

GOVERNOR'S PRESS RELEASE ON SIGNING:

Yes

FOLLOWING WERE PRINTED:

To check for circulating copies, contact New Jersey State Government Publications at the State Library (609) 278-2640 ext.103 or <mailto:refdesk@njstatelib.org>

REPORTS:

No

HEARINGS:

No

NEWSPAPER ARTICLES:

No

RH/CL

P.L. 2021, CHAPTER 129, *approved June 29, 2021*
Assembly, No. 5539

1 AN ACT providing a partial pension and retirement income
2 exclusion for certain taxpayers, amending N.J.S.54A:6-10 and
3 P.L.1977, c.273.

4
5 **BE IT ENACTED** by the Senate and General Assembly of the State
6 of New Jersey:

7
8 1. N.J.S.54A:6-10 is amended to read as follows:
9 54A:6-10. Pensions and annuities.

10 a. Gross income shall not include that part of any amount
11 received as an annuity under an annuity, endowment, or life
12 insurance contract which bears the same ratio to such amount as the
13 investment in the contract as of the annuity starting date bears to the
14 expected return under the contract as of such date. Where (1) part
15 of the consideration for an annuity, endowment, or life insurance
16 contract is contributed by the employer, and (2) during the three-
17 year period beginning on the date on which an amount is first
18 received under the contract as an annuity, the aggregate amount
19 receivable by the employee under the terms of the contract is equal
20 to or greater than the consideration for the contract contributed by
21 the employee, then all amounts received as an annuity under the
22 contract shall be excluded from gross income until there has been so
23 excluded an amount equal to the consideration for the contract
24 contributed by the employee.

25 b. (1) In addition to that part of any amount received as an
26 annuity which is excludable from gross income as herein provided,
27 gross income shall not include payments:

28 for taxable years beginning before January 1, 2000, of up to
29 \$10,000 for a married couple filing jointly, \$5,000 for a married
30 person filing separately, or \$7,500 for an individual filing as a
31 single taxpayer or an individual determining tax pursuant to
32 subsection a. of N.J.S.54A:2-1;

33 for the taxable year beginning on or after January 1, 2000, but
34 before January 1, 2001, of up to \$12,500 for a married couple filing
35 jointly, \$6,250 for a married person filing separately, or \$9,375 for
36 an individual filing as a single taxpayer or an individual
37 determining tax pursuant to subsection a. of N.J.S.54A:2-1;

38 for the taxable year beginning on or after January 1, 2001, but
39 before January 1, 2002, of up to \$15,000 for a married couple filing
40 jointly, \$7,500 for a married person filing separately, or \$11,250 for
41 an individual filing as a single taxpayer or an individual
42 determining tax pursuant to subsection a. of N.J.S.54A:2-1;

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

Matter underlined thus is new matter.

1 for the taxable year beginning on or after January 1, 2002, but
2 before January 1, 2003, of up to \$17,500 for a married couple filing
3 jointly, \$8,750 for a married person filing separately, or \$13,125 for
4 an individual filing as a single taxpayer or an individual
5 determining tax pursuant to subsection a. of N.J.S.54A:2-1;

6 for taxable years beginning on or after January 1, 2003, but
7 before January 1, 2017 of up to \$20,000 for a married couple filing
8 jointly, \$10,000 for a married person filing separately, or \$15,000
9 for an individual filing as a single taxpayer or an individual
10 determining tax pursuant to subsection a. of N.J.S.54A:2-1;

11 for taxable years beginning on or after January 1, 2017, but
12 before January 1, 2018, of up to \$40,000 for a married couple filing
13 jointly, \$20,000 for a married person filing separately, or \$30,000
14 for an individual filing as a single taxpayer or an individual
15 determining tax pursuant to subsection a. of N.J.S.54A:2-1;

16 for taxable years beginning on or after January 1, 2018, but
17 before January 1, 2019, of up to \$60,000 for a married couple filing
18 jointly, \$30,000 for a married person filing separately, or \$45,000
19 for an individual filing as a single taxpayer or an individual
20 determining tax pursuant to subsection a. of N.J.S.54A:2-1;

21 for taxable years beginning on or after January 1, 2019, but
22 before January 1, 2020, of up to \$80,000 for a married couple filing
23 jointly, \$40,000 for a married person filing separately, or \$60,000
24 for an individual filing as a single taxpayer or an individual
25 determining tax pursuant to subsection a. of N.J.S.54A:2-1;

26 for taxable years beginning on or after January 1, 2020, of up to
27 \$100,000 for a married couple filing jointly, \$50,000 for a married
28 person filing separately, or \$75,000 for an individual filing as a
29 single taxpayer or an individual determining tax pursuant to
30 subsection a. of N.J.S.54A:2-1;

31 for taxable years beginning on or after January 1, 2021, for a
32 taxpayer with gross income in excess of \$100,000, but not more
33 than \$125,000, 50 percent of payments for a married couple filing
34 jointly, 25 percent of payments for a married couple filing
35 separately, or 37.5 percent of payments for an individual filing as a
36 single taxpayer or individual determining tax pursuant to subsection
37 a. of N.J.S.54A:2-1;

38 for taxable years beginning on or after January 1, 2021, for a
39 taxpayer with gross income in excess of \$125,000, but not more
40 than \$150,000, 25 percent of payments for a married couple filing
41 jointly, 12.5 percent of payments for a married couple filing
42 separately, or 18.75 percent of payments for an individual filing as
43 a single taxpayer or individual determining tax pursuant to
44 subsection a. of N.J.S.54A:2-1,

45 which are received as an annuity, endowment or life insurance
46 contract, or payments of any such amounts which are received as
47 pension, disability, or retirement benefits, under any public or
48 private plan, whether the consideration therefor is contributed by

1 the employee or employer or both, by any person who is 62 years of
2 age or older or who, by virtue of disability, is or would be eligible
3 to receive payments under the federal Social Security Act.

