

54A:5-1 et al

LEGISLATIVE HISTORY CHECKLIST

NJSA 54A:5-1 et al.

Laws of 1977 Chapter 273 (Revise retirement income exclusion provisions)

Bill No. S3330

Sponsor(s) Russo and Parker

Date Introduced June 27, 1977

Committee: Assembly Taxation

Senate Revenue, Finance & Appropriations

Amended during passage Yes ~~NO~~ Amendments during passage denoted by asterisks

Date of passage: Assembly October 3, 1977

Senate September 19, 1977

Date of approval October 27, 1977

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

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SENATE, No. 3330

STATE OF NEW JERSEY

INTRODUCED JUNE 27, 1977

By Senators RUSSO and PARKER

Referred to Committee on Revenue, Finance and Appropriations

AN ACT concerning certain exclusions from gross income under the
“New Jersey Gross Income Tax Act,” amending N. J. S. 54A:5-1
and N. J. S. 54A:6-10 and supplementing chapter 6 of Title 54A
of the New Jersey Statutes.

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

1 1. N. J. S. 54A:5-1 is amended to read as follows:

2 54A:5-1. New Jersey Gross Income Defined. New Jersey gross
3 income shall consist of the following categories of income:

4 a. Salaries, wages, tips, fees, commissions, bonuses, and other
5 remuneration received for services rendered whether in cash or in
6 property;

7 b. Net profits from business. The net income from the opera-
8 tion of a business, profession, other activity, after provisions for
9 all costs and expenses incurred in the conduct thereof, determined
10 either on a cash or accrual basis in accordance with the method of
11 accounting allowed for Federal income tax purposes but without
12 deduction of taxes based on income;

13 c. Net gains or income from disposition of property. Net gains
14 or net income, less net losses, derived from the sale, exchange or
15 other disposition of property, including real or personal, whether
16 tangible or intangible as determined in accordance with the method
17 of accounting allowed for Federal income tax purposes. For the
18 purpose of determining gain or loss, the basis of property shall be
19 the adjusted basis used for Federal income tax purposes.

20 For the tax year 1976, any taxpayer with a tax liability under
21 this subsection, or under the “Tax on Capital Gains and Other
22 Unearned Income Act” (P. L. 1975, c. 172), shall not be subject
23 to payment of an amount greater than the amount he would have

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

24 paid if either return had covered all capital transactions during
25 the full tax year 1976; provided, however, that the rate which
26 shall apply to any capital gain shall be that in effect on the date
27 of the transaction. To the extent that any loss is used to offset
28 any gain under (P. L. 1975, c. 172) it shall not be used to offset
29 any gain under the "New Jersey Gross Income Tax Act" (P. L.
30 1976, c. 47).

31 The term "net gains or income" shall not include gains or in-
32 come derived from obligations which are referred to in clauses (1)
33 or (2) of section 54A:6-14 of this act. The term "net gains or net
34 income" shall not include gains or income from transactions to the
35 extent to which nonrecognition is allowed for Federal income tax
36 purposes. The term "sale, exchange or other disposition" shall not
37 include the exchange of stock or securities in a corporation a party
38 to a reorganization in pursuance of a plan of reorganization, solely
39 for stock or securities in such corporation or in another corporation
40 a party to the reorganization and the transfer of property to a
41 corporation by one or more persons solely in exchange for stock
42 or securities in such corporation if immediately after the exchange
43 such person or persons are in control of the corporation. For
44 purposes of this clause, stock or securities issued for services shall
45 not be considered as issued in return for property.

46 For purposes of this clause, the term "reorganization" means--

47 (i) A statutory merger or consolidation;

48 (ii) The acquisition by one corporation, in exchange solely for
49 all or a part of its voting stock (or in exchange solely for all or a
50 part of the voting stock of a corporation which is in control of the
51 acquiring corporation) of stock of another corporation if, immedi-
52 ately after the acquisition, the acquiring corporation has control
53 of such other corporation (whether or not such acquiring corpora-
54 tion had control immediately before the acquisition);

55 (iii) The acquisition by one corporation, in exchange solely for
56 all or a part of its voting stock (or in exchange solely for all or a
57 part of the voting stock of a corporation which is in control of the
58 acquiring corporation), of substantially all of the properties of
59 another corporation, but in determining whether the exchange is
60 solely for stock the assumption by the acquiring corporation of a
61 liability of the other, or the fact that property acquired is subject
62 to a liability, shall be disregarded;

