

54:8A-9 et al

LEGISLATIVE HISTORY CHECKLIST

(Emergency Transportation Tax-- conform Law to recent NY income tax changes)

NJSA 54:8A-9 et al

LAWS 1981

CHAPTER 374

Bill No. A3721

Sponsor(s) Van Wagner and Flynn

Date Introduced Nov. 23, 1981

Committee: Assembly ---

Senate ---

Amended during passage

~~Yes~~

No

Date of Passage: Assembly Dec. 3, 1981

Senate Dec. 10, 1981

Date of approval Dec. 30, 1981

Following statements are attached if available:

Sponsor statement

Yes

~~No~~

Committee Statement: Assembly

~~Yes~~

No

Senate

~~Yes~~

No

Fiscal Note

~~Yes~~

No

Veto Message

~~Yes~~

No

Message on signing

Yes

~~No~~

Following were printed:

Reports

~~Yes~~

No

Hearings

~~Yes~~

No

New York Act, referred to in sponsors statement: L.1981, ch.103

6/22/81

PP

DEC

ASSEMBLY, No. 3721

STATE OF NEW JERSEY

INTRODUCED NOVEMBER 23, 1981

By Assemblymen VAN WAGNER and FLYNN

(Without Reference)

AN ACT to amend the "emergency transportation tax act," approved May 29, 1961 (P. L. 1961, c. 32) and amending P. L. 1970, c. 304 and P. L. 1978, c. 131.

1 BE IT ENACTED *by the Senate and General Assembly of the State*
2 *of New Jersey:*

1 1. Section 9 of P. L. 1961, c. 32 (C. 54:8A-9) is amended to read
2 as follows:

3 9. (a) Any taxpayer may elect to deduct 10% of his gross income,
4 or \$1,000.00, whichever is less, in lieu of all deductions otherwise
5 permitted under this act. The deduction provided for by this sec-
6 tion shall become known as the "standard deduction."

7 For taxable years beginning in 1971, the standard deduction shall
8 be 13% of gross income or \$1,500.00, whichever is less; for taxable
9 years beginning in 1972, the standard deduction shall be 14% or
10 \$2,000.00, whichever is less; for taxable years beginning in 1973
11 the standard deduction shall be 15% or \$2,000.00, whichever is less;
12 **[and]** for taxable years beginning in 1978 **[and thereafter]** the
13 standard deduction shall be 16% or \$2,400.00, whichever is less; *and*
14 *for taxable years beginning in 1981 and thereafter the standard*
15 *deduction shall be 17% or \$2,500.00, whichever is less.*

16 A husband and wife shall not be entitled to a standard deduction
17 in an amount greater than one computed on their aggregate gross
18 income, whether they file separate or joint returns. If they file
19 separate returns, neither may elect the standard deduction unless
20 the other also so elects. If both so elect, either may take such
21 deduction, or they may divide it; except that for taxable years
22 beginning in 1971 the standard deductions shall be 13% of gross
23 income or \$1,500.00, whichever is less: for taxable years beginning
24 in 1972 the standard deduction shall be 14% or \$2,000.00, whichever
25 is less; for taxable years beginning in 1973 the standard deduction
26 shall be 15% or \$2,000.00, whichever is less; **[and]** for taxable

EXPLANATION—Matter enclosed in bold-faced brackets **[thus]** in the above bill
is not enacted and is intended to be omitted in the law.

27 years beginning in 1978 [and thereafter] the standard deduction
 28 shall be 16% or \$2,400.00, whichever is less; *and for taxable years*
 29 *beginning in 1981 and thereafter the standard deduction shall be*
 30 *17% or \$2,500.00, whichever is less.*

31 Such election may be changed for a taxable year after the filing
 32 of the return, subject to regulations issued under this act. If a
 33 taxpayer wishing to make such change has a spouse who filed a
 34 separate return, the change shall not be allowed unless (1) such
 35 spouse also makes a change consistent with the change desired by
 36 the taxpayer and (2) both consent in writing to the assessment of
 37 any additional tax resulting from such change without regard to
 38 time limits otherwise preventing such assessment.