4 (2) For taxable years beginning on or after January 1, 2005, but
5 before January 1, 2021, the exclusion provided by this subsection
6 shall only be allowed if the taxpayer has gross income for the
7 taxable year of not more than \$100,000.

8 For taxable years beginning on or after January 1, 2021, the
9 exclusion provided by this subsection shall only be allowed if the
10 taxpayer has gross income for the taxable year of not more than
11 \$150,000.

12 c. Gross income shall not include any amount received under
13 any public or private plan by reason of a permanent and total
14 disability.

15 d. Gross income shall not include distributions from an
16 employees' trust described in section 401(a) of the Internal Revenue
17 Code of 1986, as amended (hereinafter referred to as "the Code"),
18 which is exempt from tax under section 501(a) of the Code if the
19 distribution, except the portion representing the employees'
20 contributions, is rolled over in accordance with section 402(a)(5) or
21 section 403(a)(4) of the Code. The distribution shall be paid in one
22 or more installments which constitute a lump-sum distribution
23 within the meaning of section 402(e)(4)(A) (determined without
24 reference to subsection (e)(4)(B)), or be on account of a termination
25 of a plan of which the trust is a part or, in the case of a profit-
26 sharing or stock bonus plan, a complete discontinuance of
27 contributions under such plan.

28 (cf: P.L.2016, c.57, s.9)

29

30 2. Section 3 of P.L.1977, c.273 (C.54A:6-15) is amended to read
31 as follows:

32 3. Other retirement income. a. (1) Gross income shall not
33 include income:

34 for taxable years beginning before January 1, 2000, of up to
35 \$10,000 for a married couple filing jointly, \$5,000 for a married
36 person filing separately, or \$7,500 for an individual filing as a
37 single taxpayer or an individual determining tax pursuant to
38 subsection a. of N.J.S.54A:2-1;

39 for the taxable year beginning on or after January 1, 2000, but
40 before January 1, 2001, of up to \$12,500 for a married couple filing
41 jointly, \$6,250 for a married person filing separately, or \$9,375 for
42 an individual filing as a single taxpayer or an individual
43 determining tax pursuant to subsection a. of N.J.S.54A:2-1;

44 for the taxable year beginning on or after January 1, 2001, but
45 before January 1, 2002, of up to \$15,000 for a married couple filing
46 jointly, \$7,500 for a married person filing separately, or \$11,250 for
47 an individual filing as a single taxpayer or an individual
48 determining tax pursuant to subsection a. of N.J.S.54A:2-1;

1 for the taxable year beginning on or after January 1, 2002, but
2 before January 1, 2003, of up to \$17,500 for a married couple filing
3 jointly, \$8,750 for a married person filing separately, or \$13,125 for
4 an individual filing as a single taxpayer or an individual
5 determining tax pursuant to subsection a. of N.J.S.54A:2-1;

6 for taxable years beginning on or after January 1, 2003, but
7 before January 1, 2017, gross income shall not include income of up
8 to \$20,000 for a married couple filing jointly, \$10,000 for a married
9 person filing separately, or \$15,000 for an individual filing as a
10 single taxpayer or an individual determining tax pursuant to
11 subsection a. of N.J.S.54A:2-1;

12 for taxable years beginning on or after January 1, 2017 but
13 before January 1, 2018, gross income shall not include income of up
14 to \$40,000 for a married couple filing jointly, \$20,000 for a married
15 person filing separately, or \$30,000 for an individual filing as a
16 single taxpayer or an individual determining tax pursuant to
17 subsection a. of N.J.S.54A:2-1;

18 for taxable years beginning on or after January 1, 2018, but
19 before January 1, 2019, gross income shall not include income of up
20 to \$60,000 for a married couple filing jointly, \$30,000 for a married
21 person filing separately, or \$45,000 for an individual filing as a
22 single taxpayer or an individual determining tax pursuant to
23 subsection a. of N.J.S.54A:2-1;

24 for taxable years beginning on or after January 1, 2019, but
25 before January 1, 2020, gross income shall not include income of up
26 to \$80,000 for a married couple filing jointly, \$40,000 for a married
27 person filing separately, or \$60,000 for an individual filing as a
28 single taxpayer or an individual determining tax pursuant to
29 subsection a. of N.J.S.54A:2-1;

30 for taxable years beginning on or after January 1, 2020, gross
31 income shall not include income of up to \$100,000 for a married
32 couple filing jointly, \$50,000 for a married person filing separately,
33 or \$75,000 for an individual filing as a single taxpayer or an
34 individual determining tax pursuant to subsection a. of N.J.S.54A:2-
35 1;

36 for taxable years beginning on or after January 1, 2021, for a
37 taxpayer with gross income in excess of \$100,000, but not more
38 than \$125,000, 50 percent of income for a married couple filing
39 jointly, 25 percent of income for a married couple filing separately,
40 or 37.5 percent of income for an individual filing as a single
41 taxpayer or individual determining tax pursuant to subsection a. of
42 N.J.S.54A:2-1;

43 for taxable years beginning on or after January 1, 2021, for a
44 taxpayer with income in excess of \$125,000, but not more than
45 \$150,000, 25 percent of gross income for a married couple filing
46 jointly, 12.5 percent of income for a married couple filing
47 separately, or 18.75 percent of income for an individual filing as a

1 single taxpayer or individual determining tax pursuant to subsection
2 a. of N.J.S.54A:2-1,

3 when received in any tax year by a person aged 62 years or older
4 who received no income in excess of \$3,000 from one or more of
5 the sources enumerated in subsections a., b., k. and p. of
6 N.J.S.54A:5-1.

7 (2) For taxable years beginning on or after January 1, 2005, but
8 before January 1, 2021, the exclusion provided by this subsection
9 shall only be allowed if the taxpayer has gross income for the
10 taxable year of not more than \$100,000.

