

43:21-4.2

LEGISLATIVE HISTORY CHECKLIST

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LAWS OF: 2005 **CHAPTER:** 210

NJSA: 43:21-4 (Requires notification of certain persons of availability of federal earned income tax credit and NJ earned income tax credit)

BILL NO: S753

SPONSOR(S): Turner

DATE INTRODUCED: February 5, 2004

COMMITTEE: **ASSEMBLY:** Budget

SENATE: Budget and Appropriations

AMENDED DURING PASSAGE: Yes

DATE OF PASSAGE: **ASSEMBLY:** June 30, 2005

SENATE: May 12, 2005

DATE OF APPROVAL: August 29, 2005

FOLLOWING ARE ATTACHED IF AVAILABLE:

[FINAL TEXT OF BILL](#) (1st reprint enacted)

S753

[SPONSOR'S STATEMENT:](#) (Begins on page 5 of original bill) [Yes](#)

COMMITTEE STATEMENT: [ASSEMBLY:](#) [Yes](#)

[SENATE:](#) [Yes](#)

FLOOR AMENDMENT STATEMENT: No

[LEGISLATIVE FISCAL ESTIMATE:](#) [Yes](#)

VETO MESSAGE: No

GOVERNOR'S PRESS RELEASE ON SIGNING: No

FOLLOWING WERE PRINTED:

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REPORTS: No

HEARINGS: No

NEWSPAPER ARTICLES: No

IS 10/10/07

§1 - C.43:21-4.2
§2 - C.30:1-2.5
§3 - C.52:27D-3.5
§4 - C.52:18-11.3

P.L. 2005, CHAPTER 210, *approved August 29, 2005*
Senate, No. 753 (*First Reprint*)

1 **AN ACT** requiring the notification of certain persons of the availability
2 of the federal earned income tax credit and the New Jersey earned
3 income tax credit, supplementing chapter 21 of Title 43 of the
4 Revised Statutes, chapter 1 of Title 30 of the Revised Statutes,
5 P.L.1966, c.293 (C.52:27D-1 et seq.), and P.L.1948, c.92
6 (C.52:18A-1 et seq.) and amending N.J.S.54A:7-2.

7
8 **BE IT ENACTED** by the Senate and General Assembly of the State
9 of New Jersey:

10

11 1. (New section) The Commissioner of Labor ¹and Workforce
12 Development¹ shall notify in writing any person who received
13 unemployment compensation pursuant to R.S.43:21-1 et seq. of the
14 availability of the earned income tax credit provided in section 32 of
15 the federal Internal Revenue Code of 1986, 26 U.S.C. s.32, and the
16 New Jersey earned income tax credit provided in section 2 of
17 P.L.2000, c.80 (C.54A:4-7). The written notification shall use the
18 statement developed by the State Treasurer pursuant to section 4 of
19 P.L. , c. (C.)(pending before the Legislature as this bill) for
20 this purpose. The notification shall be distributed in a manner deemed
21 by the commissioner to be the most practicable and cost effective, but
22 that will ensure personal notification of each person. The notification
23 shall be distributed between January 1 and February 15 of each
24 calendar year following the calendar year in which the person received
25 the unemployment compensation.

26

27 2. (New section) The Commissioner of Human Services shall
28 notify in writing any person over 18 years of age of the availability of
29 the earned income tax credit provided in section 32 of the federal
30 Internal Revenue Code of 1986, 26 U.S.C. s.32, and the New Jersey
31 earned income tax credit provided in section 2 of P.L.2000, c.80
32 (C.54A:4-7), if the person:

33 a. received food stamps under the Food Stamp Program authorized
34 by Title XIII of the "Food and Agriculture Act of 1977," Pub. L.
35 95-113 (7 U.S.C. s.2011 et seq.);

36 b. received assistance under the "Work First New Jersey General
37 Public Assistance Act," P.L.1947, c.156 (C.44:8-107 et seq.);

38 c. received assistance from the Work First New Jersey program for
39 dependent children and their parents under P.L.1997, c.38 (C.44:10-55
40 et seq.);

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

Matter underlined thus is new matter.

Matter enclosed in superscript numerals has been adopted as follows:

¹ Senate SBA committee amendments adopted March 7, 2005.

