

SENATE, No. 551

STATE OF NEW JERSEY

INTRODUCED JANUARY 29, 1996

By Senator HAINES

1 AN ACT concerning the exclusion of certain income from the gross
2 income tax for persons aged 70 years or older, amending P.L.1977,
3 c.273.

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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. Section 3 of P.L.1977, c.273 (C.54A:6-15) is amended to read
9 as follows:

10 3. Other retirement income. a. Gross income shall not include
11 income of up to \$10,000.00 for a married couple filing jointly,
12 \$5,000.00 for a married person filing separately, or \$7,500.00 for an
13 individual filing as a single taxpayer or an individual determining tax
14 pursuant to subsection a. of N.J.S.54A:2-1, when received in any tax
15 year by a person aged 62 years or older but less than 70 years who
16 received no income in excess of \$3,000.00, or received in any tax year
17 by a person aged 70 years or older who received no income in excess
18 of the amount of income determined pursuant to section 6012 of the
19 federal Internal Revenue Code of 1986, 26 U.S.C. §32, applicable to
20 that person for that tax year. from one or more of the sources
21 enumerated in subsections a., b., k., and p. of N.J.S.54A:5-1,
22 provided, however, that the total exclusion under this subsection and
23 that allowable under N.J.S.54A:6-10 shall not exceed the amounts of
24 the exclusions set forth in this subsection.

25 b. In addition to the exclusion provided under N.J.S.54A:6-10 and
26 subsection a. of this section, gross income shall not include income of
27 up to \$6,000.00 for a married couple filing jointly or an individual
28 determining tax pursuant to subsection a. of N.J.S.54A:2-1, or
29 \$3,000.00 for a single person or a married person filing separately,
30 who is not covered under N.J.S.54A:6-2 or N.J.S.54A:6-3, but who
31 would be eligible in any year to receive payments under either section

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.

1 if he or she were covered thereby.
2 (cf: P.L.1993, c.173, s.17)

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4 2. This act shall take effect immediately and shall apply to taxable
5 years beginning on or after January 1 next following enactment.

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STATEMENT

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10 This bill increases the amount a taxpayer aged 70 years or older
11 may receive in the form of wages and salaries, net profits from
12 business, partnership income or income from S corporation ownership,
13 and remain eligible for the special "retirement" income exclusion for
14 taxpayers who are aged 62 years and older. Taxpayers aged 62 years
15 or older may currently exclude from gross income pension and annuity
16 amounts equal to \$10,000 for a married couple filing jointly, \$5,000
17 for a married person filing separately, or \$7,500 for an individual filing
18 as a single taxpayer; any remaining exclusion amount (in excess of
19 pension and annuity) may be applied against other income, provided
20 the taxpayer has no more than \$3,000 of income from wages, business
21 or partnerships. This bill provides that taxpayers aged 70 years or
22 older may receive income from these sources up to the federal income
23 tax return filing threshold amount and remain eligible for the excess
24 retirement income exclusion. For tax year 1995, the federal filing
25 threshold for a single person aged 65 years or older is \$7,350; the
26 threshold for a married couple filing jointly, both aged 65 years or
27 older, is \$13,050. The change is intended to allow senior citizens aged
28 70 years or older to receive additional earned income without
29 incurring income tax liability, or experiencing a reduction in homestead
30 property tax rebate eligibility.

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36 Increases earned income threshold under the gross income tax
37 exclusion for retirement and other income for persons aged 70 and
older, to the federal income tax return filing threshold income amount.