11 For taxable years beginning on or after January 1, 2021, the
12 exclusion provided by this subsection shall only be allowed if the
13 taxpayer has gross income for the taxable year of not more than
14 \$150,000.

15 (3) The total exclusion under this subsection and that allowable
16 under N.J.S.54A:6-10 shall not exceed the amounts of the
17 exclusions set forth in this subsection.

18 b. In addition to the exclusion provided under N.J.S.54A:6-10
19 and subsection a. of this section, gross income shall not include
20 income of up to \$6,000 for a married couple filing jointly or an
21 individual determining tax pursuant to subsection a. of N.J.S.54A:2-
22 1, or \$3,000 for a single person or a married person filing
23 separately, who is not covered under N.J.S.54A:6-2 or N.J.S.54A:6-
24 3, but who would be eligible in any year to receive payments under
25 either section if he or she were covered thereby.

26 (cf: P.L.2016, c.57, s.10)

27

28 3. This act shall take effect immediately.

29

30

31

STATEMENT

32

33 This bill provides a limited exclusion from the gross income tax
34 on pension and retirement income for taxpayers with income
35 between \$100,000 and \$150,000.

36 Under current law, a taxpayer whose income exceeds \$100,000
37 becomes ineligible for the pension and retirement income exclusion.
38 The bill provides a limited exclusion as follows:

39

40 If the taxpayer has income greater than \$100,000, but not more than
41 \$125,000

1

Filer Type	Amount of exclusion
Married filing jointly	50 percent of pension payments and other retirement income
Married filing separately	25 percent of pension payments and other retirement income
Single	37.5 percent of pension payments and other income

2

3 If the taxpayer has income greater than \$125,000, but not more than
4 \$150,000

5

Filer Type	Amount of exclusion
Married filing jointly	25 percent of pension payments and other retirement income
Married filing separately	12.5 percent of pension payments and other retirement income
Single	18.75 percent of pension payments and other retirement income

6

7

8

9

10

11 Provides partial pension and retirement income exclusion for
12 taxpayers with incomes between \$100,000 and \$150,000.

ASSEMBLY, No. 5539

STATE OF NEW JERSEY 219th LEGISLATURE

INTRODUCED MAY 5, 2021

Sponsored by:

Assemblyman JOHN J. BURZICHELLI

District 3 (Cumberland, Gloucester and Salem)

Assemblyman DANIEL R. BENSON

District 14 (Mercer and Middlesex)

Assemblyman ANDREW ZWICKER

District 16 (Hunterdon, Mercer, Middlesex and Somerset)

Senator PAUL A. SARLO

District 36 (Bergen and Passaic)

Senator STEPHEN M. SWEENEY

District 3 (Cumberland, Gloucester and Salem)

Co-Sponsored by:

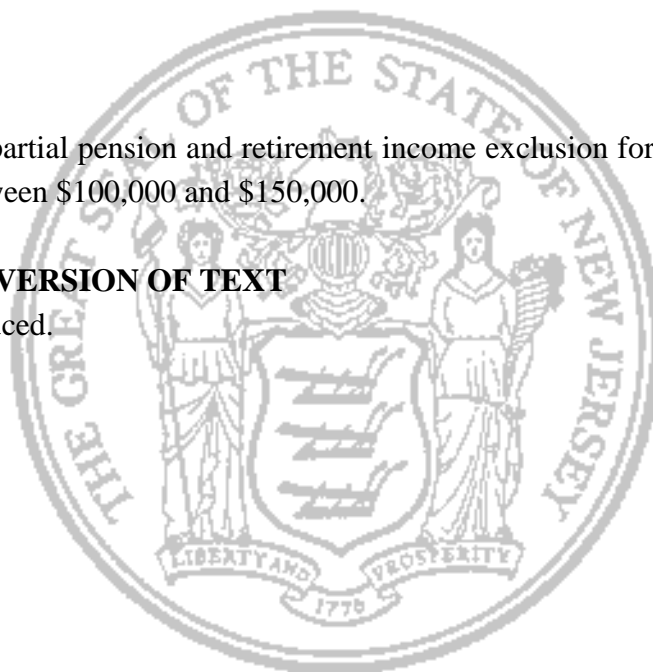
Assemblymen Dancer, Johnson, Assemblywoman Murphy, Assemblymen Freiman, Wimberly, Assemblywomen Downey, Reynolds-Jackson, Assemblymen Houghtaling, Space, Wirths, Senators Singleton, Addiego, A.M.Bucco, Lagana, Madden, Oroho and Turner

SYNOPSIS

Provides partial pension and retirement income exclusion for taxpayers with incomes between \$100,000 and \$150,000.

CURRENT VERSION OF TEXT

As introduced.



(Sponsorship Updated As Of: 6/24/2021)

1 AN ACT providing a partial pension and retirement income
2 exclusion for certain taxpayers, amending N.J.S.54A:6-10 and
3 P.L.1977, c.273.

4
5 **BE IT ENACTED** by the Senate and General Assembly of the State
6 of New Jersey:

7
8 1. N.J.S.54A:6-10 is amended to read as follows:
9 54A:6-10. Pensions and annuities.

10 a. Gross income shall not include that part of any amount
11 received as an annuity under an annuity, endowment, or life
12 insurance contract which bears the same ratio to such amount as the
13 investment in the contract as of the annuity starting date bears to the
14 expected return under the contract as of such date. Where (1) part
15 of the consideration for an annuity, endowment, or life insurance
16 contract is contributed by the employer, and (2) during the three-
17 year period beginning on the date on which an amount is first
18 received under the contract as an annuity, the aggregate amount
19 receivable by the employee under the terms of the contract is equal
20 to or greater than the consideration for the contract contributed by
21 the employer, then all amounts received as an annuity under the
22 contract shall be excluded from gross income until there has been so
23 excluded an amount equal to the consideration for the contract
24 contributed by the employer.