1 d. participated in the "New Jersey Medical Assistance and Health
2 Services Program," P.L.1968, c.413 (C.30:4D-1 et seq.);

3 e. received aid under the Supplemental Security Income Program
4 established pursuant to Title XVI of the federal Social Security Act,
5 42 U.S.C. s.1381 et seq.; or

6 f. was a foster parent as defined in P.L.1951, c.138 (C.30:4C-1 et
7 seq.).

8 The written notification shall use the statement developed by the
9 State Treasurer pursuant to section 4 of P.L. , c. (C.)
10 (pending before the Legislature as this bill) for this purpose. The
11 notification shall be distributed in a manner deemed by the
12 commissioner to be the most practicable and cost effective, but that
13 will ensure personal notification of each person. The commissioner
14 shall take such reasonable actions as may be necessary to avoid the
15 distribution of more than one notice to a person who was the recipient
16 of or participated in two or more of the programs listed in this section.
17 The notification shall be distributed between January 1 and February
18 15 of each calendar year following the calendar year in which the
19 person was a recipient or participant, or foster parent. If the recipient,
20 participant or foster parent was a married couple, only one notice
21 addressed to either the husband or wife, or both, shall be required.
22

23 3. (New section) The Commissioner of Community Affairs shall
24 notify in writing any person who received rental assistance under the
25 program authorized pursuant to section 8 of the United States Housing
26 Act of 1937 as added by the Housing and Community Development
27 Act of 1974, Pub. L.93-383 (42 U.S.C. s.1437f) of the availability of
28 the earned income tax credit provided in section 32 of the federal
29 Internal Revenue Code of 1986, 26 U.S.C. s.32, and the New Jersey
30 earned income tax credit provided in section 2 of P.L.2000, c.80
31 (C.54A:4-7). The written notification shall use the statement
32 developed by the State Treasurer pursuant to section 4 of P.L. ,
33 c. (C.)(pending before the Legislature as this bill) for this
34 purpose. The notification shall be distributed in a manner deemed by
35 the commissioner to be the most practicable and cost effective, but
36 that will ensure personal notification of each person. The notification
37 shall be distributed between January 1 and February 15 of each
38 calendar year following the calendar year in which the person or
39 couple received the assistance. The commissioner shall consult
40 annually with the Commissioner of Human Services in an effort to take
41 such reasonable actions as may be necessary to avoid the distribution
42 of more than one notice to a person who is eligible to receive a notice
43 under this section and section 2 of P.L. c. (C.)(pending
44 before the Legislature as this bill). If the recipient of the assistance
45 was a married couple, only one notice addressed to either the husband
46 or wife, or both, shall be required.

1 4. (New section) The State Treasurer shall develop a written
2 statement informing a recipient as specified in sections 1 through 3 of
3 P.L. ,c. (C.) (pending before the Legislature as this bill), of the
4 availability of the earned income tax credit under the provisions of
5 section 32 of the federal Internal Revenue Code of 1986, 26 U.S.C.
6 s.32, and the New Jersey earned income tax credit provided in section
7 2 of P.L.2000, c.80 (C.54A:4-7), for distribution pursuant to sections
8 1, 2 and 3 of P.L. , c. (C.)(pending before the Legislature as this
9 bill) and subsection b. of N.J.S.54A:7-2.

10
11 5. N.J.S.54A:7-2 is amended to read as follows:

12 54A:7-2. a. Every employer or payor of a pension or annuity
13 required to deduct and withhold tax under this act from the wages of
14 an employee or from the payment of a pension or annuity, or an
15 employer who would have been required so to deduct and withhold tax
16 if an employee had claimed no more than one withholding exemption,
17 shall furnish to each such employee, or pension or annuity recipient or
18 the estate thereof, in respect of the wages or pension or annuity
19 payments paid by such employer or payor to such employee or pension
20 or annuity recipient during the calendar year on or before February 15
21 of the succeeding year, or, if his employment or pension or annuity is
22 terminated before the close of such calendar year, within 30 days from
23 the date on which the last payment of the wages or pension or annuity
24 is made, a written statement as prescribed by the director showing the
25 amount of wages or pension or annuity payments paid by the employer
26 or payor to the employee or pension or annuity recipient, the cost of
27 commuter transportation benefits, as defined pursuant to section 3 of
28 P.L.1992, c.32 (C.27:26A-3), excludable by the employee pursuant to
29 section 1 of P.L.1993, c.108 (C.54A:6-23), and the cost of such
30 benefits not so excludable, provided by the employer to the employee,
31 the amount deducted and withheld as tax, the amount deducted and
32 withheld as worker contributions for unemployment and disability
33 insurance as provided under the New Jersey "Unemployment
34 Compensation Law," and such other information as the director shall
35 prescribe.