39 (b) Minimum New Jersey standard deduction. For taxable years
 40 beginning in 1978 and thereafter:

41 (1) The New Jersey standard deduction of an individual who is
 42 not married nor the head of the household nor a surviving spouse
 43 shall be the amount determined under subsection (a) of this section
 44 or \$1,400.00, whichever is greater, *except that for taxable years*
 45 *beginning in 1981 and thereafter the minimum amount shall be*
 46 *\$1,500.00;*

47 (2) The New Jersey standard deduction of a husband and wife
 48 whose New Jersey taxable income is determined jointly, or of the
 49 head of a household, or of a surviving spouse, shall be the amount
 50 determined under subsection (a) of this section or \$1,900.00, which-
 51 ever is greater, *except that for taxable years beginning in 1981 and*
 52 *thereafter the minimum amount shall be \$2,000.00;* and

53 (3) The aggregate New Jersey standard deductions of a husband
 54 and wife whose New Jersey taxable incomes are determined sepa-
 55 rately shall be the amount determined under subsection (a) of this
 56 section or \$1,900.00, whichever is greater, *except that for taxable*
 57 *years beginning in 1981 and thereafter the minimum amount shall*
 58 *be \$2,000.00* and such standard deductions may be taken by either
 59 or divided between them as they may elect.

1 2. Section 10 of P. L. 1961, c. 32 (C. 54:8A-10) is amended to
 2 read as follows:

3 10. (a) Each taxpayer is allowed the following exemptions with
 4 respect to net income:

5 For each taxpayer, \$650.00; for the taxpayer's spouse, if tax-
 6 payer does not file a joint return and if such spouse has no gross
 7 income for the eligibility year and is not a dependent of another
 8 taxpayer, an additional \$650.00; for each taxpayer who is at least
 9 65 years of age or over at the close of his taxable year; an addi-
 10 tional \$650.00, and for taxpayer's spouse under the same conditions

11 and if the initial \$650.00 exemption is allowable, an additional
12 \$650.00; for each taxpayer who is blind at the close of his taxable
13 year, an additional \$650.00, and for taxpayer's spouse under the
14 same conditions and if the initial \$650.00 exemption is allowable,
15 an additional \$650.00. Blindness shall be deemed to exist when
16 central visual acuity in the better eye does not exceed 20/200 with
17 correcting lenses, or when the widest diameter of the visual field
18 subtends an angle of not more than 20 degrees;

19 For each dependent whose entire gross income for the eligibility
20 year is less than \$750.00, or who is taxpayer's child or stepchild and
21 has not attained age 19 at the close of the eligibility year or is a
22 student: \$650.00.

23 For taxable years beginning in 1979, such exemption shall be
24 \$700.00, [and] for taxable years beginning in 1980 [and thereafter]
25 such exemption shall be \$750.00, *and for taxable years beginning in*
26 *1982 and thereafter such exemption shall be \$800.00.*

27 With respect to all taxable years beginning on or after January 1,
28 1973, if (1) the taxpayer's gross income as defined in section 7 of
29 P. L. 1961, c. 32 (C. 54:8A-7), is exceeded by (2) his entire gross
30 income by more than \$100.00, his exemptions allowed in this section
31 shall be limited by the percentage which (1) is of (2). The manner
32 for determining a taxpayer's entire gross income shall be provided
33 by regulation. Such regulations may authorize the use of federal
34 adjusted gross income for this purpose.

35 (b) Husband and wife. For a husband and wife who have elected
36 to file separate New Jersey returns on a single form pursuant to
37 section 44 (b) of P. L. 1961, c. 32 (C. 54:8A-44 (b)), the limitation
38 under subsection (a) of this section shall be determined by reference
39 to (1) their total New Jersey gross incomes and (2) the combined
40 entire gross income of the husband and wife.

1 3. Section 36 of P. L. 1961, c. 32 (C. 54:8A-36) is amended to
2 read as follows:

3 36. (a) The Legislature hereby finds and determines that to
4 permit taxpayers under this act to compute their gross income for
5 tax purposes from the federal adjusted gross income figure used in
6 their tax returns to the Federal Government will reduce the cost
7 and simplify the administration of this act, and will simplify the
8 preparation of State income tax returns by taxpayers. The Legisla-
9 ture further finds and determines that such method of computing
10 gross income will not materially reduce and may increase the
11 amount of revenue derived with respect to this act; and, therefore,
12 directs that each taxpayer be permitted, as an alternative to the

13 method prescribed by section 32 of this act, to compute his gross
14 income as provided in subsection (b) of this section.

