

# ASSEMBLY, No. 1062

## STATE OF NEW JERSEY 217th LEGISLATURE

PRE-FILED FOR INTRODUCTION IN THE 2016 SESSION

**Sponsored by:**

**Assemblyman JON M. BRAMNICK**

**District 21 (Morris, Somerset and Union)**

**Assemblyman ANTHONY M. BUCCO**

**District 25 (Morris and Somerset)**

**Co-Sponsored by:**

**Assemblywoman Handlin, Assemblyman Webber, Assemblywoman N.Munoz, Assemblymen Space, S.Kean and Assemblywoman Phoebus**

**SYNOPSIS**

Reduces gross income tax rates by ten percent over three years.

**CURRENT VERSION OF TEXT**

Introduced Pending Technical Review by Legislative Counsel.



1 AN ACT reducing gross income tax rates, amending N.J.S.54A:2-1.

2

3 BE IT ENACTED by the Senate and General Assembly of the State  
4 of New Jersey:

5

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

7 54A:2-1. Imposition of tax. There is hereby imposed a tax for  
8 each taxable year (which shall be the same as the taxable year for  
9 federal income tax purposes) on the New Jersey gross income as  
10 herein defined of every individual, estate or trust (other than a  
11 charitable trust or a trust forming part of a pension or profit-sharing  
12 plan), subject to the deductions, limitations and modifications  
13 hereinafter provided, determined in accordance with the following  
14 tables with respect to taxpayers' taxable income:

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

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

20

If the taxable income is:	The tax is:
Not over \$20,000.00 . . . .	2% of taxable income
Over \$20,000.00 but not over \$50,000.00 . . . . .	\$400.00 plus 2.5% of the excess over \$20,000.00
Over \$50,000.00 but not over \$70,000.00 . . . . .	\$1,150.00 plus 3.5% of the excess over \$50,000.00
Over \$70,000.00 but not over \$80,000.00 . . . . .	\$1,850.00 plus 5.0% of the excess over \$70,000.00
Over \$80,000.00 but not over \$150,000.00 . . . . .	\$2,350.00 plus 6.5% of the excess over \$80,000.00
Over \$150,000.00 . . . . .	\$6,900.00 plus 7.0% of the excess over \$150,000.00

37

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

40

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

41

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.

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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

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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	Over \$70,000.00 but not	
5	over \$80,000.00 . . . . .	\$1,295.50 plus 3.500% of the
6		excess over \$70,000.00
7	Over \$80,000.00 but not	
8	over \$150,000.00 . . . . .	\$1,645.00 plus 5.525% of the
9		excess over \$80,000.00
10		
11	Over \$150,000.00 . . . . .	\$5,512.50 plus 6.370% of the
12		excess over \$150,000.00
13		

14 (5) for taxable years beginning on or after January 1, 2004 but  
15 before January 1, 2013:

16		
17	If the taxable income is:	The tax is:
18		
19	Not over \$20,000.00 . . . . .	1.400% of taxable income
20		
21	Over \$20,000.00 but not	
22	over \$50,000.00 . . . . .	\$280.00 plus 1.750% of the
23		excess over \$20,000.00
24	Over \$50,000.00 but not	
25	over \$70,000.00 . . . . .	\$805.00 plus 2.450% of the
26		excess over \$50,000.00
27	Over \$70,000.00 but not	
28	over \$80,000.00 . . . . .	\$1,295.50 plus 3.500% of the
29		excess over \$70,000.00
30	Over \$80,000.00 but not	
31	over \$150,000.00 . . . . .	\$1,645.00 plus 5.525% of the
32		excess over \$80,000.00
33	Over \$150,000.00 but not	
34	over \$500,000.00 . . . . .	\$5,512.50 plus 6.370% of the
35		excess over \$150,000.00
36		
37	Over \$500,000.00 . . . . .	\$27,807.50 plus 8.970% of the
38		excess over \$500,000.00
39		

40 (6) for taxable years beginning on or after January 1, 2013 but  
41 before January 1, 2014:

42		
43	<u>If the taxable income is:</u>	<u>The tax is:</u>
44		
45	<u>Not over \$20,000.00 . . . . .</u>	<u>1.353% of taxable income</u>
46	<u>Over \$20,000.00 but not</u>	
47	<u>over \$50,000.00 . . . . .</u>	<u>\$270.60 plus 1.692% of the</u>
48		<u>excess over \$20,000.00</u>