36 b. In addition to the statement furnished pursuant to subsection a.
37 of this section, each employer shall notify an employee in writing of
38 the availability of the earned income tax credit under the provisions of
39 section 32 of the federal Internal Revenue Code of 1986, 26 U.S.C.
40 s.32, and the New Jersey earned income tax credit provided in section
41 2 of P.L.2000, c.80 (C.54A:4-7). The written notification shall use
42 the statement developed by the State Treasurer pursuant to section 4
43 of P.L. , c. (C.) (pending before the Legislature as this
44 bill) for this purpose. The employer shall notify only those employees
45 whom the employer knows, or reasonably believes, may be eligible for
46 the federal credit based on the wages reported on the statement

1 distributed pursuant to subsection a. of this section.

2 (cf: P.L.1993, c.108, s.2)

3

4 6. This act shall take effect immediately.

5

6

7

8

9 Requires notification of certain persons of availability of federal earned
10 income tax credit and New Jersey earned income tax credit.

SENATE, No. 753

STATE OF NEW JERSEY
211th LEGISLATURE

INTRODUCED FEBRUARY 5, 2004

Sponsored by:
Senator SHIRLEY K. TURNER
District 15 (Mercer)

SYNOPSIS

Requires notification of certain persons of availability of federal earned income tax credit and New Jersey earned income tax credit.

CURRENT VERSION OF TEXT

As introduced.



1 **AN ACT** requiring the notification of certain persons of the availability
2 of the federal earned income tax credit and the New Jersey earned
3 income tax credit, supplementing chapter 21 of Title 43 of the
4 Revised Statutes, chapter 1 of Title 30 of the Revised Statutes,
5 P.L.1966, c.293 (C.52:27D-1 et seq.), and P.L.1948, c.92
6 (C.52:18A-1 et seq.) and amending N.J.S.54A:7-2.

7
8 **BE IT ENACTED** by the Senate and General Assembly of the State
9 of New Jersey:

10
11 1. (New section) The Commissioner of Labor shall notify in
12 writing any person who received unemployment compensation
13 pursuant to R.S.43:21-1 et seq. of the availability of the earned income
14 tax credit provided in section 32 of the federal Internal Revenue Code
15 of 1986, 26 U.S.C. s.32, and the New Jersey earned income tax credit
16 provided in section 2 of P.L.2000, c.80 (C.54A:4-7). The written
17 notification shall use the statement developed by the State Treasurer
18 pursuant to section 4 of P.L. , c. (C.)(pending before the
19 Legislature as this bill) for this purpose. The notification shall be
20 distributed in a manner deemed by the commissioner to be the most
21 practicable and cost effective, but that will ensure personal notification
22 of each person. The notification shall be distributed between January
23 1 and February 15 of each calendar year following the calendar year
24 in which the person received the unemployment compensation.

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26 2. (New section) The Commissioner of Human Services shall
27 notify in writing any person over 18 years of age of the availability of
28 the earned income tax credit provided in section 32 of the federal
29 Internal Revenue Code of 1986, 26 U.S.C. s.32, and the New Jersey
30 earned income tax credit provided in section 2 of P.L.2000, c.80
31 (C.54A:4-7), if the person:

32 a. received food stamps under the Food Stamp Program authorized
33 by Title XIII of the "Food and Agriculture Act of 1977," Pub. L.
34 95-113 (7 U.S.C. s.2011 et seq.);

35 b. received assistance under the "Work First New Jersey General
36 Public Assistance Act," P.L.1947, c.156 (C.44:8-107 et seq.);

37 c. received assistance from the Work First New Jersey program for
38 dependent children and their parents under P.L.1997, c.38 (C.44:10-55
39 et seq.);

40 d. participated in the "New Jersey Medical Assistance and Health
41 Services Program," P.L.1968, c.413 (C.30:4D-1 et seq.);

42 e. received aid under the Supplemental Security Income Program
43 established pursuant to Title XVI of the federal Social Security Act,
44 42 U.S.C. s.1381 et seq.; or

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

Matter underlined thus is new matter.

