

LEGISLATIVE FISCAL ESTIMATE
ASSEMBLY, No. 4807
STATE OF NEW JERSEY
219th LEGISLATURE

DATED: OCTOBER 28, 2020

SUMMARY

Synopsis: Waives shared responsibility tax payments for certain individuals without minimum essential health benefits coverage during coronavirus disease 2019 pandemic.

Type of Impact: Temporary decrease in State revenues

Agencies Affected: Department of Banking and Insurance, Department of the Treasury

Office of Legislative Services Estimate

Temporary Fiscal Impact	
State Revenue Decrease	Indeterminate

- The Office of Legislative Services (OLS) estimates that the bill will result in an indeterminate temporary decrease in State revenue for the amount of time during which the State shared responsibility tax is not imposed. Currently, the Department of the Treasury collects and disburses the shared responsibility tax to the dedicated New Jersey Health Insurance Premium Security Fund for purposes of making reinsurance payments to eligible insurance carriers.

BILL DESCRIPTION

This bill provides that, for any month during which the public health emergency declared by the Governor in Executive Order 103 of 2020 concerning the coronavirus disease 2019 pandemic, or an extension or replacement of that Executive Order, is in effect the State shared responsibility tax shall not be imposed with respect to any applicable individual for that month if the taxpayer:

- (1) receives unemployment benefits; or
- (2) is experiencing a substantial loss of income.

Current law requires certain taxpayers to pay the State shared responsibility tax for each month the taxpayer or the taxpayer’s dependents do not have minimum essential coverage to provide for the costs of health care services. This bill suspends that requirement during the

coronavirus disease 2019 pandemic for taxpayers receiving unemployment benefits and taxpayers who have experienced a substantial loss of income.

Under the bill, a “substantial loss of income” means a reduction in monthly income of 50 percent or greater in a month, as compared to the taxpayer’s average monthly income in tax year 2019.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

The OLS estimates that the bill will result in an indeterminate temporary decrease in State revenue collections and disbursements to the New Jersey Health Insurance Premium Security Fund, which funds the health insurance reinsurance plan, provided that collections from the State shared responsibility tax decrease during the time in which a State of emergency is declared by the Governor as provided under the bill.

For purposes of illustration, the “Supplementary Information” section in the Governor’s FY2021 February Proposed Budget indicates that the State estimated revenue collections for FY2020 would total \$94 million from the State shared responsibility tax. However, according to the New Jersey Comprehensive Financial System, the actual revenue collected from the State shared responsibility tax for FY2020 was about \$51.3 million. The Executive also estimates that revenue collections for FY2021 will fall to \$87.4 million. The financial system did not have information available for FY2021 for this fund at the time this Legislative Fiscal Estimate was prepared.

Section: Commerce, Labor and Industry
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Approved: Frank W. Haines III
Legislative Budget and Finance Officer

This legislative fiscal estimate has been produced by the Office of Legislative Services due to the failure of the Executive Branch to respond to our request for a fiscal note.

This fiscal estimate has been prepared pursuant to P.L.1980, c.67 (C.52:13B-6 et seq.).