

ASSEMBLY, No. 3029

STATE OF NEW JERSEY 215th LEGISLATURE

INTRODUCED JUNE 7, 2012

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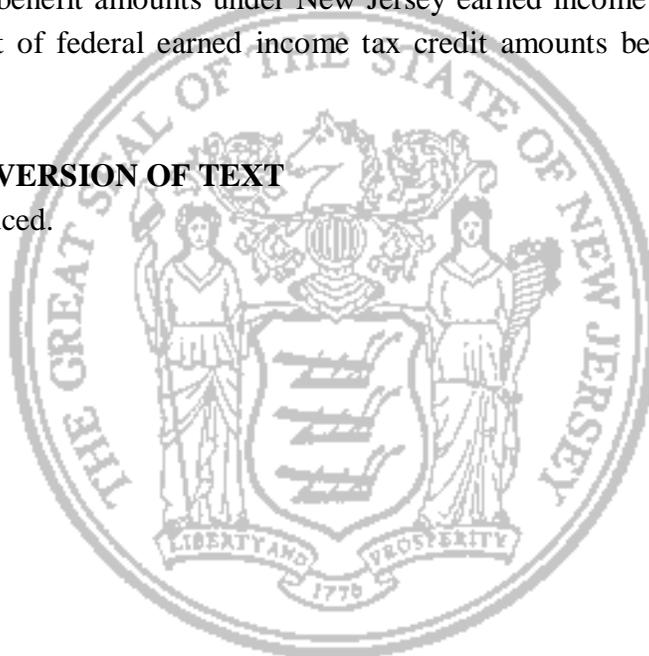
Senators Turner, Rice, Vitale, Ruiz and Beach

SYNOPSIS

Increases benefit amounts under New Jersey earned income credit program to 25 percent of federal earned income tax credit amounts beginning in Tax Year 2012.

CURRENT VERSION OF TEXT

As introduced.



(Sponsorship Updated As Of: 6/29/2012)

1 AN ACT increasing the benefit amounts provided under the New
2 Jersey earned income credit program to 25 percent of the federal
3 earned income tax credit amounts, amending P.L.2000, c.80.

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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. Section 2 of P.L.2000, c.80 (C.54A:4-7) is amended to read
9 as follows:

10 2. There is established the New Jersey Earned Income Tax
11 Credit program in the Division of Taxation in the Department of the
12 Treasury.

13 a. (1) A resident individual who is eligible for a credit under
14 section 32 of the federal Internal Revenue Code of 1986 (26 U.S.C.
15 s.32) shall be allowed a credit for the taxable year equal to a
16 percentage, as provided in paragraph (2) of this subsection, of the
17 federal earned income tax credit that would be allowed to the
18 individual or the married individuals filing a joint return under
19 section 32 of the federal Internal Revenue Code of 1986 (26 U.S.C.
20 s.32) for the same taxable year for which a credit is claimed
21 pursuant to this section, subject to the restrictions of this subsection
22 and subsections b., c., d. and e. of this section.

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,
27 2000, but before January 1, 2001;

28 (b) 15% for the taxable year beginning on or after January 1,
29 2001, 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,
35 2008 but before January 1, 2009;

36 (f) 25% for taxable years beginning on or after January 1, 2009
37 but before January 1, 2010; **[and]**

38 (g) 20% for taxable years beginning on or after January 1, 2010
39 but before January 1, 2012; and

40 (h) 25% for taxable years beginning on or after January 1, 2012.

41 (3) To qualify for the New Jersey earned income tax credit, if
42 the claimant is married, except for a claimant who files as a head of
43 household or surviving spouse for federal income tax purposes for
44 the taxable year, the claimant shall file a joint return or claim for
45 the credit.

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

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

17 d. The Director of the Division of Taxation in the Department
18 of the Treasury shall [have discretion to] establish a program for
19 the distribution of earned income tax credits pursuant to the
20 provisions of this section.

21 e. Any earned income tax credit pursuant to this section shall
22 not be taken into account as income or receipts for purposes of
23 determining the eligibility of an individual for benefits or assistance
24 or the amount or extent of benefits or assistance under any State
25 program and, to the extent permitted by federal law, under any State
26 program financed in whole or in part with federal funds.
27 (cf: P.L.2010, c.27. s.1)

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29 2. This act shall take effect immediately and apply to taxable
30 years beginning on or after January 1, 2012.

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STATEMENT

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35 This bill increases, beginning for New Jersey gross income tax
36 year 2012 and thereafter, the benefit amount provided under the
37 New Jersey earned income credit (EIC) program as a percentage of
38 the federal earned income tax credit (EITC). Specifically, this bill
39 would increase the current State program benefit amounts from 20
40 percent to 25 percent the federal credit amounts.

41 In addition, this bill removes a provision allowing for the
42 exercise of discretion of the Director of the Division of Taxation to
43 establish a program for the distribution of credits.

44 The EIC is a refundable credit intended to “make work pay” by
45 offsetting the burden of taxes for low and moderate income
46 workers. According to the federal and State data, some 528,000
47 taxpayers received an average State EIC benefit amount of
48 approximately \$430 during TY 2010, the most recent year for which

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- 1 data are available. Under the bill, the average EIC benefit amount
- 2 would grow to approximately \$545, assuming a level number of
- 3 participants.