

# SENATE, No. 1285

## STATE OF NEW JERSEY 219th LEGISLATURE

INTRODUCED FEBRUARY 10, 2020

**Sponsored by:**

**Senator SHIRLEY K. TURNER**

**District 15 (Hunterdon and Mercer)**

### **SYNOPSIS**

Increases gross income tax rate on income exceeding \$1,000,000 and dedicates revenue from tax rate increase for direct real property tax relief for taxpayers.

### **CURRENT VERSION OF TEXT**

As introduced.



1 AN ACT increasing the gross income tax rate on income exceeding  
 2 \$1,000,000 and dedicating revenue from the tax rate increase for  
 3 direct real property tax relief for taxpayers, amending  
 4 N.J.S.54A:2-1 and N.J.S.54A:9-25 and supplementing Title 54A  
 5 of the New Jersey Statutes.

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

9  
 10 1. N.J.S.54A:2-1 is amended to read as follows:

11 54A:2-1. Imposition of tax. There is hereby imposed a tax for  
 12 each taxable year (which shall be the same as the taxable year for  
 13 federal income tax purposes) on the New Jersey gross income as  
 14 herein defined of every individual, estate or trust (other than a  
 15 charitable trust or a trust forming part of a pension or profit-sharing  
 16 plan), subject to the deductions, limitations and modifications  
 17 hereinafter provided, determined in accordance with the following  
 18 tables with respect to taxpayers' taxable income:

19 a. For married individuals filing a joint return and individuals  
 20 filing as head of household or as surviving spouse for federal  
 21 income tax purposes:

22 (1) for taxable years beginning on or after January 1, 1991 but  
 23 before January 1, 1994:

24		
25	If the taxable income is:	The tax is:
26		
27	Not over \$20,000.00.....	2% of taxable income
28		
29	Over \$20,000.00 but not	
30	over \$50,000.00.....	\$400.00 plus 2.5% of the
31		excess over \$20,000.00
32	Over \$50,000.00 but not	
33	over \$70,000.00.....	\$1,150.00 plus 3.5% of the
34		excess over \$50,000.00
35		
36	Over \$70,000.00 but not	
37	over \$80,000.00.....	\$1,850.00 plus 5.0% of the
38		excess over \$70,000.00
39		
40	Over \$80,000.00 but not	
41	over \$150,000.00.....	\$2,350.00 plus 6.5% of the
42		excess over \$80,000.00
43		
44	Over \$150,000.00.....	\$6,900.00 plus 7.0% of the
45		excess over \$150,000.00

**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.

**S1285 TURNER**

3

1       (2) for taxable years beginning on or after January 1, 1994 but  
2   before January 1, 1995:

3

4 If the taxable income is: The tax is:

5

6 Not over \$20,000.00..... 1.900% of taxable income

7

8 Over \$20,000.00 but not

9	over \$50,000.00.....	\$380.00 plus 2.375% of the
10		excess over \$20,000.00

11

12 Over \$50,000.00 but not

13	over \$70,000.00.....	\$1,092.50 plus 3.325% of the
14		excess over \$50,000.00

15

16 Over \$70,000.00 but not

17	over \$80,000.00.....	\$1,757.50 plus 4.750% of the
18		excess over \$70,000.00

19

20 Over \$80,000.00 but not

21	over \$150,000.00.....	\$2,232.50 plus 6.175% of the
22		excess over \$80,000.00

23

24	Over \$150,000.00 .....	\$6,555.00 plus 6.650% of the
25		excess over \$150,000.00

26

27 (3) for taxable years beginning on or after January 1, 1995 but  
28 before January 1, 1996:

29

30 If the taxable income is: The tax is:

31

32 Not over \$20,000.00..... 1.700% of taxable income

33

34 Over \$20,000.00 but not

35 over \$50,000.00..... \$340.00 plus 2.125% of the  
36 excess over \$20,000.00

37

38 Over \$50,000.00 but not

39	over \$70,000.00.....	\$977.50 plus 2.975% of the
40		excess over \$50,000.00

41

42 Over \$70,000.00 but not

43	over \$80,000.00.....	\$1,572.50 plus 4.250% of the
44		excess over \$70,000.00