15 (b) A taxpayer computing his gross income under the provisions
16 of this subsection shall:

17 (1) Determine the net amount of income, gain, loss and deduction
18 entering into his federal adjusted gross income for the taxable year
19 which is derived from sources within his source state, including:

20 (A) His distributive share of partnership income, gain, loss
21-22 and deduction derived from sources within his source state, and

23 (B) His share of estate and trust income, gain, loss and de-
24 duction derived from sources within his source state.

25 (2) Add to such amount the following types of income and gain
26 derived from the sources of income and gain listed below:

27 (A) Interest income from the obligations of any state or
28 political subdivision thereof except where, by the laws of such
29 state, its own taxpayers are exempted from taxation with re-
30 spect to such interest income, subject to the provisions of
31 section 33;

32 (B) Interest or dividend income from the obligations or
33 securities of any authority, commission or instrumentality of
34 the United States, which the laws of the United States exempt
35 from federal income taxation, but not from State income taxa-
36 tion, subject to the provisions of section 33;

37 (C) Amounts deductible with respect to income taxes im-
38 posed by this State or any other taxing jurisdiction in determin-
39 ing federal adjusted gross income unless such amounts are
40 credited against federal income tax; and

41 (D) Amounts deductible with respect to interest on indebted-
42 ness which is incurred or continued in order to purchase or
43 retain securities or obligations the income from which is ex-
44 empt from tax under this act, subject to the provisions of sec-
45 tion 33;

46 (E) In the case of a taxpayer who has deducted $\frac{1}{2}$ of the
47 amount by which net long-term capital gain exceeds net short-
48 term capital loss for the taxable year, $\frac{1}{5}$ a percentage of a net
49 capital gain pursuant to section 1202 of the Internal Revenue
50 Code, the excess (if any) of the amount so deducted over 60%
51 of such net capital gain $\frac{1}{5}$.

52 (3) Subtract from such net amount the following types of income
53 and gain derived from the sources of income and gain listed below:

54 (A) Interest income from obligations of the United States
55 and its possessions to the extent that such interest is includible
56 in gross income for federal income tax purposes;

57 (B) Interest or dividend income from the obligations or
58 securities of any authority, commission or instrumentality of
59 the United States, to the extent that such amounts of income
60 are includible in gross income for federal income tax purposes,
61 and exempt from State income taxation under the laws of the
62 United States;

63 (C) Interest or dividend income from obligations or securi-
64 ties to the extent that such income is exempted from taxation
65 by the laws of this State authorizing the issuance of the under-
66 lying obligations and securities and includible in gross income
67 for federal income tax purposes;

68 (D) The amount of any refund or credit for overpayment of
69 income taxes imposed by this State or any other taxing juris-
70 diction, to the extent that such refund is includible in gross
71 income for federal income tax purposes.

72 (4) There may be provided by regulation such modifications as
73 shall be necessary to insure that only that portion of the taxpayer's
74 federal adjusted gross income which is derived from sources within
75 his source state shall be included in his gross income for purposes
76 of this act.

77 (c) A taxpayer who computes his gross income in accordance
78 with the provisions of this section shall not be entitled to the de-
79 ductions set forth by section 35 (a) but, in lieu of the standard
80 deduction, shall be permitted the deductions in sections 35 (b) and
81 37 of this act.

82 (d) The amount of the gross income of a taxpayer computed in
83 accordance with the provisions of this section shall be conclusively
84 presumed by the Division of Taxation to be the same as such tax-
85 payer's gross income would have been if computed in accordance
86 with the provisions of section 32 except that if the amount of a tax-
87 payer's federal adjusted gross income or federal items of tax
88 preference is changed or corrected by the taxpayer or the United
89 States Internal Revenue Service or other competent authority, or
90 as the result of a renegotiation of a contract or subcontract with the
91 United States, the taxpayer shall report such change or correction
92 in federal taxable income or federal items of tax preference within
93 90 days after the final determination of such change, correction, or
94 renegotiation, or as otherwise required by regulation, and shall
95 concede the accuracy of such determination or state wherein it is
96 erroneous. Any taxpayer filing an amended federal income tax
97 return shall also file within 90 days thereafter an amended return
98 under this act, and shall give such information as the Division of
99 Taxation may require. There may be provided by regulation such

100 exceptions to the requirements of this section as may be necessary
101 to carry out the purposes of this section.

