

**ASSEMBLY, No. 839**

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**STATE OF NEW JERSEY**

**219th LEGISLATURE**

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PRE-FILED FOR INTRODUCTION IN THE 2020 SESSION

**Sponsored by:**

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**District 15 (Hunterdon and Mercer)**

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**SYNOPSIS**

Increases benefit amounts incrementally under New Jersey earned income tax credit program from 40 percent to 100 percent for resident individuals who cannot claim qualifying child.

**CURRENT VERSION OF TEXT**

Introduced Pending Technical Review by Legislative Counsel.



1 AN ACT increasing benefit amounts under the New Jersey earned  
2 income tax credit program for certain resident individuals,  
3 amending P.L.2000, c.80.  
4

5 **BE IT ENACTED** *by the Senate and General Assembly of the State*  
6 *of New Jersey:*  
7

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]** paragraphs (2) and (3) of  
17 this subsection, of the federal earned income tax credit that would  
18 be allowed to the individual or the married individuals filing a joint  
19 return under section 32 of the federal Internal Revenue Code of  
20 1986 (26 U.S.C. s.32) for the same taxable year for which a credit is  
21 claimed pursuant to this section, subject to the restrictions of this  
22 subsection 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 for resident individuals, except those who qualify  
25 for paragraph (3) of this subsection, the percentage of the federal  
26 earned income tax credit referred to in paragraph (1) of this  
27 subsection shall be:

28 (a) 10% for the taxable year beginning on or after January 1,  
29 2000, but before January 1, 2001;

30 (b) 15% for the taxable year beginning on or after January 1,  
31 2001, but before January 1, 2002;

32 (c) 17.5% for the taxable year beginning on or after January 1,  
33 2002, but before January 1, 2003;

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

36 (e) 22.5% for taxable years beginning on or after January 1,  
37 2008 but before January 1, 2009;

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

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

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

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

**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 (j) 37% for the taxable year beginning on or after January 1,  
2 2018, but before January 1, 2019;

3 (k) 39% for the taxable year beginning on or after January 1,  
4 2019, but before January 1, 2020; and

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

6 (3) For the purposes of the calculation of the New Jersey earned  
7 income tax credit for those who cannot claim a qualifying child as  
8 defined under section 152 of the federal Internal Revenue Code of  
9 1986 (26 U.S.C. s.152) for the federal earned income tax credit, the  
10 percentage of the federal earned income tax credit referred to in  
11 paragraph (1) of this subsection shall be:

12 (a) 40% for the taxable year beginning on or after January 1,  
13 2020, but before January 1, 2021;

14 (b) 60% for the taxable year beginning on or after January 1,  
15 2021, but before January 1, 2022;

16 (c) 80% for the taxable year beginning on or after January 1,  
17 2022, but before January 1, 2023; and

18 (d) 100% for taxable years beginning on or after January 1,  
19 2023.

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

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

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

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

44 e. Any earned income tax credit pursuant to this section shall  
45 not be taken into account as income or receipts for purposes of  
46 determining the eligibility of an individual for benefits or assistance

1 or the amount or extent of benefits or assistance under any State  
2 program and, to the extent permitted by federal law, under any State  
3 program financed in whole or in part with federal funds.  
4 (cf: P.L.2018, c.45, s.4)

5  
6 2. This act shall take effect immediately.

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9 STATEMENT

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11 This bill increases the benefit amounts under the New Jersey  
12 earned income tax credit program (NJEITC) for resident individuals  
13 who cannot claim a qualifying child as defined in the federal  
14 Internal Revenue Code. Under existing law, starting January 1,  
15 2020, the NJEITC will provide a tax credit equal to 40 percent of  
16 the federal earned income tax credit. This bill places resident  
17 individuals who cannot claim a qualifying child in their calculation  
18 of their federal earned income tax credit on a separate schedule that  
19 increases this amount from 40 percent to 60 percent on January 1,  
20 2021, from 60 percent to 80 percent on January 1, 2022, and then to  
21 100 percent on January 1, 2023. All other resident individuals who  
22 qualify for the NJEITC are still limited to 40 percent of the federal  
23 earned income tax credit.