25 b. (1) In addition to that part of any amount received as an
26 annuity which is excludable from gross income as herein provided,
27 gross income shall not include payments:

28 for taxable years beginning before January 1, 2000, of up to
29 \$10,000 for a married couple filing jointly, \$5,000 for a married
30 person filing separately, or \$7,500 for an individual filing as a
31 single taxpayer or an individual determining tax pursuant to
32 subsection a. of N.J.S.54A:2-1;

33 for the taxable year beginning on or after January 1, 2000, but
34 before January 1, 2001, of up to \$12,500 for a married couple filing
35 jointly, \$6,250 for a married person filing separately, or \$9,375 for
36 an individual filing as a single taxpayer or an individual
37 determining tax pursuant to subsection a. of N.J.S.54A:2-1;

38 for the taxable year beginning on or after January 1, 2001, but
39 before January 1, 2002, of up to \$15,000 for a married couple filing
40 jointly, \$7,500 for a married person filing separately, or \$11,250 for
41 an individual filing as a single taxpayer or an individual
42 determining tax pursuant to subsection a. of N.J.S.54A:2-1;

43 for the taxable year beginning on or after January 1, 2002, but
44 before January 1, 2003, of up to \$17,500 for a married couple filing
45 jointly, \$8,750 for a married person filing separately, or \$13,125 for

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

Matter underlined thus is new matter.

1 an individual filing as a single taxpayer or an individual
2 determining tax pursuant to subsection a. of N.J.S.54A:2-1;
3 for taxable years beginning on or after January 1, 2003, but
4 before January 1, 2017 of up to \$20,000 for a married couple filing
5 jointly, \$10,000 for a married person filing separately, or \$15,000
6 for an individual filing as a single taxpayer or an individual
7 determining tax pursuant to subsection a. of N.J.S.54A:2-1;
8 for taxable years beginning on or after January 1, 2017, but
9 before January 1, 2018, of up to \$40,000 for a married couple filing
10 jointly, \$20,000 for a married person filing separately, or \$30,000
11 for an individual filing as a single taxpayer or an individual
12 determining tax pursuant to subsection a. of N.J.S.54A:2-1;
13 for taxable years beginning on or after January 1, 2018, but
14 before January 1, 2019, of up to \$60,000 for a married couple filing
15 jointly, \$30,000 for a married person filing separately, or \$45,000
16 for an individual filing as a single taxpayer or an individual
17 determining tax pursuant to subsection a. of N.J.S.54A:2-1;
18 for taxable years beginning on or after January 1, 2019, but
19 before January 1, 2020, of up to \$80,000 for a married couple filing
20 jointly, \$40,000 for a married person filing separately, or \$60,000
21 for an individual filing as a single taxpayer or an individual
22 determining tax pursuant to subsection a. of N.J.S.54A:2-1;
23 for taxable years beginning on or after January 1, 2020, of up to
24 \$100,000 for a married couple filing jointly, \$50,000 for a married
25 person filing separately, or \$75,000 for an individual filing as a
26 single taxpayer or an individual determining tax pursuant to
27 subsection a. of N.J.S.54A:2-1;
28 for taxable years beginning on or after January 1, 2021, for a
29 taxpayer with gross income in excess of \$100,000, but not more
30 than \$125,000, 50 percent of payments for a married couple filing
31 jointly, 25 percent of payments for a married couple filing
32 separately, or 37.5 percent of payments for an individual filing as a
33 single taxpayer or individual determining tax pursuant to subsection
34 a. of N.J.S.54A:2-1;
35 for taxable years beginning on or after January 1, 2021, for a
36 taxpayer with gross income in excess of \$125,000, but not more
37 than \$150,000, 25 percent of payments for a married couple filing
38 jointly, 12.5 percent of payments for a married couple filing
39 separately, or 18.75 percent of payments for an individual filing as
40 a single taxpayer or individual determining tax pursuant to
41 subsection a. of N.J.S.54A:2-1,
42 which are received as an annuity, endowment or life insurance
43 contract, or payments of any such amounts which are received as
44 pension, disability, or retirement benefits, under any public or
45 private plan, whether the consideration therefor is contributed by
46 the employee or employer or both, by any person who is 62 years of
47 age or older or who, by virtue of disability, is or would be eligible
48 to receive payments under the federal Social Security Act.

1 (2) For taxable years beginning on or after January 1, 2005, but
2 before January 1, 2021, the exclusion provided by this subsection
3 shall only be allowed if the taxpayer has gross income for the
4 taxable year of not more than \$100,000.

5 For taxable years beginning on or after January 1, 2021, the
6 exclusion provided by this subsection shall only be allowed if the
7 taxpayer has gross income for the taxable year of not more than
8 \$150,000.

9 c. Gross income shall not include any amount received under
10 any public or private plan by reason of a permanent and total
11 disability.

12 d. Gross income shall not include distributions from an
13 employees' trust described in section 401(a) of the Internal Revenue
14 Code of 1986, as amended (hereinafter referred to as "the Code"),
15 which is exempt from tax under section 501(a) of the Code if the
16 distribution, except the portion representing the employees'
17 contributions, is rolled over in accordance with section 402(a)(5) or
18 section 403(a)(4) of the Code. The distribution shall be paid in one
19 or more installments which constitute a lump-sum distribution
20 within the meaning of section 402(e)(4)(A) (determined without
21 reference to subsection (e)(4)(B)), or be on account of a termination
22 of a plan of which the trust is a part or, in the case of a profit-
23 sharing or stock bonus plan, a complete discontinuance of
24 contributions under such plan.

