

[First Reprint]

SENATE, No. 3064

STATE OF NEW JERSEY
219th LEGISLATURE

INTRODUCED OCTOBER 19, 2020

Sponsored by:

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District 24 (Morris, Sussex and Warren)

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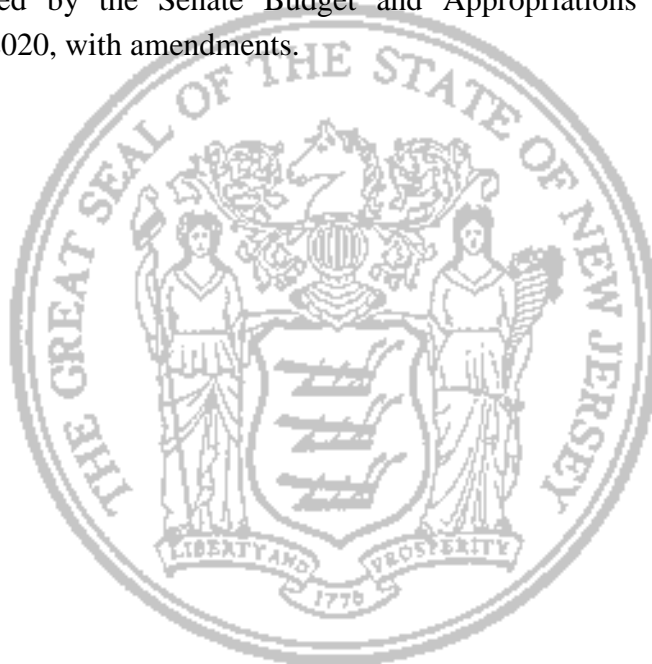
Senators O'Scanlon, Singleton and Testa

SYNOPSIS

Requires State Treasurer to issue report concerning New York's taxation of New Jersey residents' income.

CURRENT VERSION OF TEXT

As reported by the Senate Budget and Appropriations Committee on October 22, 2020, with amendments.



(Sponsorship Updated As Of: 10/29/2020)

1 AN ACT requiring the State Treasurer to issue a report concerning
2 New York's taxation of New Jersey residents' income.

3
4 **BE IT ENACTED** *by the Senate and General Assembly of the State*
5 *of New Jersey:*

6
7 1. The Legislature finds and declares that:

8 a. Thousands of New Jersey residents, many of whom work
9 from home, have New York income taxes taken from their
10 paychecks because their employers are located in the State of New
11 York.

12 b. New Jersey allows those residents to claim a tax credit
13 against their New Jersey income tax liability for the taxes they paid
14 to New York, so that their income is not taxed again.

15 c. It is grossly inequitable that the State of New York receives
16 and retains income tax revenue from New Jersey residents who may
17 only infrequently and sporadically travel to New York to conduct
18 business.

19 d. The inequity extends to New Jersey residents who may be
20 required to pay higher New York income tax rates.

21 e. Current inequities have been growing over time as
22 technology improvements have allowed New York businesses to
23 decrease office space available to New Jersey residents working in
24 New York and effectively use New Jersey's infrastructure and
25 services as support for their employees.

26 f. Current inequities have further been exacerbated by COVID-
27 19, which is hastening the trend of New Jersey residents no longer
28 truly working in New York and New York businesses downsizing
29 New York office space available to New Jersey residents.

30 g. With creativity and affirmative steps, the State Treasurer and
31 the Division of Taxation could increase revenues available to the
32 State of New Jersey and reduce New Jersey residents' income tax
33 liabilities if New Jersey aggressively sought to protect against the
34 State of New York from gaming the tax system in a manner that
35 drains revenue from the pockets of the New Jersey residents and
36 syphons money away from the State of New Jersey's budget.

37
38 2. Within six months following the enactment of P.L. , c.
39 (C.) (pending before the Legislature as this bill), the State
40 Treasurer shall submit a report to the Legislature in accordance with
41 section 2 of P.L.1991, c.164 (C.52:14-19.1) concerning New York's
42 taxation of New Jersey residents' income. The State Treasurer may
43 contract with a third party to prepare all or a portion of the report.

44 The report shall include:

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.

Matter enclosed in superscript numerals has been adopted as follows:

¹Senate SBA committee amendments adopted October 22, 2020.

1 a. an explanation of efforts the State has taken to address the
2 inequity of New York's taxation of New Jersey resident's income,
3 including any State efforts to educate New Jersey residents and New
4 York employers of the possible illegality of New York's taxation of
5 New Jersey residents who, because of necessity and as required by
6 their employers, are working from their homes in New Jersey;

7 b. the estimated total credits the State has granted, or will grant,
8 to New Jersey residents for income taxes paid to New York and its
9 political subdivision in each tax year beginning with Tax Year 2011
10 and ending with Tax Year 2020;

11 c. a discussion of steps that the State may take to protect the State
12 of New Jersey's public fisc, and the paychecks of New Jersey
13 residents, from New York and its political subdivisions' taxing
14 authority;

15 d. an estimate of New Jersey residents' tax savings should the
16 State be able to shift residents' income tax payments from New York
17 and its political subdivisions to New Jersey;

18 e. a discussion of any New Jersey, New York, or other state or
19 federal statutory or case law impediments to successfully achieving
20 equitable taxation of New Jersey commuters working for employers in
21 New York;

22 f. an analysis of how other states and jurisdictions address the tax
23 implications of residents living in one state and commuting to another;

24 ¹g. a discussion of the State's efforts to participate in the litigation
25 between the State of New Hampshire and the Commonwealth of
26 Massachusetts concerning Massachusetts' taxation of New Hampshire
27 residents, or if no efforts have been made, an explanation of why not;¹
28 and

29 ¹**[g]** h¹. recommendations as to how the State may resolve the
30 inequitable tax treatment of New Jersey commuters working for
31 employers in New York.

32
33 3. This act shall take effect immediately.