

ASSEMBLY, No. 533

STATE OF NEW JERSEY

Introduced Pending Technical Review by Legislative Counsel

PRE-FILED FOR INTRODUCTION IN THE 1996 SESSION

By Assemblywomen CRECCO and FARRAGHER

1 AN ACT providing a gross income tax credit for child and dependent
2 care expenses, supplementing chapter 4 of Title 54A of the New
3 Jersey Statutes.

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

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8 1. A taxpayer who is entitled to claim a credit for child and
9 dependent care expenses on the taxpayer's federal individual income
10 tax return pursuant to section 21 of the federal Internal Revenue Code
11 of 1986 (26 U.S.C. §21), shall be entitled to a credit for child and
12 dependent care expenses against the State tax otherwise due under
13 N.J.S.54A:4-1 et seq. The credit allowed under this section shall be
14 an amount equal to 20% of the maximum credit allowed for federal tax
15 purposes.

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17 2. The Director of the Division of Taxation in the Department of
18 the Treasury shall adopt, in accordance with the "Administrative
19 Procedure Act," P.L.1968, c.410 (C.52:14B-1 et seq.), rules and
20 regulations necessary to effectuate the provisions of this act.

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22 3. This act shall take effect immediately and apply to taxable years
23 beginning on or after January 1 next following enactment.

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STATEMENT

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28 To assist working parents afford quality child care, this bill provides
29 a taxpayer who qualifies to claim a child and dependent care expense
30 credit on the taxpayer's federal individual tax return with a similar
31 credit against New Jersey gross income tax, in an amount equal to
32 20% of the federal credit.

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34 For a taxpayer with an eligible child or dependent, the maximum
35 value of the credit would range from \$96 to \$144. For a taxpayer with
more than one eligible child or dependent, the maximum value would

1 range between \$192 and \$288. When combined with the federal
2 credit, a taxpayer with a single child or dependent could receive a total
3 credit equal to more than one-third of the first \$2,400 spent on child
4 care.

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9 Permits a child and dependent care credit against gross income tax.