25 (cf: P.L.2016, c.57, s.9)

26
27 2. Section 3 of P.L.1977, c.273 (C.54A:6-15) is amended to read
28 as follows:

29 3. Other retirement income. a. (1) Gross income shall not
30 include income:

31 for taxable years beginning before January 1, 2000, of up to
32 \$10,000 for a married couple filing jointly, \$5,000 for a married
33 person filing separately, or \$7,500 for an individual filing as a
34 single taxpayer or an individual determining tax pursuant to
35 subsection a. of N.J.S.54A:2-1;

36 for the taxable year beginning on or after January 1, 2000, but
37 before January 1, 2001, of up to \$12,500 for a married couple filing
38 jointly, \$6,250 for a married person filing separately, or \$9,375 for
39 an individual filing as a single taxpayer or an individual
40 determining tax pursuant to subsection a. of N.J.S.54A:2-1;

41 for the taxable year beginning on or after January 1, 2001, but
42 before January 1, 2002, of up to \$15,000 for a married couple filing
43 jointly, \$7,500 for a married person filing separately, or \$11,250 for
44 an individual filing as a single taxpayer or an individual
45 determining tax pursuant to subsection a. of N.J.S.54A:2-1;

46 for the taxable year beginning on or after January 1, 2002, but
47 before January 1, 2003, of up to \$17,500 for a married couple filing
48 jointly, \$8,750 for a married person filing separately, or \$13,125 for

1 an individual filing as a single taxpayer or an individual
2 determining tax pursuant to subsection a. of N.J.S.54A:2-1;
3 for taxable years beginning on or after January 1, 2003, but
4 before January 1, 2017, gross income shall not include income of up
5 to \$20,000 for a married couple filing jointly, \$10,000 for a married
6 person filing separately, or \$15,000 for an individual filing as a
7 single taxpayer or an individual determining tax pursuant to
8 subsection a. of N.J.S.54A:2-1;
9 for taxable years beginning on or after January 1, 2017 but
10 before January 1, 2018, gross income shall not include income of up
11 to \$40,000 for a married couple filing jointly, \$20,000 for a married
12 person filing separately, or \$30,000 for an individual filing as a
13 single taxpayer or an individual determining tax pursuant to
14 subsection a. of N.J.S.54A:2-1;
15 for taxable years beginning on or after January 1, 2018, but
16 before January 1, 2019, gross income shall not include income of up
17 to \$60,000 for a married couple filing jointly, \$30,000 for a married
18 person filing separately, or \$45,000 for an individual filing as a
19 single taxpayer or an individual determining tax pursuant to
20 subsection a. of N.J.S.54A:2-1;
21 for taxable years beginning on or after January 1, 2019, but
22 before January 1, 2020, gross income shall not include income of up
23 to \$80,000 for a married couple filing jointly, \$40,000 for a married
24 person filing separately, or \$60,000 for an individual filing as a
25 single taxpayer or an individual determining tax pursuant to
26 subsection a. of N.J.S.54A:2-1;
27 for taxable years beginning on or after January 1, 2020, gross
28 income shall not include income of up to \$100,000 for a married
29 couple filing jointly, \$50,000 for a married person filing separately,
30 or \$75,000 for an individual filing as a single taxpayer or an
31 individual determining tax pursuant to subsection a. of N.J.S.54A:2-
32 1;
33 for taxable years beginning on or after January 1, 2021, for a
34 taxpayer with gross income in excess of \$100,000, but not more
35 than \$125,000, 50 percent of income for a married couple filing
36 jointly, 25 percent of income for a married couple filing separately,
37 or 37.5 percent of income for an individual filing as a single
38 taxpayer or individual determining tax pursuant to subsection a. of
39 N.J.S.54A:2-1;
40 for taxable years beginning on or after January 1, 2021, for a
41 taxpayer with income in excess of \$125,000, but not more than
42 \$150,000, 25 percent of gross income for a married couple filing
43 jointly, 12.5 percent of income for a married couple filing
44 separately, or 18.75 percent of income for an individual filing as a
45 single taxpayer or individual determining tax pursuant to subsection
46 a. of N.J.S.54A:2-1,
47 when received in any tax year by a person aged 62 years or older
48 who received no income in excess of \$3,000 from one or more of

1 the sources enumerated in subsections a., b., k. and p. of
 2 N.J.S.54A:5-1.

3 (2) For taxable years beginning on or after January 1, 2005, but
 4 before January 1, 2021, the exclusion provided by this subsection
 5 shall only be allowed if the taxpayer has gross income for the
 6 taxable year of not more than \$100,000.

7 For taxable years beginning on or after January 1, 2021, the
 8 exclusion provided by this subsection shall only be allowed if the
 9 taxpayer has gross income for the taxable year of not more than
 10 \$150,000.

11 (3) The total exclusion under this subsection and that allowable
 12 under N.J.S.54A:6-10 shall not exceed the amounts of the
 13 exclusions set forth in this subsection.

14 b. In addition to the exclusion provided under N.J.S.54A:6-10
 15 and subsection a. of this section, gross income shall not include
 16 income of up to \$6,000 for a married couple filing jointly or an
 17 individual determining tax pursuant to subsection a. of N.J.S.54A:2-
 18 1, or \$3,000 for a single person or a married person filing
 19 separately, who is not covered under N.J.S.54A:6-2 or N.J.S.54A:6-
 20 3, but who would be eligible in any year to receive payments under
 21 either section if he or she were covered thereby.

22 (cf: P.L.2016, c.57, s.10)

23

24 3. This act shall take effect immediately.

25

26

27 STATEMENT

28

29 This bill provides a limited exclusion from the gross income tax
 30 on pension and retirement income for taxpayers with income
 31 between \$100,000 and \$150,000.