1 4. Section 39 of P. L. 1961, c. 32 (C. 54:8A-30) is amended to read
2 as follows:

3 39. (a) The net capital gain or loss of a taxpayer shall be com-
4 puted by totaling the gains from sales or other dispositions during
5 the taxable year of capital assets having an actual situs within the
6 source state and subtracting therefrom the losses from sales or
7 other dispositions of capital assets having an actual situs in the
8 source state.

9 (b) (1) In any taxable year in which a taxpayer has a net capital
10 loss such loss shall be allowed as a deduction from gross income only
11 to the extent of \$1,000.00 or the taxpayer's net income whichever is
12 lower; provided, however, that with respect to taxable years
13 beginning after 1978 a loss shall be allowed as a deduction from
14 gross income only to the extent of \$3,000.00 or the taxpayer's net
15 income, whichever is lower.

16 (2) Subject to the limitation of paragraph (1) hereof, if for
17 any taxable year the taxpayer has a net capital loss, the amount
18 thereof shall be treated as a capital loss and deductible from gross
19 income in each of the succeeding taxable years to the extent that
20 such amount exceeds the total of any net capital gains of any
21 taxable years intervening between the taxable year in which the
22 net capital loss arose and such succeeding taxable year. For pur-
23 poses of this section, a net capital gain shall be computed without
24 regard to such net capital loss or to any net capital losses arising
25 in any such intervening taxable years.

26 (c) In any taxable year in which net capital gain exceeds the
27 net capital loss, 40% of the amount of excess shall be a deduction
28 from gross income; *provided, however, that in any taxable year*
29 *commencing on and after January 1, 1982 in which net capital gain*
30 *exceeds the net capital loss, 60% of the amount of such excess shall*
31 *be a deduction from gross income.*

1 5. Section 10 of P. L. 1970, c. 304 (C. 54:8A-6.2) is amended to
2 read as follows:

3 (a) The minimum taxable income shall be the sum of the items
4 of tax preference, as described in subsection (b) of this section,
5 reduced (but not below zero) by the aggregate of the following:

6 (1) The applicable specific deduction described in subsection (c)
7 of this section;

8 (2) The tax determined under subsection **[(b) or]** (c) of section
9 6 of P. L. 1961, c. 32 (C. 54:8A-6) **],** as may apply, **]** for the taxable
10 year, reduced by the sum of the credits allowable under **[**section 7

11 of this amendatory and supplementary act] *subsection b. of section*
12 *7 of P. L. 1978, c. 131 (C. 54:8A-15.1)*; and

13 (3) To the extent that the sum of the items of tax preference
14 exceeds the applicable specific deduction described in subsection
15 (c) of this section plus the tax described in paragraph 2 above, the
16 amount of any net operating loss of the taxpayer, determined as
17 provided in subsection (b) (5) of section 35 (C. 54:8A-35), which
18 remains as a net operating loss carryover to a succeeding taxable
19 year. In such case, however, the amount of such net operating loss
20 used to reduce the sum of the items of tax preference shall be
21 treated as an item of tax preference in the next succeeding taxable
22 years, in order of time, to the extent that such net operating loss
23 carryover reduces taxable income.

24 (b) For purposes of this act, the term "items of tax preference"
25 shall mean the federal items of tax preference, as defined in the
26 laws of the United States, derived from or connected with New
27 Jersey sources, for the taxable year, with the modifications as may
28 be prescribed by regulations of the Division of Taxation which
29 relate to income derived from or connected with New Jersey
30 sources.

31 (1) The federal items of tax preference for amortization of
32 certified pollution control facilities shall be excluded from the com-
33 putation of items of tax preference with respect to industrial waste
34 treatment facilities and air pollution control facilities which qualify.

35 (2) The federal items of tax preference with respect to depletion
36 shall be excluded from the computation of items of tax preference.