45

46 Over \$80,000.00 but not

47 over \$150,000.00..... \$1,997.50 plus 6.013% of the  
48 excess over \$80,000.00

**S1285 TURNER**

4

1	Over \$150,000.00 .....	\$6,206.60 plus 6.580% of the
2		excess over \$150,000.00
3		
4	(4) for taxable years beginning on or after January 1, 1996 but	
5	before January 1, 2004:	
6		
7	If the taxable income is:	The tax is:
8		
9	Not over \$20,000.00.....	1.400% of taxable income
10		
11	Over \$20,000.00 but not	
12	over \$50,000.00.....	\$280.00 plus 1.750% of the
13		excess over \$20,000.00
14		
15	Over \$50,000.00 but not	
16	over \$70,000.00.....	\$805.00 plus 2.450% of the
17		excess over \$50,000.00
18		
19	Over \$70,000.00 but not	
20	over \$80,000.00.....	\$1,295.50 plus 3.500% of the
21		excess over \$70,000.00
22		
23	Over \$80,000.00 but not	
24	over \$150,000.00.....	\$1,645.00 plus 5.525% of the
25		excess over \$80,000.00
26		
27	Over \$150,000.00 .....	\$5,512.50 plus 6.370% of the
28		excess over \$150,000.00
29		
30	(5) for taxable years beginning on or after January 1, 2004 but	
31	before January 1, 2018:	
32		
33	If the taxable income is:	The tax is:
34		
35	Not over \$20,000.00 .....	1.400% of taxable income
36		
37	Over \$20,000.00 but not	
38	over \$50,000.00 .....	\$280.00 plus 1.750% of the
39		excess over \$20,000.00
40		
41	Over \$50,000.00 but not	
42	over \$70,000.00 .....	\$805.00 plus 2.450% of the
43		excess over \$50,000.00
44		
45	Over \$70,000.00 but not	
46	over \$80,000.00 .....	\$1,295.50 plus 3.500% of the
47		excess over \$70,000.00

**S1285 TURNER**

5

1	Over \$80,000.00 but not	
2	over \$150,000.00 .....	\$1,645.00 plus 5.525% of the
3		excess over \$80,000.00
4		
5	Over \$150,000.00 but not	
6	over \$500,000.00 .....	\$5,512.50 plus 6.370% of the
7		excess over \$150,000.00
8		
9	Over \$500,000.00 .....	\$27,807.50 plus 8.970% of the
10		excess over \$500,000.00
11		
12	(6) for taxable years beginning on or after January 1, 2018 <u>but</u>	
13	<u>before January 1, 2020:</u>	
14		
15	If the taxable income is:	The tax is:
16		
17	Not over \$20,000.00 .....	1.400% of taxable income
18		
19	Over \$20,000.00 but not	
20	over \$50,000.00 .....	\$280.00 plus 1.750% of the
21		excess over \$20,000.00
22		
23	Over \$50,000.00 but not	
24	over \$70,000.00 .....	\$805.00 plus 2.450% of the
25		excess over \$50,000.00
26		
27	Over \$70,000.00 but not	
28	over \$80,000.00 .....	\$1,295.50 plus 3.500% of the
29		excess over \$70,000.00
30		
31	Over \$80,000.00 but not	
32	over \$150,000.00 .....	\$1,645.00 plus 5.525% of the
33		excess over \$80,000.00
34		
35	Over \$150,000.00 but not	
36	over \$500,000.00 .....	\$5,512.50 plus 6.370% of the
37		excess over \$150,000.00
38		
39	Over \$500,000.00 but not	
40	over \$5,000,000.00 .....	\$27,807.50 plus 8.970% of the
41		excess over \$500,000.00
42		
43	Over \$5,000,000.00 .....	\$431,457.50 plus 10.75% of the
44		excess over \$5,000,000.00
45		
46	<u>(7) for taxable years beginning on or after January 1, 2020:</u>	
47		
48	<u>If the taxable income is:</u>	<u>The tax is:</u>

