

ASSEMBLY BUDGET COMMITTEE

STATEMENT TO

ASSEMBLY, No. 5539

STATE OF NEW JERSEY

DATED: JUNE 22, 2021

The Assembly Budget Committee reports favorably Assembly Bill No. 5539.

This bill provides a limited exclusion from the gross income tax on pension and retirement income for taxpayers with income between \$100,000 and \$150,000.

Under current law, a taxpayer whose income exceeds \$100,000 becomes ineligible for the pension and retirement income exclusion. The bill provides a limited exclusion as follows:

If the taxpayer has income greater than \$100,000, but not more than \$125,000

Filer Type	Amount of exclusion
Married filing jointly	50 percent of pension payments and other retirement income
Married filing separately	25 percent of pension payments and other retirement income
Single	37.5 percent of pension payments and other income

If the taxpayer has income greater than \$125,000, but not more than \$150,000

Filer Type	Amount of exclusion
Married filing jointly	25 percent of pension payments and other retirement income
Married filing separately	12.5 percent of pension payments and other retirement income
Single	18.75 percent of pension payments and other retirement income

FISCAL IMPACT:

The Office of Legislative Services (OLS) estimates that this bill would reduce gross income tax revenue, which is deposited into the Property Tax Relief Fund by \$51.5 million to \$72.9 million annually.