

SENATE, No. 836

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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SYNOPSIS

Increases benefit amounts under New Jersey earned income tax credit program from 40 percent to 50 percent.

CURRENT VERSION OF TEXT

Introduced Pending Technical Review by Legislative Counsel.



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

1 **AN ACT** increasing benefit amounts under the New Jersey earned
2 income 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
8 as follows:

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

22 (2) For the purposes of the calculation of the New Jersey earned
23 income tax credit, the percentage of the federal earned income tax
24 credit referred to in paragraph (1) of this subsection shall be:

25 (a) 10% for the taxable year beginning on or after January 1,
26 2000, but before January 1, 2001;

27 (b) 15% for the taxable year beginning on or after January 1,
28 2001, but before January 1, 2002;

29 (c) 17.5% for the taxable year beginning on or after January 1,
30 2002, but before January 1, 2003;

31 (d) 20% for taxable years beginning on or after January 1, 2003,
32 but before January 1, 2008;

33 (e) 22.5% for taxable years beginning on or after January 1,
34 2008 but before January 1, 2009;

35 (f) 25% for taxable years beginning on or after January 1, 2009
36 but before January 1, 2010;

37 (g) 20% for taxable years beginning on or after January 1, 2010,
38 but before January 1, 2015;

39 (h) 30% for taxable years beginning on or after January 1, 2015,
40 but before January 1, 2016;

41 (i) 35% for taxable years beginning on or after January 1, 2016,
42 but before January 1, 2018;

43 (j) 37% for the taxable year beginning on or after January 1,
44 2018, but before January 1, 2019;

45 (k) 39% for the taxable year beginning on or after January 1,
46 2019, but before January 1, 2020; **and**

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 (l) 40% for taxable years beginning on or after January 1, 2020,
2 but before January 1, 2021;

3 (m) 45% for taxable years beginning on or after January 1, 2021,
4 but before January 1, 2022; and

5 (n) 50% for taxable years beginning on or after January 1, 2022.

6 (3) To qualify for the New Jersey earned income tax credit, if
7 the claimant is married, except for a claimant who files as a head of
8 household or surviving spouse for federal income tax purposes for
9 the taxable year, the claimant shall file a joint return or claim for
10 the credit.

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

16 c. The amount of the credit allowed pursuant to this section
17 shall be applied against the tax otherwise due under N.J.S.54A:1-1
18 et seq., after all other credits and payments. If the credit exceeds the
19 amount of tax otherwise due, that amount of excess shall be an
20 overpayment for the purposes of N.J.S.54A:9-7; provided however,
21 that subsection (f) of N.J.S.54A:9-7 shall not apply. The credit
22 provided under this section as a credit against the tax otherwise due
23 and the amount of the credit treated as an overpayment shall be
24 treated as a credit towards or overpayment of gross income tax,
25 subject to all provisions of N.J.S.54A:1-1 et seq., except as may be
26 otherwise specifically provided in P.L.2000, c.80 (C.54A:4-6 et al.).

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

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

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

37
38 2. This act shall take effect immediately.
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41 STATEMENT

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43 This bill increases the benefit amounts under the New Jersey
44 earned income tax credit program. Currently, the program provides
45 a tax credit equal to 40 percent of the federal earned income tax
46 credit. The bill increases this amount from 40 percent to 45 percent
47 on January 1, 2021, and then further increases the amount to 50
48 percent on January 1, 2022.