**S1285 TURNER**

6

1	<u>Not over \$20,000.00 .....</u>	<u>1.400% of taxable income</u>
2		
3	<u>Over \$20,000.00 but not</u>	
4	<u>over \$50,000.00 .....</u>	<u>\$280.00 plus 1.750% of the</u>
5		<u>excess over \$20,000.00</u>
6		
7	<u>Over \$50,000.00 but not</u>	
8	<u>over \$70,000.00 .....</u>	<u>\$805.00 plus 2.450% of the</u>
9		<u>excess over \$50,000.00</u>
10		
11	<u>Over \$70,000.00 but not</u>	
12	<u>over \$80,000.00 .....</u>	<u>\$1,295.50 plus 3.500% of the</u>
13		<u>excess over \$70,000.00</u>
14		
15	<u>Over \$80,000.00 but not</u>	
16	<u>over \$150,000.00 .....</u>	<u>\$1,645.00 plus 5.525% of the</u>
17		<u>excess over \$80,000.00</u>
18		
19	<u>Over \$150,000.00 but not</u>	
20	<u>over \$500,000.00 .....</u>	<u>\$5,512.50 plus 6.370% of the</u>
21		<u>excess over \$150,000.00</u>
22		
23	<u>Over \$500,000.00 but not</u>	
24	<u>over \$5,000,000.00 .....</u>	<u>\$27,807.50 plus 8.970% of the</u>
25		<u>excess over \$500,000.00</u>
26		
27	<u>Over \$1,000,000.00 .....</u>	<u>\$72,657.50 plus 10.75% of the</u>
28		<u>excess over \$1,000,000.00</u>
29		
30	b. For married individuals filing separately, unmarried	
31	individuals other than individuals filing as head of household or as	
32	a surviving spouse for federal income tax purposes, and estates and	
33	trusts:	
34	(1) for taxable years beginning on or after January 1, 1991 but	
35	before January 1, 1994:	
36		
37	If the taxable income is:	The tax is:
38		
39	Not over \$20,000.00.....	2% of taxable income
40		
41	Over \$20,000.00 but not	
42	over \$35,000.00.....	\$400.00 plus 2.5% of the
43		excess over \$20,000.00
44		
45	Over \$35,000.00 but not	
46	over \$40,000.00.....	\$775.00 plus 5.0% of the
47		excess over \$35,000.00

**S1285 TURNER**

7

1	Over \$40,000.00 but not	
2	over \$75,000.00.....	\$1,025.00 plus 6.5% of the
3		excess over \$40,000.00
4		
5	Over \$75,000.00.....	\$3,300.00 plus 7.0% of the
6		excess over \$75,000.00
7		
8	(2) for taxable years beginning on or after January 1, 1994 but	
9	before January 1, 1995:	
10		
11	If the taxable income is:	The tax is:
12		
13	Not over \$20,000.00.....	1.900% of taxable income
14		
15	Over \$20,000.00 but not	
16	over \$35,000.00.....	\$380.00 plus 2.375% of the
17		excess over \$20,000.00
18		
19	Over \$35,000.00 but not	
20	over \$40,000.00.....	\$736.25 plus 4.750% of the
21		excess over \$35,000.00
22		
23	Over \$40,000.00 but not	
24	over \$75,000.00.....	\$973.75 plus 6.175% of the
25		excess over \$40,000.00
26		
27	Over \$75,000.00.....	\$3,135.00 plus 6.650% of the
28		excess over \$75,000.00
29		
30	(3) for taxable years beginning on or after January 1, 1995 but	
31	before January 1, 1996:	
32	If the taxable income is:	The tax is:
33		
34	Not over \$20,000.00.....	1.700% of taxable income
35		
36	Over \$20,000.00 but not	
37	over \$35,000.00.....	\$340.00 plus 2.125% of the
38		excess over \$20,000.00
39		
40	Over \$35,000.00 but not	
41	over \$40,000.00.....	\$658.75 plus 4.250% of the
42		excess over \$35,000.00
43		
44	Over \$40,000.00 but not	
45	over \$75,000.00.....	\$871.25 plus 6.013% of the
46		excess over \$40,000.00

