

ASSEMBLY, No. 5519

STATE OF NEW JERSEY

219th LEGISLATURE

INTRODUCED MARCH 22, 2021

Sponsored by:

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SYNOPSIS

Expands eligibility under New Jersey earned income tax credit program to include certain taxpayers who are at least 65 years of age.

CURRENT VERSION OF TEXT

As introduced.



(Sponsorship Updated As Of: 3/22/2021)

1 AN ACT expanding age eligibility under the New Jersey earned
2 income tax credit program, amending P.L.2000, c.80.

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

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7 1. Section 2 of P.L.2000, c.80 (C.54A:4-7) is amended to read
8 as follows:

9 2. There is established the New Jersey Earned Income Tax
10 Credit program in the Division of Taxation in the Department of the
11 Treasury.

12 a. (1) A resident individual who is eligible for a credit under
13 section 32 of the federal Internal Revenue Code of 1986 (26 U.S.C.
14 s.32) shall be allowed a credit for the taxable year equal to a
15 percentage, as provided in paragraph (2) of this subsection, of the
16 federal earned income tax credit that would be allowed to the
17 individual or the married individuals filing a joint return under
18 section 32 of the federal Internal Revenue Code of 1986 (26 U.S.C.
19 s.32) for the same taxable year for which a credit is claimed
20 pursuant to this section, subject to the restrictions of this subsection
21 and subsections b., c., d. and e. of this section and the modifications
22 of paragraph (4) of this subsection.

23 (2) For the purposes of the calculation of the New Jersey earned
24 income tax credit, the percentage of the federal earned income tax
25 credit referred to in paragraph (1) of this subsection shall be:

26 (a) 10% for the taxable year beginning on or after January 1,
27 2000, but before January 1, 2001;

28 (b) 15% for the taxable year beginning on or after January 1,
29 2001, but before January 1, 2002;

30 (c) 17.5% for the taxable year beginning on or after January 1,
31 2002, but before January 1, 2003;

32 (d) 20% for taxable years beginning on or after January 1, 2003,
33 but before January 1, 2008;

34 (e) 22.5% for taxable years beginning on or after January 1,
35 2008 but before January 1, 2009;

36 (f) 25% for taxable years beginning on or after January 1, 2009
37 but before January 1, 2010;

38 (g) 20% for taxable years beginning on or after January 1, 2010,
39 but before January 1, 2015;

40 (h) 30% for taxable years beginning on or after January 1, 2015,
41 but before January 1, 2016;

42 (i) 35% for taxable years beginning on or after January 1, 2016,
43 but before January 1, 2018;

44 (j) 37% for the taxable year beginning on or after January 1,
45 2018, but before January 1, 2019;

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 (k) 39% for the taxable year beginning on or after January 1,
2 2019, but before January 1, 2020; and

3 (l) 40% for taxable years beginning on or after January 1, 2020.

4 (3) To qualify for the New Jersey earned income tax credit, if
5 the claimant is married, except for a claimant who files as a head of
6 household or surviving spouse for federal income tax purposes for
7 the taxable year, the claimant shall file a joint return or claim for
8 the credit.

9 (4) A resident individual who is at least 21 years of age, but
10 cannot claim a qualifying child as defined under section 152 of the
11 federal Internal Revenue Code of 1986 (26 U.S.C. s.152) for the
12 federal earned income tax credit, shall be eligible for the New
13 Jersey earned income tax credit if that resident individual is
14 ineligible to claim the federal earned income tax credit due to
15 minimum or maximum age requirements. The resident individual
16 shall meet all qualifications, except for the minimum or maximum
17 age, for the federal earned income tax credit in order to be eligible
18 for the New Jersey earned income tax credit. Calculation of the
19 New Jersey earned income tax credit available to individuals
20 pursuant to this paragraph shall be predicated on the federal
21 maximum amount for taxpayers with no qualifying child for each
22 taxable year beginning on and after January 1, 2020.

23 b. In the case of a part-year resident claimant, the amount of the
24 credit allowed pursuant to this section shall be pro-rated, based
25 upon that proportion which the total number of months of the
26 claimant's residency in the taxable year bears to 12 in that period.
27 For this purpose, 15 days or more shall constitute a month.

28 c. The amount of the credit allowed pursuant to this section shall
29 be applied against the tax otherwise due under N.J.S.54A:1-1 et
30 seq., after all other credits and payments. If the credit exceeds the
31 amount of tax otherwise due, that amount of excess shall be an
32 overpayment for the purposes of N.J.S.54A:9-7; provided however,
33 that subsection (f) of N.J.S.54A:9-7 shall not apply. The credit
34 provided under this section as a credit against the tax otherwise due
35 and the amount of the credit treated as an overpayment shall be
36 treated as a credit towards or overpayment of gross income tax,
37 subject to all provisions of N.J.S.54A:1-1 et seq., except as may be
38 otherwise specifically provided in P.L.2000, c.80 (C.54A:4-6 et al.).

39 d. The Director of the Division of Taxation in the Department of
40 the Treasury shall establish a program for the distribution of earned
41 income tax credits pursuant to the provisions of this section.

42 e. Any earned income tax credit pursuant to this section shall
43 not be taken into account as income or receipts for purposes of
44 determining the eligibility of an individual for benefits or assistance
45 or the amount or extent of benefits or assistance under any State
46 program and, to the extent permitted by federal law, under any State
47 program financed in whole or in part with federal funds.

48 (cf: P.L.2020, c.98, s.1)

1 2. This act shall take effect immediately and shall apply to
2 taxable years beginning on and after the date of enactment.

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STATEMENT

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7 This bill expands age eligibility under the New Jersey earned
8 income tax credit program. Under the federal earned income tax
9 credit program, there are age restrictions for taxpayers who cannot
10 claim a qualifying child. Currently, a taxpayer who is between 25
11 and 65 years old is eligible for the federal earned income tax credit
12 even without claiming a qualifying child. P.L.2020, c.98 was
13 enacted to allow those who are at least 21 years old to qualify for
14 the State earned income tax credit if that taxpayer is ineligible for
15 the federal earned income tax credit due to minimum age
16 requirements. This bill further expands age eligibility by allowing a
17 taxpayer who is at least 65 years old to claim the New Jersey earned
18 income tax credit based on a percentage of the federal earned
19 income tax credit amount the taxpayer would have otherwise been
20 eligible for absent the maximum age restriction.