63 (iv) A transfer by a corporation of all or a part of its assets to
64 another corporation if immediately after the transfer the trans-
65 feror, or one or more of its shareholders (including persons who

66 were shareholders immediately before the transfer), or any com-
67 bination thereof, is in control of the corporation to which the assets
68 are transferred;

69 (v) A recapitalization;

70 (vi) A mere change in identity, form, or place of organization
71 however effected; or

72 (vii) The acquisition by one corporation, in exchange for stock
73 of a corporation (referred to in this subclause as "controlling
74 corporation") which is in control of the acquiring corporation, of
75 substantially all of the properties of another corporation which in
76 the transaction is merged into the acquiring corporation shall not
77 disqualify a transaction under subclause (i) if such transaction
78 would have qualified under subclause (i) if the merger had been
79 into the controlling corporation, and no stock of the acquiring
80 corporation is used in the transaction;

81 (viii) A transaction otherwise qualifying under subclause (i)
82 shall not be disqualified by reason of the fact that stock of a cor-
83 poration (referred to in this subclause as the "controlling corpo-
84 tion") which before the merger was in control of the merged
85 corporation is used in the transaction, if after the transaction, the
86 corporation surviving the merger holds substantially all of its
87 properties and of the properties of the merged corporation (other
88 than stock of the controlling corporation distributed in the trans-
89 action); and in the transaction, former shareholders of the sur-
90 viving corporation exchanged, for an amount of voting stock of
91 the controlling corporation, an amount of stock in the surviving
92 corporation which constitutes control of such corporation.

93 For purposes of this clause, the term "control" means the own-
94 ership of stock possessing at least 80% of the total combined voting
95 power of all classes of stock entitled to vote and at least 80% of
96 the total number of shares of all other classes of stock of the cor-
97 poration.

98 For purposes of this clause, the term "a party to a reorganiza-
99 tion" includes a corporation resulting from a reorganization, and
100 both corporations, in the case of a reorganization resulting from
101 the acquisition by one corporation of stock or properties of another.
102 In the case of a reorganization qualifying under subclause (i) by
103 reason of subclause (vii) the term "a party to a reorganization"
104 includes the controlling corporation referred to in such subclause
105 (vii).

106 Notwithstanding any provisions hereof, upon every such ex-
107 change or conversion, the taxpayer's base for the stock or securi-

108 ties received shall be the same as the taxpayer's actual or attributed
 109 base for the stock, securities or property surrendered in exchange
 110 therefor.

111 d. Net gains or net income derived from or in the form of rents,
 112 royalties, patents, and copyrights.

113 e. Interest, except interest referred to in clauses (1) or (2) of
 114 section 54A:6-14 of this act.

115 f. Dividends. "Dividends" means any distribution in cash or
 116 property made by a corporation, association or business trust,
 117 (1) out of accumulated earnings and profits, or (2) out of earn-
 118 ings and profits of the year in which such dividend is paid.

119 g. Gambling winnings.

120 h. Net gains or income derived through estates or trusts.

121 i. Income in respect of a decedent.

122 j. Pensions and annuities except to the extent of exclusions in
 123 section 54A:6-10 [and] hereunder, notwithstanding the provisions
 124 of N. J. S. 18A:66-51, P. L. 1973, c. 140, s. 41 (C. 43:6A-41), P. L.
 125 1954, c. 84, s. 53 (C. 43:15A-53), P. L. 1944, c. 255, s. 17
 126 (C. 43:16A-17), [and] P. L. 1965, c. 89, s. 45 (C. 54:5A-45), R. S.
 127 43:10-14, P. L. 1943, c. 160, s. 22 (C. 43:10-18.22), P. L. 1948, c. 310,
 128 s. 22 (C. 43:10-18.71), P. L. 1954, c. 218, s. 32 (C. 43:13-22.34), P. L.
 129 1964, c. 275, s. 11 (C. 43:13-22.60), R. S. 43:10-57, P. L. 1938, c. 330,
 130 s. 13 (C. 43:10-105), R. S. 43:13-44 and, P. L. 1943, c. 189, s. 5
 131 (C. 43:13-37.5).

132 k. Distributive share of partnership income.

133 l. Amounts received as prizes and awards, except as provided
 134 in section 54A:6-8 and 54A:6-11 hereunder.

135 m. Rental value of a residence furnished by an employer or a
 136 rental allowance paid by an employer to provide a home.

137 n. Alimony and separate maintenance payments to the extent
 138 that such payments are required to be made under a decree of
 139 divorce or separate maintenance but not including payments for
 140 support of minor children.