**S1285 TURNER**

8

1 Over \$75,000.00..... \$2,975.80 plus 6.580% of the  
2 excess over \$75,000.00  
3  
4 (4) for taxable years beginning on or after January 1, 1996 but  
5 before January 1, 2004:  
6  
7 If the taxable income is: The tax is:  
8  
9 Not over \$20,000.00..... 1.400% of taxable income  
10  
11 Over \$20,000.00 but not  
12 over \$35,000.00..... \$280.00 plus 1.750% of the  
13 excess over \$20,000.00  
14  
15 Over \$35,000.00 but not  
16 over \$40,000.00..... \$542.50 plus 3.500% of the  
17 excess over \$35,000.00  
18  
19 Over \$40,000.00 but not  
20 over \$75,000.00..... \$717.50 plus 5.525% of the  
21 excess over \$40,000.00  
22  
23 Over \$75,000.00..... \$2,651.25 plus 6.370% of the  
24 excess over \$75,000.00  
25  
26 (5) for taxable years beginning on or after January 1, 2004 but  
27 before January 1, 2018  
28  
29 If the taxable income is: The tax is:  
30  
31 Not over \$20,000.00 ..... 1.400% of taxable income  
32  
33 Over \$20,000.00 but not  
34 over \$35,000.00 ..... \$280.00 plus 1.750% of the  
35 excess over \$20,000.00  
36  
37 Over \$35,000.00 but not  
38 over \$40,000.00 ..... \$542.50 plus 3.500% of the  
39 excess over \$35,000.00  
40  
41 Over \$40,000.00 but not  
42 over \$75,000.00 ..... \$717.50 plus 5.525% of the  
43 excess over \$40,000.00  
44  
45 Over \$75,000.00 but not  
46 over \$500,000.00 ..... \$2,651.25 plus 6.370% of the  
47 excess over \$75,000.00



**S1285 TURNER**

9

1 Over \$500,000.00 ..... \$29,723.75 plus 8.970% of the  
2 excess over \$500,000.00  
3  
4 (6) for taxable years beginning on or after January 1, 2018 but  
5 before January 1, 2020:  
6  
7 If the taxable income is: The tax is:  
8  
9 Not over \$20,000.00 ..... 1.400% of taxable income  
10  
11 Over \$20,000.00 but not  
12 over \$35,000.00 ..... \$280.00 plus 1.750% of the  
13 excess over \$20,000.00  
14  
15 Over \$35,000.00 but not  
16 over \$40,000.00 ..... \$542.50 plus 3.500% of the  
17 excess over \$35,000.00  
18  
19 Over \$40,000.00 but not  
20 over \$75,000.00 ..... \$717.50 plus 5.525% of the  
21 excess over \$40,000.00  
22  
23 Over \$75,000.00 but not  
24 over \$500,000.00 ..... \$2,651.25 plus 6.370% of the  
25 excess over \$75,000.00  
26  
27 Over \$500,000.00 but not  
28 over \$5,000,000.00 ..... \$29,723.75 plus 8.970% of the  
29 excess over \$500,000.00  
30  
31 Over \$5,000,000.00 ..... \$433,373.75 plus 10.75% of the  
32 excess over \$5,000,000.00  
33  
34 (7) for taxable years beginning on or after January 1, 2020:  
35  
36 If the taxable income is: The tax is:  
37  
38 Not over \$20,000.00 ..... 1.400% of taxable income  
39  
40 Over \$20,000.00 but not  
41 over \$35,000.00 ..... \$280.00 plus 1.750% of the  
42 excess over \$20,000.00  
43  
44 Over \$35,000.00 but not  
45 over \$40,000.00 ..... \$542.50 plus 3.500% of the  
46 excess over \$35,000.00

**S1285 TURNER**

10

1	<u>Over \$40,000.00 but not</u>	
2	<u>over \$75,000.00 .....</u>	<u>\$717.50 plus 5.525% of the</u>
3		<u>excess over \$40,000.00</u>
4		
5	<u>Over \$75,000.00 but not</u>	
6	<u>over \$500,000.00 .....</u>	<u>\$2,651.25 plus 6.370% of the</u>
7		<u>excess over \$75,000.00</u>
8		
9	<u>Over \$500,000.00 but not</u>	
10	<u>over \$1,000,000.00 .....</u>	<u>\$29,723.75 plus 8.970% of the</u>
11		<u>excess over \$500,000.00</u>
12		
13	<u>Over \$1,000,000.00 .....</u>	<u>\$74,573.75 plus 10.75% of the</u>
14		<u>excess over \$1,000,000.00</u>
15		

16 c. For the purposes of this section, an individual who would be  
17 eligible to file as a head of household for federal income tax  
18 purposes but for the fact that such taxpayer is a nonresident alien,  
19 shall determine tax pursuant to subsection a. of this section.