32 Under current law, a taxpayer whose income exceeds \$100,000
 33 becomes ineligible for the pension and retirement income exclusion.
 34 The bill provides a limited exclusion as follows:

35

36 If the taxpayer has income greater than \$100,000, but not more than
 37 \$125,000

38

Filer Type	Amount of exclusion
Married filing jointly	50 percent of pension payments and other retirement income
Married filing separately	25 percent of pension payments and other retirement income
Single	37.5 percent of pension payments and other income

39

40 If the taxpayer has income greater than \$125,000, but not more than
 41 \$150,000

A5539 BURZICHELLI, BENSON

7

Filer Type	Amount of exclusion
Married filing jointly	25 percent of pension payments and other retirement income
Married filing separately	12.5 percent of pension payments and other retirement income
Single	18.75 percent of pension payments and other retirement income

1

ASSEMBLY BUDGET COMMITTEE

STATEMENT TO

ASSEMBLY, No. 5539

STATE OF NEW JERSEY

DATED: JUNE 22, 2021

The Assembly Budget Committee reports favorably Assembly Bill No. 5539.

This bill provides a limited exclusion from the gross income tax on pension and retirement income for taxpayers with income between \$100,000 and \$150,000.

Under current law, a taxpayer whose income exceeds \$100,000 becomes ineligible for the pension and retirement income exclusion. The bill provides a limited exclusion as follows:

If the taxpayer has income greater than \$100,000, but not more than \$125,000

Filer Type	Amount of exclusion
Married filing jointly	50 percent of pension payments and other retirement income
Married filing separately	25 percent of pension payments and other retirement income
Single	37.5 percent of pension payments and other income

If the taxpayer has income greater than \$125,000, but not more than \$150,000

Filer Type	Amount of exclusion
Married filing jointly	25 percent of pension payments and other retirement income
Married filing separately	12.5 percent of pension payments and other retirement income
Single	18.75 percent of pension payments and other retirement income

FISCAL IMPACT:

The Office of Legislative Services (OLS) estimates that this bill would reduce gross income tax revenue, which is deposited into the Property Tax Relief Fund by \$51.5 million to \$72.9 million annually.

LEGISLATIVE FISCAL ESTIMATE
ASSEMBLY, No. 5539
STATE OF NEW JERSEY
219th LEGISLATURE

DATED: JUNE 28, 2021

SUMMARY

Synopsis: Provides partial pension and retirement income exclusion for taxpayers with incomes between \$100,000 and \$150,000.

Type of Impact: Annual decrease in State revenue deposited into Property Tax Relief Fund.

Agencies Affected: Department of the Treasury.

Office of Legislative Services Estimate

Fiscal Impact	<u>FY 2022 and Thereafter</u>
Annual State Revenue Loss	\$51.5 million to \$72.9 million

- The Office of Legislative Services (OLS) estimates that this bill would reduce gross income tax revenue, which is deposited into the Property Tax Relief Fund by \$51.5 million to \$72.9 million annually.

BILL DESCRIPTION

This bill excludes from the gross income tax certain pension and retirement income for taxpayers with income between \$100,000 and \$150,000. Depending on filing status, if a taxpayer's income is greater than \$100,000, but not more than \$125,000, the taxpayer could exclude up to 50 percent of pension and other retirement income. Similarly, if the taxpayer has income greater than \$125,000, but not more than \$150,000, that taxpayer could exclude up to 25 percent of pension and other retirement income.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

The OLS estimates that this bill would reduce gross income tax revenue, which is deposited into the Property Tax Relief Fund, by \$51.5 million to \$72.9 million annually.

This estimate is based on data provided in the New Jersey Statistics of Income report for tax year 2016, the most recent report available. The data show that \$3.2 billion in taxable pension income was reported in tax year 2016 by 52,200 taxpayers with incomes in excess of \$100,000, but not more than \$150,000. The OLS assumes that 60 percent of these taxpayers had incomes in excess of \$100,000, but not more than \$125,000, and that the remaining 40 percent had incomes in excess of \$125,000, but not more than \$150,000.

To calculate the lower bound estimate, the OLS applies a 3.5 percent effective tax rate to the pension income allocated to each bracket and then multiplies the results by 25 percent and 50 percent, depending upon the tax bracket. The OLS repeats the same steps for the upper bound estimate, but uses an effective tax rate of 4.5 percent. Taken together, after adjusting for growth in pension income and filers (3.0 percent for the lower bound and 5.0 percent for the upper bound), the expected revenue loss from this bill would be \$51.5 million to \$72.9 million annually.

Section: Revenue, Finance and Appropriations
Analyst: Jordan M. DiGiovanni
Revenue Analyst
Approved: Thomas Koenig
Legislative Budget and Finance Officer

This legislative fiscal estimate has been produced by the Office of Legislative Services due to the failure of the Executive Branch to respond to our request for a fiscal note.

This fiscal estimate has been prepared pursuant to P.L.1980, c.67 (C.52:13B-6 et seq.).

SENATE, No. 3954

STATE OF NEW JERSEY 219th LEGISLATURE

INTRODUCED JUNE 15, 2021

Sponsored by:

Senator PAUL A. SARLO

District 36 (Bergen and Passaic)

Senator STEPHEN M. SWEENEY

District 3 (Cumberland, Gloucester and Salem)

Co-Sponsored by:

Senators Singleton, Addiego, A.M.Bucco, Lagana, Madden, Oroho and Turner

SYNOPSIS

Provides partial pension and retirement income exclusion for taxpayers with incomes between \$100,000 and \$150,000.

CURRENT VERSION OF TEXT

As introduced.



(Sponsorship Updated As Of: 6/24/2021)

1 AN ACT providing a partial pension and retirement income
2 exclusion for certain taxpayers, amending N.J.S.54A:6-10 and
3 P.L.1977, c.273.

4
5 **BE IT ENACTED** by the Senate and General Assembly of the State
6 of New Jersey:

7
8 1. N.J.S.54A:6-10 is amended to read as follows:
9 54A:6-10. Pensions and annuities.

