

ASSEMBLY, No. 4946

STATE OF NEW JERSEY 219th LEGISLATURE

INTRODUCED NOVEMBER 9, 2020

Sponsored by:

Assemblyman WAYNE P. DEANGELO

District 14 (Mercer and Middlesex)

Assemblywoman VALERIE VAINIERI HUTTLE

District 37 (Bergen)

Assemblyman ROY FREIMAN

District 16 (Hunterdon, Mercer, Middlesex and Somerset)

Co-Sponsored by:

Assemblywoman Chaparro and Assemblyman Rooney

SYNOPSIS

Provides gross income tax credits for certain education and child care expenditures incurred by taxpayers with qualifying children engaged in virtual or remote instruction because of COVID-19 pandemic.

CURRENT VERSION OF TEXT

As introduced.



(Sponsorship Updated As Of: 11/19/2020)

1 AN ACT providing gross income tax credits for certain education
2 and child care expenditures incurred by taxpayers with
3 qualifying children engaged in virtual or remote instruction as a
4 result of the COVID-19 pandemic.

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

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9 1. a. (1) A taxpayer with a qualifying child participating in a
10 program of virtual or remote instruction adopted pursuant to section
11 9 of P.L.1996, c.138 (C.18A:7F-9) or section 2 of P.L.2020, c.27
12 (C.18A:46-21.2) in response to the COVID-19 pandemic shall be
13 allowed a credit against the tax otherwise due for the taxable year
14 under the “New Jersey Gross Income Tax Act,” N.J.S.54A:1-1 et
15 seq., in an amount equal to 25 percent of the total qualified
16 education expenditures and qualified child care expenditures
17 incurred by the taxpayer, provided that the expenditures are
18 certified by the Director of the Division of Taxation in the
19 Department of the Treasury.

20 (2) The amount of the tax credit allowed to a taxpayer annually
21 pursuant to this section shall not exceed \$3,000 per qualifying child.

22 b. To qualify for the tax credit allowed pursuant to this section,
23 the taxpayer shall file an application prescribed by the director in
24 consultation with the Commissioner of Education.

25 c. The amount of the tax credit applied under this section against
26 the tax otherwise due under the “New Jersey Gross Income Tax
27 Act,” N.J.S.54A:1-1 et seq., for a taxable year, when taken together
28 with any other payments, credits, deductions, and adjustments
29 allowed by law shall not reduce the tax liability of the taxpayer to
30 an amount less than zero. The amount of the tax credit otherwise
31 allowable under this section that cannot be applied for the taxable
32 year due to the limitations of this subsection or under other
33 provisions of N.J.S.54A:1-1 et seq., may be carried forward, if
34 necessary to the taxable year next following the taxable year for
35 which the tax credit was allowed.

36 d. In the case of married individuals filing a separate return,
37 only one individual shall be permitted to claim the credit pursuant
38 to this section in the taxable year.

39 e. The order of priority of the application of the credit allowed
40 pursuant to this section and any other credits allowed against the
41 gross income tax for the taxable year shall be prescribed by the
42 director. No tax credit shall be allowed pursuant to this section for
43 any costs or expenses included in the calculation of any other credit
44 or exemption granted pursuant to a claim made on a tax return filed
45 with the director for a period of time that coincides with the taxable
46 year for which a tax credit authorized pursuant to this section is
47 allowed.

48 f. As used in this section:

1 “Qualifying child” means as the term is defined in subsection (c)
2 of section 152 of the federal Internal Revenue Code of 1986 (26
3 U.S.C. s.152).

4 “Qualified education expenditures” includes the purchase of
5 materials necessary to support virtual or remote instruction as
6 determined by the Commissioner of Education during any day in
7 the taxable year in which the qualifying child was required to
8 participate in virtual or remote instruction.

9 “Qualified child care expenditures” includes expenses paid by
10 the taxpayer to a child care center licensed pursuant to the “Child
11 Care Center Licensing Act,” P.L.1983, c.492 (C.30:5B-1 et seq.) to
12 ensure that the taxpayer can be gainfully employed during any day
13 in the taxable year in which the qualifying child was required to
14 participate in virtual or remote instruction.

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16 2. This act shall take effect immediately and shall apply to
17 taxable years during which both the Public Health Emergency and
18 the State of Emergency declared by the Governor in Executive
19 Order No. 103 of 2020 and any extension thereof concerning the
20 COVID-19 pandemic are ongoing.

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STATEMENT

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25 This bill provides gross income tax credits to taxpayers with
26 qualifying children who participate in virtual or remote instruction
27 in response to the coronavirus pandemic. The credit is equal to 25
28 percent of the total qualified education and child care expenditures
29 incurred by the taxpayer, except that the amount cannot exceed
30 \$3,000 per qualifying child. The credit can be claimed by only one
31 individual in the case of married individuals filing a separate return.
32 The amount of the credit applied under this bill when combined
33 with other credits, deductions, and any other payments cannot
34 reduce the taxpayer’s liability to an amount less than zero. A
35 taxpayer can carry forward any remaining amount of the credit to
36 the next taxable year.

37 As used in the bill, the term “qualifying child” means the same
38 as “qualifying child” according to subsection (c) of section 152 of
39 the federal Internal Revenue Code of 1986, but only for children
40 who are receiving remote or virtual K-12 instruction during the
41 taxable year pursuant to section 9 of P.L.1996, c.138 or section 2 of
42 P.L.2020, c.27. “Qualifying education expenditures” includes the
43 purchase of materials necessary to support virtual or remote
44 instruction as determined by the Commissioner of Education and
45 during any day in the taxable year in which the qualifying child was
46 required to participate in virtual or remote instruction. “Qualified
47 child care expenditures include expenses paid by the taxpayer to a
48 licensed child care center so that the taxpayer may remain employed

1 during any day in the taxable year in which the qualifying child was
2 required to participate in virtual or remote instruction.

3 A taxpayer cannot claim any other credit for the same costs or
4 expenses for which this credit is claimed.

5 The bill will take effect immediately and will expire when the
6 State of Emergency and Public Health Emergency declared by the
7 Governor in Executive Order No. 103 of 2020 and any extension
8 thereof expires.