SENATE, No. 4214

STATE OF NEW JERSEY
218th LEGISLATURE

INTRODUCED NOVEMBER 14, 2019

Sponsored by:
Senator JOSEPH A. LAGANA
District 38 (Bergen and Passaic)
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District 29 (Essex)

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

CURRENT VERSION OF TEXT
As introduced.
AN ACT increasing benefit amounts under the New Jersey earned
income tax credit program, amending P.L.2000, c.80.

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

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

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

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

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

      (a) 10% for the taxable year beginning on or after January 1,
2000, but before January 1, 2001;
      (b) 15% for the taxable year beginning on or after January 1,
2001, but before January 1, 2002;
      (c) 17.5% for the taxable year beginning on or after January 1,
2002, but before January 1, 2003;
      (d) 20% for taxable years beginning on or after January 1, 2003,
but before January 1, 2008;
      (e) 22.5% for taxable years beginning on or after January 1,
2008 but before January 1, 2009;
      (f) 25% for taxable years beginning on or after January 1, 2009
but before January 1, 2010;
      (g) 20% for taxable years beginning on or after January 1, 2010,
but before January 1, 2015;
      (h) 30% for taxable years beginning on or after January 1, 2015,
but before January 1, 2016;
      (i) 35% for taxable years beginning on or after January 1, 2016,
but before January 1, 2018;
      (j) 37% for the taxable year beginning on or after January 1,
2018, but before January 1, 2019;
      (k) 39% for the taxable year beginning on or after January 1,

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.
This act shall take effect immediately.

STATEMENT

This bill increases the benefit amounts under the New Jersey earned income tax credit program. Currently, the program provides a tax credit equal to 40 percent of the federal earned income tax

1. 2019, but before January 1, 2020; [and]
2. (l) 40% for taxable years beginning on or after January 1, 2020,
3. but before January 1, 2021;
4. (m) 45% for taxable years beginning on or after January 1, 2021, but before January 1, 2022; and
5. (n) 50% for taxable years beginning on or after January 1, 2022.

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

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

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

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

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

(cf: P.L.2018, c.45, s.4)
credit. The bill increases this amount from 40 percent to 45 percent on January 1, 2021, and then further increases the amount to 50 percent on January 1, 2022.