1 2. N. J. S. 54A:6-10 is amended to read as follows:

2 54A:6-10. Pensions and annuities. Gross income shall not in-
 3 clude that part of any amount received as an annuity under an
 4 annuity, endowment, or life insurance contract which bears the
 5 same ratio to such amount as the investment in the contract as
 6 of the annuity starting date bears to the expected return under
 7 the contract as of such date. Where (1) part of the consideration
 8 for an annuity, endowment, or life insurance contract is contributed
 9 by the employer, and (2) during the 3-year period beginning on

10 the date on which an amount is first received under the contract
11 as an annuity, the aggregate amount receivable by the employee
12 under the terms of the contract is equal to or greater than the
13 consideration for the contract contributed by the employee, then
14 all amounts received as an annuity under the contract shall be
15 excluded from gross income until there has been so excluded an
16 amount equal to the consideration for the contract contributed by
17 the employee.

18 In addition to that part of any amount received as an annuity
19 which is excludable from gross income as herein provided, gross
20 income shall not include payments of up to \$10,000.00 for a married
21 couple filing jointly, \$5,000.00 for a married person filing sep-
22 arately or \$7,500.00 for a single taxpayer, which are received as
23 an annuity, endowment or life insurance contract, or payments
24 of any such amounts which are received as pension, disability, or
25 retirement benefits, under any public or private plan, whether the
26 consideration therefor is contributed by the employee or employer
27 or both, by any person who *is 60 years of age or older or who,*
28 **[either]** by virtue of **[age or]** disability, is or would be eligible
29 to receive payments under the Federal Social Security Act.

30 Gross income shall not include any amount received under any
31 public or private plan by reason of a permanent and total
32 disability.

1 3. (New section) Other retirement income. a. Gross income
2 shall not include income of up to \$10,000.00 for a married couple
3 filing jointly, \$5,000.00 for a married person filing separately or
4 \$7,500.00 for a single taxpayer, when received in any tax year by
5 a person aged 60 years or older who received no income in excess
6 of \$3,000.00 from one or more of the sources enumerated in sub-
7 sections a., b. and k. of N. J. S. 54A:5-1, provided, however, that
8 the total exclusion under this subsection and that allowable under
9 N. J. S. 54A:6-10 shall not exceed the amounts of the exclusions
10 set forth in this subsection.

11 b. In addition to the exclusion provided under N. J. S. 54A:6-10
12 and subsection a. of this section, gross income shall not include
13 income of up to \$6,000.00 for a married couple filing jointly or
14 \$3,000.00 for a single person or a married person filing separately
15 who is not covered under N. J. S. 54A:6-2 or N. J. S. 54A:6-3,
16 but who would be eligible in any year to receive payments under
17 either section if he or she were covered thereby.

1 4. This act shall take effect immediately and shall be retroactive
2 to January 1, 1977.

SENATE, No. 3330

STATE OF NEW JERSEY

INTRODUCED JUNE 27, 1977

By Senators RUSSO and PARKER

Referred to Committee on Revenue, Finance and Appropriations

AN ACT concerning certain exclusions from gross income under the "New Jersey Gross Income Tax Act," amending N. J. S. 54A:5-1 and N. J. S. 54A:6-10 and supplementing chapter 6 of Title 54A of the New Jersey Statutes.

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

1 1. N. J. S. 54A:5-1 is amended to read as follows:

2 54A:5-1. New Jersey Gross Income Defined. New Jersey gross
3 income shall consist of the following categories of income:

4 a. Salaries, wages, tips, fees, commissions, bonuses, and other
5 remuneration received for services rendered whether in cash or in
6 property;

7 b. Net profits from business. The net income from the opera-
8 tion of a business, profession, other activity, after provisions for
9 all costs and expenses incurred in the conduct thereof, determined
10 either on a cash or accrual basis in accordance with the method of
11 accounting allowed for Federal income tax purposes but without
12 deduction of taxes based on income;

13 c. Net gains or income from disposition of property. Net gains
14 or net income, less net losses, derived from the sale, exchange or
15 other disposition of property, including real or personal, whether
16 tangible or intangible as determined in accordance with the method
17 of accounting allowed for Federal income tax purposes. For the
18 purpose of determining gain or loss, the basis of property shall be
19 the adjusted basis used for Federal income tax purposes.