20

21 d. For the purposes of this section, for taxable year 2018,  
22 withholding by every employer from salaries, wages and other  
23 remuneration paid by an employer for services rendered described  
24 in subsections a. and b. of this section, in excess of \$5,000,000  
25 during that taxable year, shall be at the rate of 15.6% as soon as  
26 practicable but no later than September 1, 2018. The Director of the  
27 Division of Taxation is authorized to do all things necessary to  
28 implement the withholding tax prescribed by this section for taxable  
29 year 2018.

30

31 e. No additions to tax or penalty shall be imposed under  
32 N.J.S.54A:9-6 for insufficient payment of estimated tax that may  
33 otherwise be due on salaries, wages and other remuneration  
34 received before September 1, 2018, on which there is a rate of tax  
35 imposed pursuant to subsections a. and b. of this section.

36

37 f. An employer maintaining an office or transacting business  
38 within this State and making payment of any salaries, wages and  
39 remuneration subject to New Jersey gross income tax or making  
40 payment of any remuneration for employment subject to  
41 contribution under the New Jersey "unemployment compensation  
42 law," pursuant to R.S.43:21-1 et seq., that is subject to New Jersey  
43 gross income tax shall not be subject to interest, penalties or other  
44 costs that may otherwise be imposed for insufficient withholding of  
45 salaries, wages and other remuneration made before September 1,  
46 2018, that is directly attributable to the enactment of the taxable  
47 income tables and tax rates in subsections a. and b. of this section.

48 (cf: P.L.2018, c.45, s.10)

1       2. (New section) a. Notwithstanding the provisions of the  
2 “Administrative Procedure Act,” P.L.1968, c.410 (C.52:14B-1 et  
3 seq.), to the contrary, the Director of the Division of Taxation may  
4 adopt, immediately upon filing with the Office of Administrative  
5 Law, such regulations as the director deems necessary to implement  
6 the amendments to N.J.S.54A:2-1 made by section 1 of P.L. , c.  
7 (C. ) (pending before the Legislature as this bill) as to taxable  
8 years beginning in 2020, which regulations shall be effective for a  
9 period not to exceed 180 days from the date of the filing. The  
10 regulations may thereafter be amended, adopted, or readopted by  
11 the director as the director deems necessary in accordance with the  
12 “Administrative Procedure Act,” P.L.1968, c.410 (C.52:14B-1 et  
13 seq.).

14       b. (1) For purposes of the amendments to N.J.S.54A:2-1 made  
15 by section 1 of P.L. , c. (pending before the Legislature as this  
16 bill), this subsection shall apply for taxable years beginning in  
17 2020.

18       (2) No additions to tax or penalty shall be imposed upon a  
19 taxpayer pursuant to N.J.S.54A:9-6 for insufficient payment of  
20 increased estimated tax on taxable income received before October  
21 1, 2020 for which the increased estimated tax due is attributable to  
22 the rate imposed on taxable income over \$1,000,000 by the  
23 amendments to N.J.S.54A:2-1 made by section 1 of  
24 P.L. , c. (pending before the Legislature as this bill).

25       (3) No interest, penalties, or other costs shall be imposed upon  
26 an employer maintaining an office or transacting business within  
27 this State and making payment of any salaries, wages and  
28 remuneration subject to the “New Jersey Gross Income Tax Act,”  
29 N.J.S.54A:1-1 et seq., or making payment of any remuneration for  
30 employment subject to contribution under the New Jersey  
31 “unemployment compensation law,” pursuant to R.S.43:21-1 et  
32 seq., for insufficient withholding of salaries, wages, and other  
33 remuneration paid before October 1, 2020 that is attributable to an  
34 increase in the amount of tax due pursuant to the rate imposed on  
35 taxable income over \$1,000,000 by the amendments to N.J.S.54A:2-  
36 1 made by section 1 of P.L. , c. (pending before the Legislature  
37 as this bill).

