

54:8B-3 AND 5

LEGISLATIVE HISTORY CHECKLIST

NJSA 54:8B-3; 54:8B-5

Laws of 1975 Chapter 378

Bill No. A3621

Sponsor(s) Ruane & others

Date Introduced July 30, 1975

Committee: Assembly -

Senate -

Amended during passage Yes

~~NO~~ Amendments during passage denoted by asterisks.

Date of passage: Assembly August 1, 1975

Senate August 4, 1975

Date of approval March 3, 1976

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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CHAPTER 378 LAWS OF N. J. 19 75
APPROVED 3-3-76

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ASSEMBLY, No. 3621

STATE OF NEW JERSEY

INTRODUCED JULY 30, 1975

By Assemblymen RUANE, HAMILTON, LEFANTE, Assemblywoman
WILSON and Assemblyman BARBOUR

(Without Reference)

AN ACT to amend the "Tax on Capital Gains and Other Unearned
Income Tax Act" awaiting action by the Governor.

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

1 1. Section 3 of the act of which this act is amendatory is amended
2 to read as follows:

3 3. Imposition of tax.

4 a. A tax is hereby imposed upon unearned income earned, re-
5 ceived or constructively accrued or credited to the taxpayer during
6 his taxable year, subject to the exemptions allowed under this act.
7 The exemptions allowed under this act shall first be deducted from
8 the total unearned income subject to tax and the remainder shall
9 be subject to the rate schedule set forth in this section. There
10 shall then be deducted from the amount of tax so determined the
11 tax on interest and dividends at one-half the rates set forth in this
12 section.

13 If unearned income is:	The tax is:
14 Not over \$1,000	1.5% of the taxable income
15 Over \$ 1,000 but not over \$ 3,000	\$ 15 plus 2.0% of excess over \$ 1,000
16 Over 3,000 but not over 5,000	55 plus 2.5% of excess over 3,000
17 Over 5,000 but not over 7,000	105 plus 3.0% of excess over 5,000
18 Over 7,000 but not over 9,000	165 plus 3.5% of excess over 7,000
19 Over 9,000 but not over 11,000	235 plus 4.0% of excess over 9,000
20 Over 11,000 but not over 13,000	315 plus 4.5% of excess over 11,000
21 Over 13,000 but not over 15,000	405 plus 5.0% of excess over 13,000
22 Over 15,000 but not over 17,000	505 plus 5.5% of excess over 15,000
23 Over 17,000 but not over 19,000	615 plus 6.0% of excess over 17,000
24 Over 19,000 but not over 21,000	735 plus 6.5% of excess over 19,000
25 Over 21,000 but not over 23,000	865 plus 7.0% of excess over 21,000
26 Over 23,000 but not over 25,000	1,005 plus 7.5% of excess over 23,000
27 Over 25,000	1,155 plus 8.0% of excess over 25,000

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

28 b. Any taxpayer and spouse whose adjusted gross income as
 29 defined by the director consistent with section 62 of the Internal
 30 Revenue Code plus interest on governmental obligations as defined
 31 in section 2 of this act and long-term capital gains otherwise ex-
 32 cluded, is less than *~~[\$15,000.00]~~* *\$30,000.00*, or in case of an
 33 individual taxpayer is less than *~~[\$7,500.00]~~* *\$15,000.00*, shall
 34 not be required to file any return, and is exempt from tax under
 35 this act provided, however, that the director may require any per-
 36 son to file an information return.

1 2. Section 5 of the act of which this act is amendatory is amended
 2 to read as follows:

3 5. Exemption allowed senior citizens, **widows, widowers, and*
 4 *persons entitled to disability benefits under the Federal Social*
 5 *Security Act** for gain from sale of home. Every husband and
 6 wife, and each other person, described as a taxpayer in this act
 7 shall, in addition to the exemptions allowed under the provisions
 8 of this act, be allowed an exemption and deduction from the amount
 9 of gains from the sale or exchange of capital assets for any tax-
 10 able year which are subject to the tax imposed hereunder in the
 11 amount of any gain for such taxable year included in net gains
 12 from the sale or exchange of capital assets for Federal Income Tax
 13 purposes, arising from the sale of a residence in such taxable year,
 14 but **not in excess of \$75,000.00 and** only if (A) either of such
 15 spouses or both, or said other person, had attained the age of 65
 16 years on the date of such sale*, *or is a widow or widower, or is a*
 17 *person entitled to disability benefits under the Federal Social*
 18 *Security Act and all amendments and supplements thereto,** and
 19 had owned and used such residence as principal residence for at
 20 least 5 years of the 8 years immediately preceding the date of such
 21 sale and (B) said gain is the first such gain for such taxpayer with
 22 respect to the sale of such a residence on or after January 1, 1975.
 23 If the exemption provided for in this section is availed of by a
 24 taxpayer in or for any taxable year, no such exemption shall be
 25 allowed with respect to such taxpayer or a spouse thereof in any
 26 subsequent taxable year. For the purposes of this section, the word
 27 "sale" means a "sale," "exchange," "transaction" or "event"
 28 through which the taxpayer is divested of all interest in his
 29 residence.