20 For the tax year 1976, any taxpayer with a tax liability under
21 this subsection, or under the "Tax on Capital Gains and Other
22 Unearned Income Act" (P. L. 1975, c. 172), shall not be subject
23 to payment of an amount greater than the amount he would have

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

24 paid if either return had covered all capital transactions during
25 the full tax year 1976; provided, however, that the rate which
26 shall apply to any capital gain shall be that in effect on the date
27 of the transaction. To the extent that any loss is used to offset
28 any gain under (P. L. 1975, c. 172) it shall not be used to offset
29 any gain under the "New Jersey Gross Income Tax Act" (P. L.
30 1976, c. 47).

31 The term "net gains or income" shall not include gains or in-
32 come derived from obligations which are referred to in clauses (1)
33 or (2) of section 54A:6-14 of this act. The term "net gains or net
34 income" shall not include gains or income from transactions to the
35 extent to which nonrecognition is allowed for Federal income tax
36 purposes. The term "sale, exchange or other disposition" shall not
37 include the exchange of stock or securities in a corporation a party
38 to a reorganization in pursuance of a plan of reorganization, solely
39 for stock or securities in such corporation or in another corporation
40 a party to the reorganization and the transfer of property to a
41 corporation by one or more persons solely in exchange for stock
42 or securities in such corporation if immediately after the exchange
43 such person or persons are in control of the corporation. For
44 purposes of this clause, stock or securities issued for services shall
45 not be considered as issued in return for property.

46 For purposes of this clause, the term "reorganization" means—

47 (i) A statutory merger or consolidation;

48 (ii) The acquisition by one corporation, in exchange solely for
49 all or a part of its voting stock (or in exchange solely for all or a
50 part of the voting stock of a corporation which is in control of the
51 acquiring corporation) of stock of another corporation if, immedi-
52 ately after the acquisition, the acquiring corporation has control
53 of such other corporation (whether or not such acquiring corpora-
54 tion had control immediately before the acquisition);

55 (iii) The acquisition by one corporation, in exchange solely for
56 all or a part of its voting stock (or in exchange solely for all or a
57 part of the voting stock of a corporation which is in control of the
58 acquiring corporation), of substantially all of the properties of
59 another corporation, but in determining whether the exchange is
60 solely for stock the assumption by the acquiring corporation of a
61 liability of the other, or the fact that property acquired is subject
62 to a liability, shall be disregarded;

63 (iv) A transfer by a corporation of all or a part of its assets to
64 another corporation if immediately after the transfer the trans-
65 feror, or one or more of its shareholders (including persons who

66 were shareholders immediately before the transfer), or any com-
67 bination thereof, is in control of the corporation to which the assets
68 are transferred;

69 (v) A recapitalization;

70 (vi) A mere change in identity, form, or place of organization
71 however effected; or

72 (vii) The acquisition by one corporation, in exchange for stock
73 of a corporation (referred to in this subclause as "controlling
74 corporation") which is in control of the acquiring corporation, of
75 substantially all of the properties of another corporation which in
76 the transaction is merged into the acquiring corporation shall not
77 disqualify a transaction under subclause (i) if such transaction
78 would have qualified under subclause (i) if the merger had been
79 into the controlling corporation, and no stock of the acquiring
80 corporation is used in the transaction;

81 (viii) A transaction otherwise qualifying under subclause (i)
82 shall not be disqualified by reason of the fact that stock of a cor-
83 poration (referred to in this subclause as the "controlling corpo-
84 tion") which before the merger was in control of the merged
85 corporation is used in the transaction, if after the transaction, the
86 corporation surviving the merger holds substantially all of its
87 properties and of the properties of the merged corporation (other
88 than stock of the controlling corporation distributed in the trans-
89 action); and in the transaction, former shareholders of the sur-
90 viving corporation exchanged, for an amount of voting stock of
91 the controlling corporation, an amount of stock in the surviving
92 corporation which constitutes control of such corporation.

93 For purposes of this clause, the term "control" means the own-
94 ership of stock possessing at least 80% of the total combined voting
95 power of all classes of stock entitled to vote and at least 80% of
96 the total number of shares of all other classes of stock of the cor-
97 poration.

98 For purposes of this clause, the term "a party to a reorganiza-
99 tion" includes a corporation resulting from a reorganization, and
100 both corporations, in the case of a reorganization resulting from
101 the acquisition by one corporation of stock or properties of another.
102 In the case of a reorganization qualifying under subclause (i) by
103 reason of subclause (vii) the term "a party to a reorganization"
104 includes the controlling corporation referred to in such subclause
105 (vii).