37 (3) The federal item of tax preference for capital gains shall be
38 computed by subtracting from such tax preference item [one-fifth
39 of the net long-term capital gain deduction] *an amount sufficient*
40 *(if necessary) to reduce such tax preference item to 60% of net*
41 *capital gains.*

42 (4) *The federal item of tax preference for adjusted itemized*
43 *deductions shall be computed as if the required reduction of federal*
44 *adjusted gross income by the amount of the taxpayer's federal*
45 *deduction for state and local taxes did not include any amount in-*
46 *cludible as a modification reducing federal itemized deductions pur-*
47 *suant to subparagraph (A) of paragraph (2) of subsection (b) of*
48 *section 37 of P. L. 1961, c. 32 (C. 54:8A-37).*

49 (c) Specific deduction. An amount which bears the same ratio to
50 \$5,000.00, or \$2,500.00 in the case of a married individual filing a
51 separate return, as his items of tax preference computed under
52 subsection (b) of this section bear to his total federal items of tax
53 preference.

54 (d) (Deleted by amendment.) P. L. 1972, c. 12, section 3.

1 6. Section 6 of P. L. 1978, c. 131 (C. 54:8A-6.4) is amended to
2 read as follows:

3 6. Maximum tax rate on personal service income. (a) If for any
4 taxable year beginning in 1978 and thereafter an individual has
5 personal service entire net income which exceeds the amount of
6 entire net income specified in paragraph (1) of this subsection,
7 the tax determined pursuant to subsection 6(c) of P. L. 1961, c. 32
8 (C. 54:8A-6(c)) for such year shall be the sum of:

9 (1) The tax determined by subsection 6(c) of P. L. 1961, c. 32
10 (C. 54:8A-6(c)) on the highest amount of entire net income on
11 which the rate of tax does not exceed 10%, provided, however, that
12 for taxable years beginning on or after January 1, 1978 and before
13 January 1, 1980, it shall be the tax determined by subsection 6(c)
14 of P. L. 1961, c. 32 (C. 54:8A-6(c)) on the highest amount of entire
15 net income on which the rate of tax does not exceed 12%, and pro-
16 vided further that for taxable years beginning on or after January
17 1, 1980 and on or before January 1, 1981, it shall be the tax deter-
18 mined on the highest amount of entire net income on which the rate
19 of tax does not exceed 11%.

20 (2) 10% of the amount by which his personal service entire
21 net income exceeds the amount of entire net income specified in
22 paragraph (1) of this subsection, provided, however, that for tax-
23 able years beginning on or after January 1, 1978 and before Janu-
24 ary 1, 1980, the rate in this paragraph shall be 12% and that for
25 taxable years beginning on or after January 1, 1980 and before
26 January 1, 1981, the rate in this paragraph shall be 11%, and

27 (3) The excess of the tax determined under section 6(c) of P. L.
28 1961, c. 32 (C. 54:8A-6(c)), without regard to this section, over the
29 tax so determined with reference solely to his personal service
30 entire net income.

31 (b) For purposes of this section the term "personal service in-
32 come" means items of income includible as personal service income
33 for purposes of section 1348 of the Internal Revenue Code; pro-
34 vided, however, that notwithstanding the provisions of such section
35 of the Internal Revenue Code to the contrary with respect to the
36 filing of returns by married individuals, the provisions of this
37 section of this act shall be applicable in the case of a husband and
38 wife who file separate New Jersey tax returns (whether or not on a
39 single form).

40 (c) The personal service entire net income of an individual is
41 the excess of:

42 (1) The amount which bears the same ratio (but not in excess of
43 100%) to his entire net income as his personal service gross income
44 bears to his entire gross income, over

45 (2) The sum of his items of tax preference, as defined in this act,
46 *other than the item of tax preference for capital gains*, for the
47 taxable year.

48 For purposes of paragraph (1) of this subsection, the term
49 "personal service gross income" means personal service income
50 reduced by any deductions allowable under section 62 of the
51 Internal Revenue Code which are properly allocable to or charge-
52 able against such personal service income.

1 7. Section 7 of P. L. 1978, c. 131 (C. 54:8A-15.1) is amended to
2 read as follows:

3 7. a. Household credit. (1) For taxable years beginning on and
4 after January 1, 1978, a credit shall be allowed against the tax im-
5 posed by subsection 6(c) of P. L. 1961, c. 32 (C. 54:8A-6 (c)). The
6 credit, computed as described in paragraph (2) of this subsection,
7 shall not exceed the tax imposed by subsection 6(c) of P. L. 1961,
8 c. 32 (C. 54:8A-6(c)) for the taxable year, reduced by the credits
9 permitted under subsection (b) of this section and section 16 of
10 P. L. 1961, c. 32 (C. 54:8A-16).

