

SENATE BUDGET AND APPROPRIATIONS COMMITTEE

STATEMENT TO

SENATE, No. 3997

STATE OF NEW JERSEY

DATED: JUNE 22, 2021

The Senate Budget and Appropriations Committee reports favorably Senate Bill No. 3997.

This bill, to be cited as the “New Jersey College Affordability Act,” provides that a New Jersey Better Educational Savings Trust (NJBEST) program account when it is initially opened by a taxpayer with gross income of \$75,000 or less will be eligible for a one-time grant of up to \$750 in a dollar-for-dollar match of the initial deposit to the account.

The bill allows a gross income tax deduction for taxpayers with gross income of \$200,000 or less in the amounts contributed to an account established under the New Jersey Better Educational Savings Trust (NJBEST) Program. The bill limits the deduction, however, to \$10,000 in contributions.

Section 529 of the federal Internal Revenue Code allows states to establish qualified tuition programs under which individuals can make contributions to accounts established for beneficiaries for the beneficiaries’ qualified higher education expenses. The NJBEST Program is New Jersey’s State-sponsored 529 plan.

The bill also allows a taxpayer with gross income of \$200,000 or less to deduct from gross income the amount of principal and interest payments paid on a student loan under the New Jersey College Loans to Assist State Students (NJCLASS) Loan Program, not to exceed \$2,500.

Lastly, the bill allows a taxpayer with gross income of \$200,000 or less to deduct from gross income the amounts paid by the taxpayer to an in-State institution of higher education for tuition costs related to the taxpayer’s enrollment or attendance at the institution of higher education or related to the enrollment or attendance of a spouse or dependent of the taxpayer at the institution. Under the bill, the deduction would not exceed \$10,000.

FISCAL IMPACT:

Fiscal information is currently unavailable for this bill.