1 f. was a foster parent as defined in P.L.1951, c.138 (C.30:4C-1 et
2 seq.).

3 The written notification shall use the statement developed by the
4 State Treasurer pursuant to section 4 of P.L. , c. (C.)
5 (pending before the Legislature as this bill) for this purpose. The
6 notification shall be distributed in a manner deemed by the
7 commissioner to be the most practicable and cost effective, but that
8 will ensure personal notification of each person. The commissioner
9 shall take such reasonable actions as may be necessary to avoid the
10 distribution of more than one notice to a person who was the recipient
11 of or participated in two or more of the programs listed in this section.
12 The notification shall be distributed between January 1 and February
13 15 of each calendar year following the calendar year in which the
14 person was a recipient or participant, or foster parent. If the recipient,
15 participant or foster parent was a married couple, only one notice
16 addressed to either the husband or wife, or both, shall be required.
17

18 3. (New section) The Commissioner of Community Affairs shall
19 notify in writing any person who received rental assistance under the
20 program authorized pursuant to section 8 of the United States Housing
21 Act of 1937 as added by the Housing and Community Development
22 Act of 1974, Pub. L.93-383 (42 U.S.C. s.1437f) of the availability of
23 the earned income tax credit provided in section 32 of the federal
24 Internal Revenue Code of 1986, 26 U.S.C. s.32, and the New Jersey
25 earned income tax credit provided in section 2 of P.L.2000, c.80
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27 developed by the State Treasurer pursuant to section 4 of P.L. ,
28 c. (C.)(pending before the Legislature as this bill) for this
29 purpose. The notification shall be distributed in a manner deemed by
30 the commissioner to be the most practicable and cost effective, but
31 that will ensure personal notification of each person. The notification
32 shall be distributed between January 1 and February 15 of each
33 calendar year following the calendar year in which the person or
34 couple received the assistance. The commissioner shall consult
35 annually with the Commissioner of Human Services in an effort to take
36 such reasonable actions as may be necessary to avoid the distribution
37 of more than one notice to a person who is eligible to receive a notice
38 under this section and section 2 of P.L. c. (C.)(pending
39 before the Legislature as this bill). If the recipient of the assistance
40 was a married couple, only one notice addressed to either the husband
41 or wife, or both, shall be required.
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44 statement informing a recipient as specified in sections 1 through 3 of
45 P.L. ,c. (C.) (pending before the Legislature as this bill), of the
46 availability of the earned income tax credit under the provisions of

S753 TURNER

1 section 32 of the federal Internal Revenue Code of 1986, 26 U.S.C.
2 s.32, and the New Jersey earned income tax credit provided in section
3 2 of P.L.2000, c.80 (C.54A:4-7), for distribution pursuant to sections
4 1, 2 and 3 of P.L. , c. (C.) (pending before the Legislature as this
5 bill) and subsection b. of N.J.S.54A:7-2.

6

7 5. N.J.S.54A:7-2 is amended to read as follows:

8 54A:7-2. a. Every employer or payor of a pension or annuity
9 required to deduct and withhold tax under this act from the wages of
10 an employee or from the payment of a pension or annuity, or an
11 employer who would have been required so to deduct and withhold tax
12 if an employee had claimed no more than one withholding exemption,
13 shall furnish to each such employee, or pension or annuity recipient or
14 the estate thereof, in respect of the wages or pension or annuity
15 payments paid by such employer or payor to such employee or pension
16 or annuity recipient during the calendar year on or before February 15
17 of the succeeding year, or, if his employment or pension or annuity is
18 terminated before the close of such calendar year, within 30 days from
19 the date on which the last payment of the wages or pension or annuity
20 is made, a written statement as prescribed by the director showing the
21 amount of wages or pension or annuity payments paid by the employer
22 or payor to the employee or pension or annuity recipient, the cost of
23 commuter transportation benefits, as defined pursuant to section 3 of
24 P.L.1992, c.32 (C.27:26A-3), excludable by the employee pursuant to
25 section 1 of P.L.1993, c.108 (C.54A:6-23), and the cost of such
26 benefits not so excludable, provided by the employer to the employee,
27 the amount deducted and withheld as tax, the amount deducted and
28 withheld as worker contributions for unemployment and disability
29 insurance as provided under the New Jersey "Unemployment
30 Compensation Law," and such other information as the director shall
31 prescribe.