10 a. Gross income shall not include that part of any amount
11 received as an annuity under an annuity, endowment, or life
12 insurance contract which bears the same ratio to such amount as the
13 investment in the contract as of the annuity starting date bears to the
14 expected return under the contract as of such date. Where (1) part
15 of the consideration for an annuity, endowment, or life insurance
16 contract is contributed by the employer, and (2) during the three-
17 year period beginning on the date on which an amount is first
18 received under the contract as an annuity, the aggregate amount
19 receivable by the employee under the terms of the contract is equal
20 to or greater than the consideration for the contract contributed by
21 the employer, then all amounts received as an annuity under the
22 contract shall be excluded from gross income until there has been so
23 excluded an amount equal to the consideration for the contract
24 contributed by the employer.

25 b. (1) In addition to that part of any amount received as an
26 annuity which is excludable from gross income as herein provided,
27 gross income shall not include payments:

28 for taxable years beginning before January 1, 2000, of up to
29 \$10,000 for a married couple filing jointly, \$5,000 for a married
30 person filing separately, or \$7,500 for an individual filing as a
31 single taxpayer or an individual determining tax pursuant to
32 subsection a. of N.J.S.54A:2-1;

33 for the taxable year beginning on or after January 1, 2000, but
34 before January 1, 2001, of up to \$12,500 for a married couple filing
35 jointly, \$6,250 for a married person filing separately, or \$9,375 for
36 an individual filing as a single taxpayer or an individual
37 determining tax pursuant to subsection a. of N.J.S.54A:2-1;

38 for the taxable year beginning on or after January 1, 2001, but
39 before January 1, 2002, of up to \$15,000 for a married couple filing
40 jointly, \$7,500 for a married person filing separately, or \$11,250 for
41 an individual filing as a single taxpayer or an individual
42 determining tax pursuant to subsection a. of N.J.S.54A:2-1;

43 for the taxable year beginning on or after January 1, 2002, but
44 before January 1, 2003, of up to \$17,500 for a married couple filing
45 jointly, \$8,750 for a married person filing separately, or \$13,125 for

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

Matter underlined thus is new matter.

1 an individual filing as a single taxpayer or an individual
2 determining tax pursuant to subsection a. of N.J.S.54A:2-1;
3 for taxable years beginning on or after January 1, 2003, but
4 before January 1, 2017 of up to \$20,000 for a married couple filing
5 jointly, \$10,000 for a married person filing separately, or \$15,000
6 for an individual filing as a single taxpayer or an individual
7 determining tax pursuant to subsection a. of N.J.S.54A:2-1;
8 for taxable years beginning on or after January 1, 2017, but
9 before January 1, 2018, of up to \$40,000 for a married couple filing
10 jointly, \$20,000 for a married person filing separately, or \$30,000
11 for an individual filing as a single taxpayer or an individual
12 determining tax pursuant to subsection a. of N.J.S.54A:2-1;
13 for taxable years beginning on or after January 1, 2018, but
14 before January 1, 2019, of up to \$60,000 for a married couple filing
15 jointly, \$30,000 for a married person filing separately, or \$45,000
16 for an individual filing as a single taxpayer or an individual
17 determining tax pursuant to subsection a. of N.J.S.54A:2-1;
18 for taxable years beginning on or after January 1, 2019, but
19 before January 1, 2020, of up to \$80,000 for a married couple filing
20 jointly, \$40,000 for a married person filing separately, or \$60,000
21 for an individual filing as a single taxpayer or an individual
22 determining tax pursuant to subsection a. of N.J.S.54A:2-1;
23 for taxable years beginning on or after January 1, 2020, of up to
24 \$100,000 for a married couple filing jointly, \$50,000 for a married
25 person filing separately, or \$75,000 for an individual filing as a
26 single taxpayer or an individual determining tax pursuant to
27 subsection a. of N.J.S.54A:2-1;
28 for taxable years beginning on or after January 1, 2021, for a
29 taxpayer with gross income in excess of \$100,000, but not more
30 than \$125,000, 50 percent of payments for a married couple filing
31 jointly, 25 percent of payments for a married couple filing
32 separately, or 37.5 percent of payments for an individual filing as a
33 single taxpayer or individual determining tax pursuant to subsection
34 a. of N.J.S.54A:2-1;
35 for taxable years beginning on or after January 1, 2021, for a
36 taxpayer with gross income in excess of \$125,000, but not more
37 than \$150,000, 25 percent of payments for a married couple filing
38 jointly, 12.5 percent of payments for a married couple filing
39 separately, or 18.75 percent of payments for an individual filing as
40 a single taxpayer or individual determining tax pursuant to
41 subsection a. of N.J.S.54A:2-1,
42 which are received as an annuity, endowment or life insurance
43 contract, or payments of any such amounts which are received as
44 pension, disability, or retirement benefits, under any public or
45 private plan, whether the consideration therefor is contributed by
46 the employee or employer or both, by any person who is 62 years of
47 age or older or who, by virtue of disability, is or would be eligible
48 to receive payments under the federal Social Security Act.

1 (2) For taxable years beginning on or after January 1, 2005, but
2 before January 1, 2021, the exclusion provided by this subsection
3 shall only be allowed if the taxpayer has gross income for the
4 taxable year of not more than \$100,000.

5 For taxable years beginning on or after January 1, 2021, the
6 exclusion provided by this subsection shall only be allowed if the
7 taxpayer has gross income for the taxable year of not more than
8 \$150,000.

9 c. Gross income shall not include any amount received under
10 any public or private plan by reason of a permanent and total
11 disability.