1		
2	<u>Over \$50,000.00 but not</u>	
3	<u>over \$70,000.00 . . . . .</u>	<u>\$778.20 plus 2.368% of the</u>
4		<u>excess over \$50,000.00</u>
5	<u>Over \$70,000.00 but not</u>	
6	<u>over \$80,000.00 . . . . .</u>	<u>\$1,251.80 plus 3.383% of the</u>
7		<u>excess over \$70,000.00</u>
8	<u>Over \$80,000.00 but not</u>	
9	<u>over \$150,000.00 . . . . .</u>	<u>\$1,590.10 plus 5.341% of the</u>
10		<u>excess over \$80,000.00</u>
11	<u>Over \$150,000.00 but not</u>	
12	<u>over \$500,000.00 . . . . .</u>	<u>\$5,328.80 plus 6.158% of the</u>
13		<u>excess over \$150,000.00</u>
14		
15	<u>Over \$500,000.00 . . . . .</u>	<u>\$26,881.80 plus 8.671% of the</u>
16		<u>excess over \$500,000.00</u>

17

18 (7) for taxable years beginning on or after January 1, 2014 but  
 19 before January 1, 2015:

20		
21	<u>If the taxable income is:</u>	<u>The tax is:</u>
22		
23	<u>Not over \$20,000.00 . . . . .</u>	<u>1.306% of taxable income</u>
24		
25	<u>Over \$20,000.00 but not</u>	
26	<u>over \$50,000.00 . . . . .</u>	<u>\$261.20 plus 1.634% of the</u>
27		<u>excess over \$20,000.00</u>
28	<u>Over \$50,000.00 but not</u>	
29	<u>over \$70,000.00 . . . . .</u>	<u>\$751.40 plus 2.286% of the</u>
30		<u>excess over \$50,000.00</u>
31	<u>Over \$70,000.00 but not</u>	
32	<u>over \$80,000.00 . . . . .</u>	<u>\$1,208.60 plus 3.266% of the</u>
33		<u>excess over \$70,000.00</u>
34	<u>Over \$80,000.00 but not</u>	
35	<u>over \$150,000.00 . . . . .</u>	<u>\$1,535.20 plus 5.157% of the</u>
36		<u>excess over \$80,000.00</u>
37	<u>Over \$150,000.00 but not</u>	
38	<u>over \$500,000.00 . . . . .</u>	<u>\$5,145.10 plus 5.946% of the</u>
39		<u>excess over \$150,000.00</u>
40		
41	<u>Over \$500,000.00 . . . . .</u>	<u>\$25,956.10 plus 8.372% of the</u>
42		<u>excess over \$500,000.00</u>

43

44 (8) for taxable years beginning on or after January 1, 2015:

45		
46	<u>If the taxable income is:</u>	<u>The tax is:</u>
47		
48	<u>Not over \$20,000.00 . . . . .</u>	<u>1.260% of taxable income</u>

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1	<u>Over \$20,000.00 but not</u>	
2	<u>over \$50,000.00 . . . . .</u>	\$252.00 plus 1.575% of the
3		<u>excess over \$20,000.00</u>
4	<u>Over \$50,000.00 but not</u>	
5	<u>over \$70,000.00 . . . . .</u>	\$724.50 plus 2.205% of the
6		<u>excess over \$50,000.00</u>
7	<u>Over \$70,000.00 but not</u>	
8	<u>over \$80,000.00 . . . . .</u>	\$1,165.50 plus 3.150% of the
9		<u>excess over \$70,000.00</u>
10	<u>Over \$80,000.00 but not</u>	
11	<u>over \$150,000.00 . . . . .</u>	\$1,480.50 plus 4.973% of the
12		<u>excess over \$80,000.00</u>
13	<u>Over \$150,000.00 but not</u>	
14	<u>over \$500,000.00 . . . . .</u>	\$4,961.60 plus 5.734% of the
15		<u>excess over \$150,000.00</u>
16		
17	<u>Over \$500,000.00 . . . . .</u>	\$25,030.60 plus 8.074% of the
18		<u>excess over \$500,000.00</u>

19

20     b. For married individuals filing separately, unmarried

21 individuals other than individuals filing as head of household or as

22 a surviving spouse for federal income tax purposes, and estates and

23 trusts:

24

25     (1) for taxable years beginning on or after January 1, 1991 but

26 before January 1, 1994:

27		
28	If the taxable income is:	The tax is:
29		
30	Not over \$20,000.00 . . . . .	2% of taxable income
31		
32	Over \$20,000.00 but not	
33	over \$35,000.00 . . . . .	\$400.00 plus 2.5% of the excess
34		over \$20,000.00
35	Over \$35,000.00 but not	
36	over \$40,000.00 . . . . .	\$775.00 plus 5.0% of the excess
37		over \$35,000.00
38		
39	Over \$40,000.00 but not	
40	over \$75,000.00 . . . . .	\$1,025.00 plus 6.5% of the
41		excess over \$40,000.00
42		
43	Over \$75,000.00 . . . . .	\$3,300.00 plus 7.0% of the
44		excess over \$75,000.00

45

46     (2) for taxable years beginning on or after January 1, 1994 but

47 before January 1, 1995:

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1	If the taxable income is:	The tax is:
2		
3	Not over \$20,000.00 . . . . .	1.900% of taxable income
4		
5	Over \$20,000.00 but not	
6	over \$35,000.00 . . . . .	\$380.00 plus 2.375% of the
7		excess over \$20,000.00
8	Over \$35,000.00 but not	
9	over \$40,000.00 . . . . .	\$736.25 plus 4.750% of the
10		excess over \$35,000.00
11	Over \$40,000.00 but not	
12	over \$75,000.00 . . . . .	\$973.75 plus 6.175% of the
13		excess over \$40,000.00
14		
15	Over \$75,000.00 . . . . .	\$3,135.00 plus 6.650% of the
16		excess over \$75,000.00
17		

18 (3) for taxable years beginning on or after January 1, 1995 but  
19 before January 1, 1996:

21	If the taxable income is:	The tax is:
22		
23	Not over \$20,000.00 . . . . .	1.700% of taxable income
24		
25	Over \$20,000.00 but not	
26	over \$35,000.00 . . . . .	\$340.00 plus 2.125% of the
27		excess over \$20,000.00
28	Over \$35,000.00 but not	
29	over \$40,000.00 . . . . .	\$658.75 plus 4.250% of the
30		excess over \$35,000.00
31	Over \$40,000.00 but not	
32	over \$75,000.00 . . . . .	\$871.25 plus 6.013% of the
33		excess over \$40,000.00
34		
35	Over \$75,000.00 . . . . .	\$2,975.80 plus 6.580% of the
36		excess over \$75,000.00

37 (4) for taxable years beginning on or after January 1, 1996 but  
38 before January 1, 2004:

40	If the taxable income is:	The tax is:
41		
42	Not over \$20,000.00 . . . . .	1.400% of taxable income
43		
44	Over \$20,000.00 but not	
45	over \$35,000.00 . . . . .	\$280.00 plus 1.750% of the
46		excess over \$20,000.00
47	Over \$35,000.00 but not	

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1	over \$40,000.00 . . . . .	\$542.50 plus 3.500% of the
2		excess over \$35,000.00
3	Over \$40,000.00 but not	
4	over \$75,000.00 . . . . .	\$717.50 plus 5.525% of the
5		excess over \$40,000.00
6		
7	Over \$75,000.00 . . . . .	\$2,651.25 plus 6.370% of the
8		excess over \$75,000.00
9		

10 (5) for taxable years beginning on or after January 1, 2004 but  
 11 before January 1, 2013:

13	If the taxable income is:	The tax is:
14		
15	Not over \$20,000.00 . . . . .	1.400% of taxable income
16		
17	Over \$20,000.00 but not	
18	over \$35,000.00 . . . . .	\$280.00 plus 1.750% of the
19		excess over \$20,000.00
20	Over \$35,000.00 but not	
21	over \$40,000.00 . . . . .	\$542.50 plus 3.500% of the
22		excess over \$35,000.00
23	Over \$40,000.00 but not	
24	over \$75,000.00 . . . . .	\$717.50 plus 5.525% of the
25		excess over \$40,000.00
26	Over \$75,000.00 but not	
27	over \$500,000.00 . . . . .	\$2,651.25 plus 6.370% of the
28		excess over \$75,000.00
29		
30	Over \$500,000.00 . . . . .	\$29,723.75 plus 8.970% of the
31		excess over \$500,000.00
32		

33 (6) for taxable years beginning on or after January 1, 2013 but  
 34 before January 1, 2014:

36	<u>If the taxable income is:</u>	<u>The tax is:</u>
37		
38	<u>Not over \$20,000.00 . . . . .</u>	<u>1.353% of taxable income</u>
39		
40	<u>Over \$20,000.00 but not</u>	
41	<u>over \$35,000.00 . . . . .</u>	<u>\$270.60 plus 1.692% of the</u>
42		<u>excess over \$20,000.00</u>
43	<u>Over \$35,000.00 but not</u>	
44	<u>over \$40,000.00 . . . . .</u>	<u>\$524.40 plus 3.383% of the</u>
45		<u>excess over \$35,000.00</u>
46	<u>Over \$40,000.00 but not</u>	
47	<u>over \$75,000.00 . . . . .</u>	<u>\$693.55 plus 5.341% of the</u>
48		<u>excess over \$40,000.00</u>



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1	<u>Over \$75,000.00 but not</u>	
2	<u>over \$500,000.00 . . . . .</u>	<u>\$2,562.90 plus 6.158% of the</u>
3		<u>excess over \$75,000.00</u>
4		
5	<u>Over \$500,000.00 . . . . .</u>	<u>\$28,734.40 plus 8.671% of the</u>
6		<u>excess over \$500,000.00</u>
7		
8	<u>(7) for taxable years beginning on or after January 1, 2014 but</u>	
9	<u>before January 1, 2015:</u>	
10		
11	<u>If the taxable income is:</u>	<u>The tax is:</u>
12		
13	<u>Not over \$20,000.00 . . . . .</u>	<u>1.307% of taxable income</u>
14		
15	<u>Over \$20,000.00 but not</u>	
16	<u>over \$35,000.00 . . . . .</u>	<u>\$261.40 plus 1.633% of the</u>
17		<u>excess over \$20,000.00</u>
18	<u>Over \$35,000.00 but not</u>	
19	<u>over \$40,000.00 . . . . .</u>	<u>\$506.35 plus 3.267% of the</u>
20		<u>excess over \$35,000.00</u>
21	<u>Over \$40,000.00 but not</u>	
22	<u>over \$75,000.00 . . . . .</u>	<u>\$669.70 plus 5.157% of the</u>
23		<u>excess over \$40,000.00</u>
24	<u>Over \$75,000.00 but not</u>	
25	<u>over \$500,000.00 . . . . .</u>	<u>\$2,474.65 plus 5.946% of the</u>
26		<u>excess over \$75,000.00</u>
27		
28	<u>Over \$500,000.00 . . . . .</u>	<u>\$27,745.15 plus 8.373% of the</u>
29		<u>excess over \$500,000.00</u>
30		
31	<u>(8) for taxable years beginning on or after January 1, 2015:</u>	
32		
33	<u>If the taxable income is:</u>	<u>The tax is:</u>
34		
35	<u>Not over \$20,000.00 . . . . .</u>	<u>1.260% of taxable income</u>
36		
37	<u>Over \$20,000.00 but not</u>	
38	<u>over \$35,000.00 . . . . .</u>	<u>\$252.00 plus 1.575% of the</u>
39		<u>excess over \$20,000.00</u>
40	<u>Over \$35,000.00 but not</u>	
41	<u>over \$40,000.00 . . . . .</u>	<u>\$488.25 plus 3.150% of the</u>
42		<u>excess over \$35,000.00</u>
43	<u>Over \$40,000.00 but not</u>	
44	<u>over \$75,000.00 . . . . .</u>	<u>\$645.75 plus 4.973% of the</u>
45		<u>excess over \$40,000.00</u>
46	<u>Over \$75,000.00 but not</u>	
47	<u>over \$500,000.00 . . . . .</u>	<u>\$2,386.30 plus 5.734% of the</u>
48		<u>excess over \$75,000.00</u>

1 Over \$500,000.00 . . . . . \$26,755.80 plus 8.074% of the  
2 excess over \$500,000.00

3  
4  
5  
6  
7  
8  
9

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

10 2. This act shall take effect immediately and apply to taxable  
11 years beginning on or after January 1, 2013.

12  
13

14 STATEMENT

15

16 The bill reduces gross income tax rates by ten percent over three  
17 taxable years. The purpose of this bill is to lower the gross income  
18 tax liabilities of all New Jersey gross income taxpayers while  
19 tempering the steep progressivity of the gross income tax liability  
20 structure.

21  
22  
23  
24  
25  
26  
27

The bill schedules the gross income tax rate reductions to occur at three and one-third percent for taxable years beginning in 2013, an additional three and one-third percent for taxable years beginning in 2014, and an additional three and one-third percent for taxable years beginning in 2015. After 2015, the bill maintains the total ten percent gross income tax rate reduction for future taxable years.