106 Notwithstanding any provisions hereof, upon every such ex-
107 change or conversion, the taxpayer's base for the stock or securi-

108 ties received shall be the same as the taxpayer's actual or attributed
109 base for the stock, securities or property surrendered in exchange
110 therefor.

111 d. Net gains or net income derived from or in the form of rents,
112 royalties, patents, and copyrights.

113 e. Interest, except interest referred to in clauses (1) or (2) of
114 section 54A:6-14 of this act.

115 f. Dividends. "Dividends" means any distribution in cash or
116 property made by a corporation, association or business trust,
117 (1) out of accumulated earnings and profits, or (2) out of earn-
118 ings and profits of the year in which such dividend is paid.

119 g. Gambling winnings.

120 h. Net gains or income derived through estates or trusts.

121 i. Income in respect of a decedent.

122 j. Pensions and annuities except to the extent of exclusions in
123 section 54A:6-10 [and] hereunder, notwithstanding the provisions
124 of N. J. S. 18A:66-51, P. L. 1973, c. 140, s. 41 (C. 43:6A-41), P. L.
125 1954, c. 84, s. 53 (C. 43:15A-53), P. L. 1944, c. 255, s. 17
126 (C. 43:16A-17), [and] P. L. 1965, c. 89, s. 45 (C. 54:5A-45), *R. S.*
127 *43:10-14*, *P. L. 1943, c. 160, s. 22 (C. 43:10-18.22)*, *P. L. 1948, c. 310,*
128 *s. 22 (C. 43:10-18.71)*, *P. L. 1954, c. 218, s. 32 (C. 43:13-22.34)*, *P. L.*
129 *1964, c. 275, s. 11 (C. 43:13-22.60)*, *R. S. 43:10-57*, *P. L. 1938, c. 330,*
130 *s. 13 (C. 43:10-105)*, *R. S. 43:13-44 and, P. L. 1943, c. 189, s. 5*
131 *(C. 43:13-37.5)*.

132 k. Distributive share of partnership income.

133 l. Amounts received as prizes and awards, except as provided
134 in section 54A:6-8 and 54A:6-11 hereunder.

135 m. Rental value of a residence furnished by an employer or a
136 rental allowance paid by an employer to provide a home.

137 n. Alimony and separate maintenance payments to the extent
138 that such payments are required to be made under a decree of
139 divorce or separate maintenance but not including payments for
140 support of minor children.

1 2. N. J. S. 54A:6-10 is amended to read as follows:

2 54A:6-10. Pensions and annuities. Gross income shall not in-
3 clude that part of any amount received as an annuity under an
4 annuity, endowment, or life insurance contract which bears the
5 same ratio to such amount as the investment in the contract as
6 of the annuity starting date bears to the expected return under
7 the contract as of such date. Where (1) part of the consideration
8 for an annuity, endowment, or life insurance contract is contributed
9 by the employer, and (2) during the 3-year period beginning on

10 the date on which an amount is first received under the contract
11 as an annuity, the aggregate amount receivable by the employee
12 under the terms of the contract is equal to or greater than the
13 consideration for the contract contributed by the employee, then
14 all amounts received as an annuity under the contract shall be
15 excluded from gross income until there has been so excluded an
16 amount equal to the consideration for the contract contributed by
17 the employee.

18 In addition to that part of any amount received as an annuity
19 which is excludable from gross income as herein provided, gross
20 income shall not include payments of up to \$10,000.00 for a married
21 couple filing jointly, \$5,000.00 for a married person filing sep-
22 arately or \$7,500.00 for a single taxpayer, which are received as
23 an annuity, endowment or life insurance contract, or payments
24 of any such amounts which are received as pension, disability, or
25 retirement benefits, under any public or private plan, whether the
26 consideration therefor is contributed by the employee or employer
27 or both, by any person who *is 60 years of age or older or who,*
28 **[either]** by virtue of **[age or]** disability, is or would be eligible
29 to receive payments under the Federal Social Security Act.

30 Gross income shall not include any amount received under any
31 public or private plan by reason of a permanent and total
32 disability.

1 3. (New section) Other retirement income. a. Gross income
2 shall not include income of up to \$10,000.00 for a married couple
3 filing jointly, \$5,000.00 for a married person filing separately or
4 \$7,500.00 for a single taxpayer, when received in any tax year by
5 a person aged 60 years or older who received no income in excess
6 of \$3,000.00 from one or more of the sources enumerated in sub-
7 sections a., b. and k. of N. J. S. 54A:5-1, provided, however, that
8 the total exclusion under this subsection and that allowable under
9 N. J. S. 54A:6-10 shall not exceed the amounts of the exclusions
10 set forth in this subsection.

