal earned income tax credit amount the taxpayer would have otherwise been eligible for absent the age restriction.

This bill was pre-filed for introduction in the 2020-2021 session pending technical review. As reported, the bill includes the changes required by technical review, which has been performed.

COMMITTEE AMENDMENTS:

The committee amended the bill so that taxpayers 21 to 24 years old, instead of 18 to 24, will be eligible for the credit, and to clarify how the credit will be calculated for those individuals.

FISCAL IMPACT:

The Office of Legislative Services (OLS) estimates that gross income tax revenue, which is deposited into the Property Tax Relief Fund, will decline by up to $14 million annually if this bill is enacted. Based on tax year 2018 and tax year 2019 data, the OLS projects that approximately 72,000 filers may be newly eligible to claim the modified New Jersey Earned Income Tax Credit Program as a result of the bill. The OLS believes the actual cost of this bill will fall below $14 million annually, since the maximum credit allowed will not be claimed by all newly eligibly filers.