SENATE, No. 3431

STATE OF NEW JERSEY

219th LEGISLATURE

INTRODUCED FEBRUARY 11, 2021

Sponsored by:
Senator MICHAEL J. DOHERTY
District 23 (Hunterdon, Somerset and Warren)

Co-Sponsored by:
Senators Holzapfel and Bateman

SYNOPSIS
Modifies eligibility requirements for other retirement income exclusion concerning other sources of income.

CURRENT VERSION OF TEXT
As introduced.

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

1   **AN ACT** modifying the eligibility requirements for the other
2   retirement income exclusion concerning other sources of income,
3   amending P.L.1977, c.273.
4
5   **BE IT ENACTED** *by the Senate and General Assembly of the State*
6   *of New Jersey:*
7
8   1.   Section 3 of P.L.1977, c.273 (C.54A:6-15) is amended to
9   read as follows:
10   3.   Other retirement income. a. (1) Gross income shall not
11   include income:
12   for taxable years beginning before January 1, 2000, of up to
13   $10,000 for a married couple filing jointly, $5,000 for a married
14   person filing separately, or $7,500 for an individual filing as a
15   single taxpayer or an individual determining tax pursuant to
16   subsection a. of N.J.S.54A:2-1;
17   for the taxable year beginning on or after January 1, 2000, but
18   before January 1, 2001, of up to $12,500 for a married couple filing
19   jointly, $6,250 for a married person filing separately, or $9,375 for
20   an individual filing as a single taxpayer or an individual
21   determining tax pursuant to subsection a. of N.J.S.54A:2-1;
22   for the taxable year beginning on or after January 1, 2001, but
23   before January 1, 2002, of up to $15,000 for a married couple filing
24   jointly, $7,500 for a married person filing separately, or $11,250 for
25   an individual filing as a single taxpayer or an individual
26   determining tax pursuant to subsection a. of N.J.S.54A:2-1;
27   for the taxable year beginning on or after January 1, 2002, but
28   before January 1, 2003, of up to $17,500 for a married couple filing
29   jointly, $8,750 for a married person filing separately, or $13,125 for
30   an individual filing as a single taxpayer or an individual
31   determining tax pursuant to subsection a. of N.J.S.54A:2-1;
32   for taxable years beginning on or after January 1, 2003, but
33   before January 1, 2017, gross income shall not include income of up
34   to $20,000 for a married couple filing jointly, $10,000 for a married
35   person filing separately, or $15,000 for an individual filing as a
36   single taxpayer or an individual determining tax pursuant to
37   subsection a. of N.J.S.54A:2-1;
38   for taxable years beginning on or after January 1, 2017 but
39   before January 1, 2018, gross income shall not include income of up
40   to $40,000 for a married couple filing jointly, $20,000 for a married
41   person filing separately, or $30,000 for an individual filing as a
42   single taxpayer or an individual determining tax pursuant to
43   subsection a. of N.J.S.54A:2-1;
44   for taxable years beginning on or after January 1, 2018, but
45   before January 1, 2019, gross income shall not include income of up

1 to $60,000 for a married couple filing jointly, $30,000 for a married
2 person filing separately, or $45,000 for an individual filing as a
3 single taxpayer or an individual determining tax pursuant to
4 subsection a. of N.J.S.54A:2-1;
5   for taxable years beginning on or after January 1, 2019, but
6 before January 1, 2020, gross income shall not include income of up
7 to $80,000 for a married couple filing jointly, $40,000 for a married
8 person filing separately, or $60,000 for an individual filing as a
9 single taxpayer or an individual determining tax pursuant to
10 subsection a. of N.J.S.54A:2-1;
11   for taxable years beginning on or after January 1, 2020, gross
12 income shall not include income of up to $100,000 for a married
13 couple filing jointly, $50,000 for a married person filing separately,
14 or $75,000 for an individual filing as a single taxpayer or an
15 individual determining tax pursuant to subsection a. of N.J.S.54A:2-
16 1;
17   when received in any tax year by a person aged 62 years or older
18 who received no income in excess of **[**$3,000**]**$25,000 from one or
19 more of the sources enumerated in subsections a., b., k. and p. of
20 N.J.S.54A:5-1.
21   (2) For taxable years beginning on or after January 1, 2005, the
22 exclusion provided by this subsection shall only be allowed if the
23 taxpayer has gross income for the taxable year of not more than
24 $100,000.
25   (3) The total exclusion under this subsection and that allowable
26 under N.J.S.54A:6-10 shall not exceed the amounts of the
27 exclusions set forth in this subsection.
28   b.   In addition to the exclusion provided under N.J.S.54A:6-10
29 and subsection a. of this section, gross income shall not include
30 income of up to $6,000 for a married couple filing jointly or an
31 individual determining tax pursuant to subsection a. of N.J.S.54A:2-
32 1, or $3,000 for a single person or a married person filing
33 separately, who is not covered under N.J.S.54A:6-2 or N.J.S.54A:6-
34 3, but who would be eligible in any year to receive payments under
35 either section if he or she were covered thereby.
36 (cf: P.L.2016, c.57, s.10)
37
38   2.   This act shall take effect immediately.
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41   STATEMENT
42
43   This bill amends the eligibility requirements concerning other
44 sources of income as it relates to the retirement income exclusion.
45 Under current law, taxpayers are not allowed to claim the retirement
46 income exclusion if they have income in excess of $3,000 from

1   certain sources of income, such as salaries, wages, tips, fees,
2   commissions, net profits from businesses, distributive share of
3   partnership income, net pro rate share of S corporation income, and
4   others. This bill increases the income limit for those sources of
5   income to $25,000. However, if a taxpayer's total gross income
6   exceeds $100,000, the taxpayer will still be ineligible for this
7   exclusion.