1 3. This act shall take effect immediately but shall remain in-
 2 operative until 1975 Assembly No. 3556 is enacted into law.

ASSEMBLY NO. 3621
 STATE OF NEW JERSEY
 INTRODUCED JULY 30, 1975 BY ASSEMBLYMEN
 RUANE, HAMILTON, LeFANTE, WILSON AND BARBOUR
 (WITHOUT REFERENCE)

An Act to amend the "Tax on Capital Gains and Other Unearned Income Tax Act" awaiting action by the Governor.

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

1. Section 3 of the act of which this act is amendatory is amended to read as follows:

3. Imposition of tax.

a. A tax is hereby imposed upon unearned income earned, received or constructively accrued or credited to the taxpayer during his taxable year, subject to the exemptions allowed under this act. *The exemptions allowed under this act shall first be deducted from the total unearned income subject to tax and the remainder shall be subject to the rate schedule set forth in this section. There shall then be deducted from the amount of tax so determined the tax on interest and dividends at one-half the rates set forth in this section.*

*taken from
A. 3556
State Reprint*

*All income
except
interest
which is
underscored*

If unearned income is:	The tax is:
Not over \$1,000	1.5% of the taxable income
Over \$ 1,000 but not over \$ 3,000	\$ 15 plus 2.0% of excess over \$ 1,000
Over 3,000 but not over 5,000	55 plus 2.5% of excess over 3,000
Over 5,000 but not over 7,000	105 plus 3.0% of excess over 5,000
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Over 23,000 but not over 25,000	1,005 plus 7.5% of excess over 23,000
Over 25,000	1,155 plus 8.0% of excess over 25,000

b. Any taxpayer and spouse whose adjusted gross income as defined by

the director consistent with section 62 of the Internal Revenue Code plus interest on governmental obligations as defined in section 2 of this act and long-term capital gains otherwise excluded

is less than \$15,000.00, or in case of an individual taxpayer is less than \$7,500.00 shall not be required to file any return, and is exempt from tax under this act provided, however, that the director may require any person to file an information return.

All income except marital which is unascertained

-- \$30,000.00
-- \$15,000.00

2. Section 5 of the act of which this act is amendatory is amended to read as follows:

5. Exemption allowed senior citizens for gain from sale of home. Every husband and wife, and each other person, described as a taxpayer in this act shall, in addition to the exemptions allowed under the provisions of this act, be allowed an exemption and deduction from the amount of gains from the sale or exchange of capital assets for any taxable year which are subject to the tax imposed hereunder in the amount of any gain for such taxable year included in net gains from the sale or exchange of capital assets for Federal income tax purposes, arising from the sale of a residence in such taxable year, but only if (A) either of such spouses or both, or said other person, had attained the age of 65 years on the date of such sale and had owned and used such residence as principal residence for at least 5 years of the 8 years immediately preceding the date of such sale and (B) said gain is the first such gain for such taxpayer with respect to the sale of such a residence on or after January 1, 1975. If the exemption provided for in this section is availed of by a taxpayer in or for any taxable year, no such exemption shall be allowed with respect to such taxpayer or a spouse thereof in any subsequent taxable year. For the purposes of this section, the word "sale" means a "sale," "exchange," "transaction" or "event" through which the taxpayer is divested of all interest in his residence.

widows, widowers, and persons entitled to disability benefits under the Federal Social Security Act

, or is a widow or widower, or is a person entitled to disability benefits under the Federal Social Security Act and all amendments and supplements thereto,

3. This act shall take effect immediately but shall remain inoperative until 1975 Assembly No. 3556 is enacted into law.

A 3621 (1975)

STATEMENT

The purpose of this act is to raise the adjusted gross income threshold above which a tax shall be imposed upon unearned income. Such threshold is increased to \$30,000.00 in the case of taxpayers filing joint returns and \$15,000.00 in the case of individual taxpayers.

It also provides an exemption for gain from the sale of homes for widows, widowers, and persons entitled to receive disability benefits under the Federal Social Security Act in addition to the exemption already provided for certain senior citizens.

ASSEMBLY AMENDMENT TO
ASSEMBLY, No. 3621
[TYPED COPY]

STATE OF NEW JERSEY

ADOPTED JULY 30, 1975

Amend page 2, section 2, line 12, after "but", insert "not in excess of \$75,000.00 and".