32 b. In addition to the statement furnished pursuant to subsection a.
33 of this section, each employer shall notify an employee in writing of
34 the availability of the earned income tax credit under the provisions of
35 section 32 of the federal Internal Revenue Code of 1986, 26 U.S.C.
36 s.32, and the New Jersey earned income tax credit provided in section
37 2 of P.L.2000, c.80 (C.54A:4-7). The written notification shall use
38 the statement developed by the State Treasurer pursuant to section 4
39 of P.L. , c. (C.) (pending before the Legislature as this
40 bill) for this purpose. The employer shall notify only those employees
41 whom the employer knows, or reasonably believes, may be eligible for
42 the federal credit based on the wages reported on the statement
43 distributed pursuant to subsection a. of this section.

44 (cf: P.L.1993, c.108, s.2)

45

46 6. This act shall take effect immediately.

STATEMENT

1
2
3 This bill requires public and private employers and the
4 Commissioners of Labor, Human Services and Community Affairs to
5 notify annually certain individuals of the availability of the federal
6 earned income tax credit and the New Jersey earned income tax credit.

7 *Background.* The federal earned income tax credit is available to
8 a qualifying low-income worker to reduce the amount of the worker's
9 federal income tax liability; any credit in excess of tax owed is
10 refundable to the worker. A low-income worker may receive a refund
11 of the credit even if the worker does not owe any federal income tax.
12 The federal earned income tax credit is available to low-income
13 workers with at least one unmarried child or stepchild who resides
14 with the worker and is under age 19 (24 if a student) or permanently
15 and totally disabled. It is also available to a qualifying low-income
16 worker between 25 and 65 years of age regardless of whether there are
17 one or more qualifying children in the worker's household. The credit
18 is generally based on the income that a person earns from working for
19 someone else or from self-employment.

20 The New Jersey earned income tax credit is available to residents
21 who (1) for federal tax purposes file as head of household, surviving
22 spouse, or married filing jointly, (2) have annual gross income (or
23 combined gross income, as the case may be) not exceeding \$20,000,
24 and (3) are eligible in the same taxable year for a federal earned
25 income tax credit based on having at least one qualifying child. The
26 amount of the State credit is computed as a percentage of the
27 taxpayer's federal credit. If the amount of the credit exceeds the
28 taxpayer's State income tax liability, the difference is refundable to the
29 taxpayer.

30 *Bill provisions.* This bill requires all public and private employers
31 to notify potentially eligible employees of the availability of these
32 credits when the employer gives the employee the statement of wages
33 and tax withholding already required under current law. A
34 determination of potential eligibility will be based on the wages for the
35 prior year reported in the statement.

36 Notice of availability of the credits will also be provided by: (a) the
37 Commissioner of Labor to all persons who received unemployment
38 compensation; (b) the Commissioner of Human Services to persons
39 who were recipients of food stamps, general assistance, assistance
40 under the Work First New Jersey program, supplemental security
41 income assistance, or Medicaid, or who were foster parents; and (c)
42 the Commissioner of Community Affairs to persons who received
43 assistance under the federal rental assistance program administered by
44 the department.

45 The bill directs the State Treasurer to develop a form of the notice
46 that is to be distributed and requires the employers and public officers

S753 TURNER

6

1 required to make such a distribution to use that form. The notification
2 is to be distributed between January 1 and February 15 of each year to
3 coincide with the employer's distribution of the wage and tax
4 withholding statement.

ASSEMBLY BUDGET COMMITTEE

STATEMENT TO

[First Reprint]

SENATE, No. 753

STATE OF NEW JERSEY

DATED: JUNE 29, 2005

The Assembly Budget Committee reports favorably Senate Bill No. 753 (1R).

Senate Bill No. 753 (1R) requires public and private employers and the Commissioners of Labor and Workforce Development, Human Services, and Community Affairs to notify annually certain individuals of the availability of the federal earned income tax credit and the New Jersey earned income tax credit.

Background. The federal earned income tax credit is available to a qualifying low-income worker to reduce the amount of the worker's federal income tax liability; any credit in excess of tax owed is refundable to the worker. A low-income worker may receive a refund of the credit even if the worker does not owe any federal income tax. The federal earned income tax credit is available to low-income workers with at least one unmarried child or stepchild who resides with the worker and is under age 19 (24 if a student) or permanently and totally disabled. It is also available to a qualifying low-income worker between 25 and 65 years of age regardless of whether there are one or more qualifying children in the worker's household. The credit is generally based on the income that a person earns from working for someone else or from self-employment.