11 b. In addition to the exclusion provided under N. J. S. 54A:6-10
12 and subsection a. of this section, gross income shall not include
13 income of up to \$6,000.00 for a married couple filing jointly or
14 \$3,000.00 for a single person or a married person filing separately
15 who is not covered under N. J. S. 54A:6-2 or N. J. S. 54A:6-3,
16 but who would be eligible in any year to receive payments under
17 either section if he or she were covered thereby.

1 4. This act shall take effect immediately and shall be retroactive
2 to January 1, 1977.

STATEMENT

This bill provides an exclusion with respect to retirement income equal to the exclusion provided for pension income pursuant to N. J. S. 54A:6-10, and is designed to provide equality in the granting of exclusions to retirants. The bill provides that the total exclusion allowed to any person under N. J. S. 54A:6-10 or of subsection 3, a. of this bill cannot exceed the amount of the exclusion set forth in subsection 3. a. of this bill.

Subsection 3. b. provides an additional exclusion in an amount of \$6,000.00 for a married couple filing jointly or \$3,000.00 for a single person or a married person filing separately. This exclusion is limited to those who do not receive Federal social security benefits or railroad retirement benefits but who would have received these benefits had they been covered under the Federal Social Security Act or the Railroad Retirement Act.

The amendment to N. J. S. 54A:5-1 is corrective legislation providing for the uniform treatment under the Gross Income Tax Act of all public pension benefits.

SENATE REVENUE, FINANCE AND APPROPRIATIONS
COMMITTEE

STATEMENT TO
SENATE, No. 3330
with committee amendments

STATE OF NEW JERSEY

DATED: SEPTEMBER 19, 1977

This bill provides an exclusion with respect to retirement income equal to the exclusion provided for pension income pursuant to N. J. S. 54A:6-10, and is designed to provide equality in the granting of exclusions to retirants. The bill provides that the total exclusion allowed to any person under N. J. S. 54A:6-10 or of subsection 3, a. of this bill cannot exceed the amount of the exclusion set forth in subsection 3. a. of this bill.

Subsection 3. b. provides an additional exclusion in an amount of \$6,000.00 for a married couple filing jointly or \$3,000.00 for a single person or a married person filing separately. This exclusion is limited to those who do not receive Federal social security benefits or railroad retirement benefits but who would have received these benefits had they been covered under the Federal Social Security Act or the Railroad Retirement Act.

The amendment to N. J. S. 54A:5-1 is corrective legislation providing for the uniform treatment under the Gross Income Tax Act of all public pension benefits.

COMMITTEE AMENDMENT

Committee amendments are technical in nature changing from 60 to 62 the age for qualification for the exemption to bring that section of the New Jersey Income Tax law into compliance with the Social Security Act.

FISCAL IMPACT

After discussion with the Division of Taxation and consideration of IRS data for qualifying groups, the committee estimates revenue loss to be an approximate \$3,000,000.00 annually.

OCTOBER 27, 1977

FOR FURTHER INFORMATION

FOR IMMEDIATE RELEASE

ANNE BURNS

Governor Brendan Byrne today signed into law S-3330 sponsored by Senator John F. Russo, D-Ocean, at the Greenbriar Retirement Community in Bricktown.

The bill amends the New Jersey Gross Income Tax Act. It provides for an exclusion from gross income for retirement income. This exclusion will be equal to the one already provided for pensions income. The bill is intended to end the distinction for those who have saved for retirement through savings or investments and may not be covered by pension plans.

Prior to this legislation, senior citizens (62 years of age or older) were allowed to exclude up to \$10,000 from their gross income if they were married and filing jointly or up to \$7,500 if they were single if that income was received from an annuity or pension plan.

Under the bill signed today, these exclusions will be extended to income from sources other than pensions or annuities, such as interest from savings accounts and bonds or dividends from stocks.

The exclusion is available to anyone who is 62 years of age or older provided that his income from wages, net profits from business and partnerships does not exceed \$3,000.

Under this bill, senior citizens who are not members of the Federal Social Security System or the Railroad Retirement Program are also eligible to take an additional exclusion of \$6,000 for a married couple who file jointly and \$3,000 for a single person. This provision is intended to give comparable exclusions to people without Social Security since the average annual Social Security payments total \$6,000 for a couple.

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