38

39       3. N.J.S.54A:9-25 is amended to read as follows:

40       54A:9-25. Taxes collected under the provisions of this act shall  
41 be deposited by the State Treasurer in a special account to be  
42 known as the Property Tax Relief Fund. There is established within  
43 the special fund a subaccount to be known as the Direct Taxpayer  
44 Property Tax Relief Fund into which shall be deposited by the State  
45 Treasurer the amount of tax revenue anticipated by the Governor to  
46 be derived from the tax rate change effectuated in the amendment  
47 made to N.J.S.54A:2-1 pursuant to section 1 of P.L. , c. (pending  
48 before the Legislature as this bill). Moneys in the Property Tax

1 Relief Fund shall be annually appropriated, pursuant to formulas  
2 established from time to time by the Legislature, to the several  
3 counties, municipalities and school districts of this State exclusively  
4 for the purpose of providing property tax relief and for the purpose  
5 of reducing or offsetting property taxes, including the funding of  
6 the requirements of **【P.L.1975, c. 212, and】** the “School Funding  
7 Reform Act of 2008,” P.L.2007, c.260 (C.18A:7F-43 et seq.).  
8 Moneys in the Direct Taxpayer Property Tax Relief subaccount  
9 shall be annually appropriated for real property taxpayer relief  
10 allocable directly to taxpayers, including but not limited to  
11 homestead **【exemptions】** rebates and credits under **【1976**  
12 Assembly Bill No. 1330】 P.L.1990, c.61 (C.54:4-8.57 et al.),  
13 homestead property tax reimbursements under P.L.1997, c.348  
14 (C.54:4-8.67 et al.), veterans' property tax deductions under  
15 P.L.1963, c.171 (C.54:4-8.10 et seq.), and senior and disabled  
16 citizens' property tax deductions under P.L.1963, c.172 (C.54:4-  
17 8.40 et seq.) as said acts may hereafter be amended or supplemented  
18 **【and provided there】.** Moneys remaining in the Direct Taxpayer  
19 Property Tax Relief subaccount after annual appropriations for  
20 these direct taxpayer relief programs shall be applied to offset the  
21 claims allowed during that fiscal year for property tax deductions  
22 and credits under the "Property Tax Deduction Act," P.L.1996, c.60  
23 (C.54A:3A-15 et seq.). There may be deducted from the Property  
24 Tax Relief Fund the administrative costs of the collection hereof  
25 and in replacement of revenues resulting from the repeal of certain  
26 laws under this and companion legislation.  
27 (cf: N.J.S.54A:9-25)  
28

29 4. This act shall take effect immediately, and section 1 shall  
30 apply to taxable years beginning on or after January 1, 2020 and  
31 section 3 shall apply to State fiscal years beginning on or after July  
32 1 next following the date of enactment.  
33  
34

#### 35 STATEMENT

36

37 This bill increases the rate of the New Jersey gross income tax  
38 for taxpayers with taxable incomes exceeding \$1,000,000 in taxable  
39 years beginning on or after January 1, 2020. The bill provides for  
40 adjusted income taxation at the following bracket at the following  
41 rate: over \$1,000,000 is adjusted from 8.97% to 10.75%. The bill  
42 permanently imposes the tax rate at this \$1,000,000 income bracket  
43 that was temporarily imposed during taxable year 2009.

44 The bill also dedicates the gross income tax revenue collected  
45 from the "millionaires" tax increase for annual real property tax  
46 relief to be provided directly to real property taxpayers. All income

**S1285 TURNER**

13

1 tax revenue collected from the increase in the gross income tax rate  
2 imposed on taxable income in excess of \$1,000,000 will be  
3 deposited in a subaccount in the constitutionally established  
4 Property Tax Relief Fund. All revenue derived annually from the  
5 tax rate increase is pledged to be used annually for direct real  
6 property taxpayer relief. This subaccount, to be known as the  
7 Direct Taxpayer Property Tax Relief Fund, is the revenue and  
8 budget account that will ensure that direct tax relief continues to be  
9 funded from this source.