The New Jersey earned income tax credit is available to residents who (1) for federal tax purposes file as head of household, surviving spouse, or married filing jointly, (2) have annual gross income (or combined gross income, as the case may be) not exceeding \$20,000, and (3) are eligible in the same taxable year for a federal earned income tax credit based on having at least one qualifying child. The amount of the State credit is computed as a percentage of the taxpayer's federal credit. If the amount of the credit exceeds the taxpayer's State income tax liability, the difference is refundable to the taxpayer.

Bill provisions. This bill requires all public and private employers to notify potentially eligible employees of the availability of these credits when the employer gives the employee the statement of wages and tax withholding already required under current law. A

determination of potential eligibility will be based on the wages for the prior year reported in the statement.

Notice of availability of the credits will also be provided by: (a) the Commissioner of Labor and Workforce Development to all persons who received unemployment compensation; (b) the Commissioner of Human Services to persons who were recipients of food stamps, general assistance, assistance under the Work First New Jersey program, supplemental security income assistance, or Medicaid, or who were foster parents; and (c) the Commissioner of Community Affairs to persons who received assistance under the federal rental assistance program administered by the department.

The bill directs the State Treasurer to develop a form of the notice that is to be distributed and requires the employers and public officers required to make such a distribution to use that form. The notification is to be distributed between January 1 and February 15 of each year to coincide with the employer's distribution of the wage and tax withholding statement.

FISCAL IMPACT

The cost of implementing the notice requirement prescribed by this bill is estimated at \$11,500 per year. The entire amount of this cost is expected to accrue in the Department of Community Affairs, and consists of \$9,400 for postage and supplies and \$2,100 for labor. The Department of Human Services and the Department of Labor and Workforce Development already advise benefit recipients of the availability of the earned income tax credits; with respect to the other affected agencies, there is no information indicating that the cost of implementation will be other than minimal.

SENATE BUDGET AND APPROPRIATIONS COMMITTEE

STATEMENT TO

SENATE, No. 753

with committee amendments

STATE OF NEW JERSEY

DATED: MARCH 7, 2005

The Senate Budget and Appropriations Committee reports favorably and with committee amendments Senate Bill No. 753.

This bill requires public and private employers and the Commissioners of Labor and Workforce Development, Human Services, and Community Affairs to notify annually certain individuals of the availability of the federal earned income tax credit and the New Jersey earned income tax credit.

Background. The federal earned income tax credit is available to a qualifying low-income worker to reduce the amount of the worker's federal income tax liability; any credit in excess of tax owed is refundable to the worker. A low-income worker may receive a refund of the credit even if the worker does not owe any federal income tax. The federal earned income tax credit is available to low-income workers with at least one unmarried child or stepchild who resides with the worker and is under age 19 (24 if a student) or permanently and totally disabled. It is also available to a qualifying low-income worker between 25 and 65 years of age regardless of whether there are one or more qualifying children in the worker's household. The credit is generally based on the income that a person earns from working for someone else or from self-employment.

The New Jersey earned income tax credit is available to residents who (1) for federal tax purposes file as head of household, surviving spouse, or married filing jointly, (2) have annual gross income (or combined gross income, as the case may be) not exceeding \$20,000, and (3) are eligible in the same taxable year for a federal earned income tax credit based on having at least one qualifying child. The amount of the State credit is computed as a percentage of the taxpayer's federal credit. If the amount of the credit exceeds the taxpayer's State income tax liability, the difference is refundable to the taxpayer.

Bill provisions. This bill requires all public and private employers to notify potentially eligible employees of the availability of these credits when the employer gives the employee the statement of wages and tax withholding already required under current law. A determination of potential eligibility will be based on the wages for the

prior year reported in the statement.

Notice of availability of the credits will also be provided by: (a) the Commissioner of Labor and Workforce Development to all persons who received unemployment compensation; (b) the Commissioner of Human Services to persons who were recipients of food stamps, general assistance, assistance under the Work First New Jersey program, supplemental security income assistance, or Medicaid, or who were foster parents; and (c) the Commissioner of Community Affairs to persons who received assistance under the federal rental assistance program administered by the department.