11 (2) The amount of the credit allowed pursuant to this subsection
12 *for taxable years beginning prior to January 1, 1982*, shall be
13 determined in accordance with the following table:

	The credit
If household gross income is	shall be
14 Less than \$5,000.00	\$65.00
15 \$5,000.00 but less than \$6,000.00	\$50.00
16 \$6,000.00 but less than \$7,000.00	\$40.00
17 \$7,000.00 but less than \$25,000.00	\$35.00

18 *The amount of the credit allowed pursuant to this subsection for*
19 *taxable years beginning in 1982 and thereafter shall be determined*
20 *in accordance with the following table:*

	The credit
<i>If household gross income is</i>	<i>shall be</i>
21 <i>Less than \$5,000.00</i>	<i>\$70.00</i>
22 <i>\$5,000.00 but less than \$6,000.00</i>	<i>55.00</i>
23 <i>\$6,000.00 but less than \$7,000.00</i>	<i>45.00</i>
24 <i>\$7,000.00 but less than \$25,000.00</i>	<i>40.00</i>

25 (3) For the purposes of this subsection:

26 (A) "Household gross income" shall mean the aggregate
27 entire gross income of a household, as the term household is
28 defined in subparagraph (B) of this paragraph, for the taxable

29 year, plus the aggregate entire minimum taxable income of that
30 household.

31 (B) "Household" means a husband and wife, a head of a
32 household, a surviving spouse, or an individual who is not
33 married nor the head of a household nor a surviving spouse
34 nor a taxpayer with respect to whom a deduction under sub-
35 section (c) of section 151 of the Internal Revenue Code is
36 allowable to another taxpayer for the taxable year.

37 (C) "Household gross income of a husband and wife" shall
38 be the aggregate of their entire gross incomes for the taxable
39 year plus the aggregate of their entire minimum taxable
40 incomes irrespective of whether joint or separate tax returns
41 are filed. Provided, however, that a husband or wife filing a
42 separate New Jersey tax return shall be permitted one-half of
43 the credit otherwise allowed his or her household, except as
44 limited by paragraph (1) of this subsection.

45 (D) "Household gross income" shall be computed in all cases
46 to reflect the entire gross income from all sources of each
47 member of the household for the entire taxable year.

48 (E) If a taxpayer changes his status during his taxable year
49 from resident to nonresident, or from nonresident to resident,
50 the household credit shall be prorated to reflect the period that
51 the taxpayer was subject to tax under this act. In the case of a
52 husband and wife, if either or both changes his or her status
53 from resident to nonresident or from nonresident to resident
54 and separate returns are filed, the credit computed for the
55 entire year shall be divided first as provided in subparagraph
56 (C) of this paragraph and then prorated according to each
57 period that the taxpayer was subject to tax under this act.

58 b. Credit for certain household and dependent care services
59 necessary for gainful employment.

60 (1) For taxable years beginning on and after January 1, 1977, a
61 taxpayer shall be allowed a credit, to be computed as hereinafter
62 provided, against the tax imposed by subsection 6(b) or 6(e) of
63 P. L. 1961, c. 32 (C. 54:8A-6(b) or 6(e)) of this act. Except as pro-
64 vided below, the amount of the credit shall be 20% of the credit
65 allowed such taxpayer pursuant to the provisions of section 44A of
66 the Internal Revenue Code for the same taxable year. The amount
67 of such credit shall not exceed the tax imposed by subsection 6(b)
68 or 6(e) of P. L. 1961, c. 32 (C. 54:8A-6(b) or 6(e)), as may apply,
69 of this act, for the taxable year, reduced by the credit permitted
70 under section 16 of P. L. 1961, c. 32 (C. 54:8A-16).

71 (2) In the case of a husband and wife who file a joint federal
72 return, but who elect to determine their New Jersey taxes sepa-
73 rately, the credit allowed pursuant to this subsection may only be
74 applied against the tax imposed on the spouse with the lower
75 entire net income computed without regard to such credit.

