

54: 8A-6.4; 54: 8A-39

LEGISLATIVE HISTORY CHECKLIST

(Emergency Transportation
Tax--amends)

NJSA 54: 8A-6.4; 54:8A-39; Repeals 54:8A-37.1

LAWS OF 1979 CHAPTER 437

Bill No. A 3639

Sponsor(s) Van Wagner

Date Introduced Nov. 26

Committee: Assembly Taxation

Senate _____

Amended during passage ~~XXX~~ No

Date of Passage: Assembly Dec. 17, 1979

Senate Jan. 3, 1980

Date of approval February 14, 1980

Following statements are attached if available:

Sponsor statement ~~XXX~~ No Original bill not printed

Committee Statement: Assembly Yes ~~XX~~

Senate ~~XXX~~ No

Fiscal Note ~~XXX~~ No

Veto message ~~XXX~~ No

Message on signing Yes ~~XX~~

Following were printed.

Reports ~~XXX~~ No

Hearings ~~XXX~~ No

N.Y. statute cited in Assembly Committee statement:

L. 1979, c. 624 (N.Y. Tax Law § 603a)

9/1/78

prf

P. L. 1979, CHAPTER 437, approved February 14, 1980

1979 Assembly No. 3639

AN ACT to amend the "emergency transportation tax act," approved May 29, 1961 (P. L. 1961, c. 32), amending P. L. 1978, c. 131 and repealing section 11 of P. L. 1970, c. 304.

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

1 1. 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
4 any taxable year beginning in 1978 and thereafter an individual
5 has personal service entire net income which exceeds the amount
6 of 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 **[12%]** 10%, provided, how-
12 ever, that for taxable years beginning on or after January 1, 1978
13 and before January 1, 1980, it shall be the tax determined by sub-
14 section 6(c) of P. L. 1961, c. 32 (C. 54:8A-6(c)) on the highest
15 amount of entire net income on which the rate of tax does not
16 exceed 12%, and provided further that for taxable years beginning
17 on or after January 1, 1980 and on or before January 1, 1981, it
18 shall be the tax determined on the highest amount of entire net
19 income on which the rate of tax does not exceed 11%.

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

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

from gross income only to the extent of \$3,000.00 or the taxpayer's net income, whichever is lower.

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

(c) In any taxable year in which net capital gain exceeds the net capital loss, 40% of the amount of such excess shall be a deduction from gross income.

4. This act shall take effect immediately.

25 *for taxable years beginning on or after January 1, 1980 and before* 14
26 *January 1, 1981, the rate in this paragraph shall be 11%, and* 15

27 (3) The excess of the tax determined under section 6(c) of P. L. 16
28 1961, c. 32 (C. 54:8A-6(c)), without regard to this section, over the 17
29 tax so determined with reference solely to his personal service 18
30 entire net income. 19

31 (b) For purposes of this section the term "personal service 20
32 income" means items of income includible as personal service in- 21
33 come for purposes of section 1348 of the Internal Revenue Code; 22
34 provided, however, that notwithstanding the provisions of such 23
35 section of the Internal Revenue Code to the contrary with respect 24
36 to the filing of returns by married individuals, the provisions of 25
37 this section of this act shall be applicable in the case of a husband 26
38 and wife who file separate New Jersey tax returns (whether or 27
39 not on a single form). 28

40 (c) The personal service entire net income of an individual is 1
41 the excess of:

42 (1) The amount which bears the same ratio (but not in excess of 1
43 100%) to his entire net income as his personal service gross income 2
44 bears to his entire gross income, over

45 (2) The sum of his items of tax preference, as defined in this 3
46 act, for the taxable year.

47 For purposes of paragraph (1) of this subsection, the term 4
48 "personal service gross income" means personal service income 5
49 reduced by any deductions allowable under section 62 of the 6
50 Internal Revenue Code which are properly allocable to or charge- 7
51 able against such personal service income.

1 2. Section 11 of P. L. 1970, c. 304 (C. 54:8A-37.1) is repealed 8
2 with respect to tax years beginning on and after January 1, 1979.

1 3. Section 39 of P. L. 1961, c. 32 (C. 54:8A-39) is amended to 9
2 read as follows:

3 39. (a) The net capital gain or loss of a taxpayer shall be 10
4 computed by totaling the gains from sales or other dispositions 11
5 during the taxable year of capital assets having an actual situs 12
6 within the source state and subtracting therefrom the losses from 13
7 sales or other dispositions of capital assets having an actual situs
8 in the 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
11 only to the extent of \$1,000.00 or the taxpayer's net income whic-
12 ever is lower; *provided, however, that with respect to taxable*
13 *years beginning after 1978 a loss shall be allowed as a deduction*

ASSEMBLY NO. 3639
ORIGINAL BILL

A BILL WITH THE ABOVE NUMBER WAS
INTRODUCED IN THIS LEGISLATIVE SESSION
BUT WAS NOT PRINTED

ASSEMBLY TAXATION COMMITTEE

STATEMENT TO

ASSEMBLY, No. 3639

STATE OF NEW JERSEY

DATED: DECEMBER 3, 1979

This bill would amend the Emergency Transportation Tax Act by conforming it to recent changes to the New York State Personal Income Tax Law. It would reduce the maximum tax rate on personal service income from 12% to 10%. The maximum rate on such income was 12% in 1978 and 1979. It would reduce to 11% in 1980 and to 10% in 1981 and thereafter. The bill also repeals the provisions in the law relating to deductions for allocable expenses attributable to items of tax preference, and it also increases the amount of net capital loss that may be deducted against gross income. It is estimated that the bill will affect revenues by approximately \$3 million annually.

A-3639, sponsored by Assemblyman Richard Van Wagner (D-Monmouth), which amends the statutes regarding New Jersey's Emergency Transportation Tax to bring it into conformity with the New York State Personal Income Tax Law.

The Emergency Transportation Tax is paid by New York residents who work in New Jersey.

The bill reduces the maximum tax rate on wages, salaries, fees and other personal services from the current 12 percent to 11 percent in 1980 and then to ten percent in 1981 and thereafter.

It also repeals the provisions in the law relating to deductions for allowable expenses attributable to items of tax preference, and it increases the amount of net capital loss that may be deducted against gross income.

A-1131, sponsored by former Assemblyman John H. Froude (D-Middlesex), which increases the maximum permissible height for the handlebar grips of a motorcycle from 15 inches above the seat to the shoulder height of the operator of vehicle when seated.

S-3057, sponsored by Senator Laurence S. Weiss (D-Middlesex), which permits part-time school crossing guards hired prior to March 4, 1976, who are eligible for benefit under any other pension system, to terminate membership in the Public Employees' Retirement System. Upon such termination, the individual is entitled to a refund of his contributions.

A law adopted in 1975 was interpreted in an attorney general opinion to extend such an option only to those part-time school crossing guards hired after the effective date of the act, March 3, 1976. This bill extends that option to part-time school guards employed prior to March 4, 1976.

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