The bill directs the State Treasurer to develop a form of the notice that is to be distributed and requires the employers and public officers required to make such a distribution to use that form. The notification is to be distributed between January 1 and February 15 of each year to coincide with the employer's distribution of the wage and tax withholding statement.

COMMITTEE AMENDMENTS

Committee amendments to this bill correct a reference to the Department of Labor and Workforce Development.

FISCAL IMPACT

The cost of implementing the notice requirement prescribed by this bill is estimated at \$11,500 per year. The entire amount of this cost is expected to accrue in the Department of Community Affairs, and consists of \$9,400 for postage and supplies and \$2,100 for labor. The Department of Human Services and the Department of Labor and Workforce Development already advise benefit recipients of the availability of the earned income tax credits; with respect to the other affected agencies, there is no information indicating that the cost of implementation will be other than minimal.

LEGISLATIVE FISCAL ESTIMATE
SENATE, No. 753
STATE OF NEW JERSEY
211th LEGISLATURE

DATED: FEBRUARY 22, 2005

SUMMARY

Synopsis: Requires notification of certain persons of availability of federal earned income tax credit and New Jersey earned income tax credit.

Type of Impact: Permanent Expenditure Increase to General Fund.

Agencies Affected: Department of Community Affairs,
Department of Human Services,
Department of Labor and Workforce Development, and
Department of the Treasury.

Office of Legislative Services Estimate

Fiscal Impact	Fiscal Year 2005	Fiscal Year 2006	Fiscal Year 2007
State Cost	\$11,460	\$11,460	\$11,460

- ! The Office of Legislative Services (OLS) expects the Department of Community Affairs to account for the full \$11,460 per year. It does not anticipate the Departments of Human Services, Labor and Workforce Development, and the Treasury to be impacted.
- ! The Departments of Human Services and Labor and Workforce Development are already notifying the persons who the bill requires them to notify of the availability of the earned income tax credits.
- ! The estimate is static. It assumes a stable number of program participants.

BILL DESCRIPTION

Senate Bill No. 753 of 2004 requires all employers to notify potentially eligible employees of the availability of the federal and the New Jersey earned income tax credit when giving the employees the statements of wages and tax withholding.

The bill further mandates that the following State officers provide the same notice to the following individuals between January 1 and February 15 of each year: (a) the Commissioner of Labor and Workforce Development to all persons who received unemployment compensation in the prior calendar year; (b) the Commissioner of Human Services to all persons who in the prior calendar were recipients of food stamps, general assistance, assistance under the Work

First New Jersey program, supplemental security income assistance, or Medicaid, or who were foster parents; and (c) the Commissioner of Community Affairs to all persons who received assistance in the prior calendar year under the federal rental assistance program administered by the department.

FISCAL ANALYSIS

OFFICE OF LEGISLATIVE SERVICES

The OLS projects this bill to increase State General Fund expenditures by about \$11,460 per fiscal year. The Department of Community Affairs accounts for the full amount. The Departments of Human Services, Labor and Workforce Development, and the Treasury are not expected to be impacted.

The Department of Community Affairs projects this bill to add approximately \$11,460 to its cost. The department has 16,200 families on its section 8 housing assistance program, but including turnover, it estimates that it would have to send notices to about 20,000 families per year. Of the estimated cost, supplies and postage account for roughly \$9,360 and labor for about \$2,100.

The OLS anticipates this bill to have no impact on the Department of Human Services. According to OLS records, the department is already marketing the earned income tax credit programs to individuals who receive assistance under its auspices. Moreover, the OLS interprets the department's unresponsiveness to the OLS' repeated inquiries as recognition of the bill's at most minimal cost to the department.

The Department of Labor and Workforce Development does not expect to incur additional outlays because of this bill. It reports that it is already informing all unemployment compensation recipients--about 502,000 in 2003--of the credits' availability when it mails its 1099 form. It foresees only that it would have to modify its notice's wording.

The OLS anticipates this bill to not affect the Department of the Treasury's budget. It expects the department to provide the required notice with other information it is already providing to employees. Moreover, the OLS interprets the department's unresponsiveness to the OLS' inquiries as recognition of the bill's at most minimal cost to the department.

Section: *Revenue, Finance and Appropriations*

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This fiscal estimate has been prepared pursuant to P.L.1980, c.67.