

ASSEMBLY, No. 838

STATE OF NEW JERSEY

219th LEGISLATURE

PRE-FILED FOR INTRODUCTION IN THE 2020 SESSION

Sponsored by:

Assemblywoman VERLINA REYNOLDS-JACKSON

District 15 (Hunterdon and Mercer)

Assemblyman BENJIE E. WIMBERLY

District 35 (Bergen and Passaic)

Assemblyman JOHN J. BURZICHELLI

District 3 (Cumberland, Gloucester and Salem)

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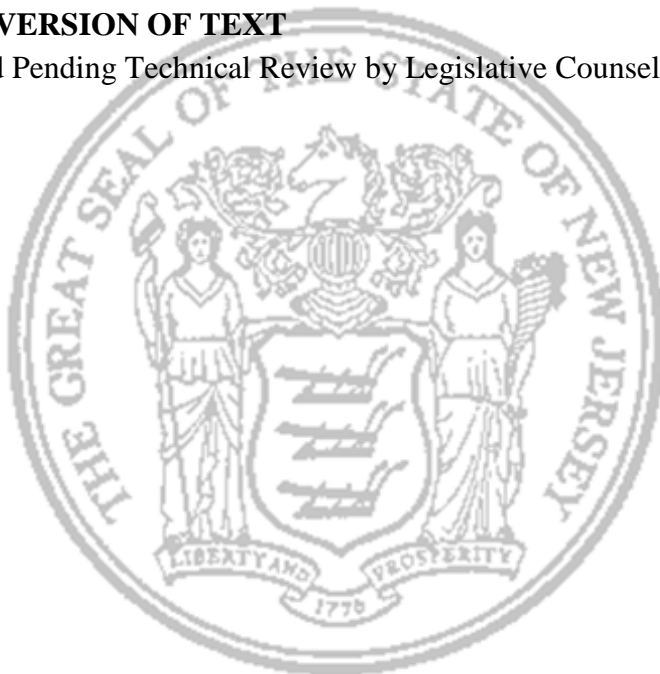
Assemblyman Spearman, Assemblywoman Murphy and Assemblyman Johnson

SYNOPSIS

Expands eligibility under New Jersey earned income tax credit program to allow taxpayers who are at least 18 years of age to qualify.

CURRENT VERSION OF TEXT

Introduced Pending Technical Review by Legislative Counsel.



(Sponsorship Updated As Of: 9/21/2020)

1 **AN ACT** expanding eligibility under the New Jersey earned income
2 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
14 (26 U.S.C. s.32) shall be allowed a credit for the taxable year equal
15 to a percentage, as provided in paragraph (2) of this subsection, of
16 the 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
19 (26 U.S.C. s.32) for the same taxable year for which a credit is
20 claimed pursuant to this section, subject to the restrictions of this
21 subsection and subsections b., c., d. and e. of this section and the
22 modifications of paragraph (4) of this subsection.

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;

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

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

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

44 (j) 37% for the taxable year beginning on or after January 1,
45 2018, but before January 1, 2019;

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 (k) 39% for the taxable year beginning on or after January 1,
2 2019, but before January 1, 2020; and

3 (l) 40% for taxable years beginning on or after January 1, 2020.

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

9 (4) A resident individual who is at least 18 years of age, but
10 cannot claim a qualifying child as defined under section 152 of the
11 federal Internal Revenue Code of 1986 (26 U.S.C. s.152) for the
12 federal earned income tax credit, shall be eligible for the New
13 Jersey earned income tax credit if that resident individual is
14 ineligible to claim the federal earned income tax credit due to
15 minimum age requirements. The resident individual shall meet all
16 qualifications, except for the minimum age, for the federal earned
17 income tax credit in order to be eligible for the New Jersey earned
18 income tax credit.

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

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

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

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

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

45

46 2. This act shall take effect immediately.

STATEMENT

3 This bill expands eligibility for certain resident individuals.
4 Under the federal program, there are age restrictions for taxpayers
5 who cannot claim a qualifying child. Currently, a taxpayer who is
6 between 25 and 65 years old is eligible for federal earned income
7 tax credit even without claiming a qualifying child. The bill allows
8 a taxpayer who is between 18 and 65 years old to claim the New
9 Jersey earned income tax credit based on a percentage of the federal
10 earned income tax credit amount the taxpayer would have otherwise
11 been eligible for absent the age restriction.