76 (3) Any taxpayer who is otherwise eligible to take the credit
77 permitted by this subsection shall be permitted to take the full
78 amount of such credit except that if (a) his gross income, as defined
79 in section 7 of P. L. 1961, c. 32 (C. 54:8A-7), is exceeded by (b) his
80 entire gross income by more than \$100.00, his credit shall be limited
81 to the amount which represents the same percentage of the total
82 allowable credit which (a) is of (b).

83 For a husband and wife whose federal taxable income is deter-
84 mined on a joint return but whose New Jersey entire net incomes
85 are determined separately on a single form, the limitation con-
86 tained in this subparagraph shall be determined by reference to
87 (a) the total of their gross incomes as defined in section 7 of P. L.
88 1961, c. 32 (C. 54:8A-7) and (b) the joint entire gross income they
89 would be required to report if both were determining their tax on
90 their joint entire gross income.

1 8. This act shall take effect immediately.

STATEMENT

This bill would amend the Emergency Transportation Tax Act to conform it to recent amendments which were enacted into law under the New York State Personal Income Tax Law.

The standard deduction and the minimum standard deduction would be increased for all taxpayers; the personal exemption allowance would be increased from \$750.00 to \$800.00; capital gain deductions would conform to the amount that is allowable for federal income tax purposes; the household credit would be increased; and the computation of tax preference income and the maximum tax on personal service income would be amended to conform it with the recent New York changes.

71 (2) In the case of a husband and wife who file a joint federal
 72 return, but who elect to determine their New Jersey taxes sepa-
 73 rately, the credit allowed pursuant to this subsection may only be
 74 applied against the tax imposed on the spouse with the lower
 75 entire net income computed without regard to such credit.

76 (3) Any taxpayer who is otherwise eligible to take the credit
 77 permitted by this subsection shall be permitted to take the full
 78 amount of such credit except that if (a) his gross income, as defined
 79 in section 7 of P. L. 1961, c. 32 (C. 54:8A-7), is exceeded by (b) his
 80 entire gross income by more than \$100.00, his credit shall be limited
 81 to the amount which represents the same percentage of the total
 82 allowable credit which (a) is of (b).

83 For a husband and wife whose federal taxable income is deter-
 84 mined on a joint return but whose New Jersey entire net incomes
 85 are determined separately on a single form, the limitation con-
 86 tained in this subparagraph shall be determined by reference to
 87 (a) the total of their gross incomes as defined in section 7 of P. L.
 88 1961, c. 32 (C. 54:8A-7) and (b) the joint entire gross income they
 89 would be required to report if both were determining their tax on
 90 their joint entire gross income.

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STATEMENT

This bill would amend the Emergency Transportation Tax Act to conform it to recent amendments which were enacted into law under the New York State Personal Income Tax Law.

The standard deduction and the minimum standard deduction would be increased for all taxpayers; the personal exemption allowance would be increased from \$750.00 to \$800.00; capital gain deductions would conform to the amount that is allowable for federal income tax purposes; the household credit would be increased; and the computation of tax preference income and the maximum tax on personal service income would be amended to conform it with the recent New York changes.

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A-3132, sponsored by Assemblyman Francis J. McManimon (D-Mercer), permitting a member of the Police and Firemen's Retirement System to borrow against his accumulated deductions after the age of 55. Members are currently prohibited from borrowing against their deductions after the age of 55.

A-3398, sponsored by Assemblyman Richard Van Wagner (D-Monmouth), clarifying current law to permit school board members for regional districts to take office the first week following their election. This bill clarifies the intention of a recently enacted law.

A-3469, sponsored by Assemblyman Thomas A. Gallo (D-Hudson), permitting the Commissioner of Banking stand-by authority to establish additional reserve requirements for savings banks in New Jersey chartered by the State.

A-3470, also sponsored by Assemblyman Gallo, is identical to the above mention A-3469, but applies to stand-by authority for commercial banks.

A-3721, also sponsored by Assemblyman Van Wagner, amending the "Emergency Transportation Tax Act" which taxes New York State residents on income earned in New Jersey for the purpose of defraying the costs of public transportation between the two states. Since the passage of the New York State personal income tax in 1961, New Jersey's tax on New Yorkers has been equal to the New York tax on individuals.

This bill offers amendments to conform the New Jersey tax with recent amendments to the New York law: standard deductions, personal exemption allowances, and household credits would be increased, for example.

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