

SENATE BUDGET AND APPROPRIATIONS COMMITTEE

STATEMENT TO

SENATE, No. 3428

STATE OF NEW JERSEY

DATED: JUNE 22, 2021

The Senate Budget and Appropriations Committee reports favorably Senate Bill No. 3428.

This bill expands eligibility for certain resident individuals under the New Jersey Earned Income Tax Credit program. Under the federal program, there are age restrictions for taxpayers who cannot claim a qualifying child. Currently, a taxpayer who is between 25 and 65 years old is eligible for federal earned income tax credit even without claiming a qualifying child. The State program was changed by P.L.2020, c.98 to allow those who are least 21 years old to claim the credit based on a modified calculation. This bill would further alter the program to allow those who are at least 18 years of age or older to claim the New Jersey earned income tax credit based on a percentage of the federal earned income tax credit amount the taxpayer would have otherwise been eligible for absent the age restriction. The intent of this bill is to set the minimum age requirement to 18 years old and remove the maximum age restriction of 65 years old.

As reported, this bill is identical to Assembly Bill No. 5345, which was also reported favorably by the committee on this date.

FISCAL IMPACT:

The Office of Legislative Services estimates that this bill will reduce gross income tax revenue by \$6.3 million in FY 2022 and \$15.2 million in FY 2023 and each fiscal year thereafter.

Following the enactment of the American Rescue Plan Act of 2021 this bill will only affect workers without qualifying children who are 18 years of age in FY 2022 (TY 2021). This bill will not affect those workers who are ages 19 or 20 or 65 and older until FY 2023 (TY 2022).