12 d. Gross income shall not include distributions from an
13 employees' trust described in section 401(a) of the Internal Revenue
14 Code of 1986, as amended (hereinafter referred to as "the Code"),
15 which is exempt from tax under section 501(a) of the Code if the
16 distribution, except the portion representing the employees'
17 contributions, is rolled over in accordance with section 402(a)(5) or
18 section 403(a)(4) of the Code. The distribution shall be paid in one
19 or more installments which constitute a lump-sum distribution
20 within the meaning of section 402(e)(4)(A) (determined without
21 reference to subsection (e)(4)(B)), or be on account of a termination
22 of a plan of which the trust is a part or, in the case of a profit-
23 sharing or stock bonus plan, a complete discontinuance of
24 contributions under such plan.

25 (cf: P.L.2016, c.57, s.9)

26
27 2. Section 3 of P.L.1977, c.273 (C.54A:6-15) is amended to read
28 as follows:

29 3. Other retirement income. a. (1) Gross income shall not
30 include income:

31 for taxable years beginning before January 1, 2000, of up to
32 \$10,000 for a married couple filing jointly, \$5,000 for a married
33 person filing separately, or \$7,500 for an individual filing as a
34 single taxpayer or an individual determining tax pursuant to
35 subsection a. of N.J.S.54A:2-1;

36 for the taxable year beginning on or after January 1, 2000, but
37 before January 1, 2001, of up to \$12,500 for a married couple filing
38 jointly, \$6,250 for a married person filing separately, or \$9,375 for
39 an individual filing as a single taxpayer or an individual
40 determining tax pursuant to subsection a. of N.J.S.54A:2-1;

41 for the taxable year beginning on or after January 1, 2001, but
42 before January 1, 2002, of up to \$15,000 for a married couple filing
43 jointly, \$7,500 for a married person filing separately, or \$11,250 for
44 an individual filing as a single taxpayer or an individual
45 determining tax pursuant to subsection a. of N.J.S.54A:2-1;

46 for the taxable year beginning on or after January 1, 2002, but
47 before January 1, 2003, of up to \$17,500 for a married couple filing
48 jointly, \$8,750 for a married person filing separately, or \$13,125 for

1 an individual filing as a single taxpayer or an individual
2 determining tax pursuant to subsection a. of N.J.S.54A:2-1;
3 for taxable years beginning on or after January 1, 2003, but
4 before January 1, 2017, gross income shall not include income of up
5 to \$20,000 for a married couple filing jointly, \$10,000 for a married
6 person filing separately, or \$15,000 for an individual filing as a
7 single taxpayer or an individual determining tax pursuant to
8 subsection a. of N.J.S.54A:2-1;
9 for taxable years beginning on or after January 1, 2017 but
10 before January 1, 2018, gross income shall not include income of up
11 to \$40,000 for a married couple filing jointly, \$20,000 for a married
12 person filing separately, or \$30,000 for an individual filing as a
13 single taxpayer or an individual determining tax pursuant to
14 subsection a. of N.J.S.54A:2-1;
15 for taxable years beginning on or after January 1, 2018, but
16 before January 1, 2019, gross income shall not include income of up
17 to \$60,000 for a married couple filing jointly, \$30,000 for a married
18 person filing separately, or \$45,000 for an individual filing as a
19 single taxpayer or an individual determining tax pursuant to
20 subsection a. of N.J.S.54A:2-1;
21 for taxable years beginning on or after January 1, 2019, but
22 before January 1, 2020, gross income shall not include income of up
23 to \$80,000 for a married couple filing jointly, \$40,000 for a married
24 person filing separately, or \$60,000 for an individual filing as a
25 single taxpayer or an individual determining tax pursuant to
26 subsection a. of N.J.S.54A:2-1;
27 for taxable years beginning on or after January 1, 2020, gross
28 income shall not include income of up to \$100,000 for a married
29 couple filing jointly, \$50,000 for a married person filing separately,
30 or \$75,000 for an individual filing as a single taxpayer or an
31 individual determining tax pursuant to subsection a. of N.J.S.54A:2-
32 1;
33 for taxable years beginning on or after January 1, 2021, for a
34 taxpayer with gross income in excess of \$100,000, but not more
35 than \$125,000, 50 percent of income for a married couple filing
36 jointly, 25 percent of income for a married couple filing separately,
37 or 37.5 percent of income for an individual filing as a single
38 taxpayer or individual determining tax pursuant to subsection a. of
39 N.J.S.54A:2-1;
40 for taxable years beginning on or after January 1, 2021, for a
41 taxpayer with income in excess of \$125,000, but not more than
42 \$150,000, 25 percent of gross income for a married couple filing
43 jointly, 12.5 percent of income for a married couple filing
44 separately, or 18.75 percent of income for an individual filing as a
45 single taxpayer or individual determining tax pursuant to subsection
46 a. of N.J.S.54A:2-1,
47 when received in any tax year by a person aged 62 years or older
48 who received no income in excess of \$3,000 from one or more of

1 the sources enumerated in subsections a., b., k. and p. of
2 N.J.S.54A:5-1.

3 (2) For taxable years beginning on or after January 1, 2005, but
4 before January 1, 2021, the exclusion provided by this subsection
5 shall only be allowed if the taxpayer has gross income for the
6 taxable year of not more than \$100,000.

7 For taxable years beginning on or after January 1, 2021, the
8 exclusion provided by this subsection shall only be allowed if the
9 taxpayer has gross income for the taxable year of not more than
10 \$150,000.

11 (3) The total exclusion under this subsection and that allowable
12 under N.J.S.54A:6-10 shall not exceed the amounts of the
13 exclusions set forth in this subsection.

14 b. In addition to the exclusion provided under N.J.S.54A:6-10
15 and subsection a. of this section, gross income shall not include
16 income of up to \$6,000 for a married couple filing jointly or an
17 individual determining tax pursuant to subsection a. of N.J.S.54A:2-
18 1, or \$3,000 for a single person or a married person filing
19 separately, who is not covered under N.J.S.54A:6-2 or N.J.S.54A:6-
20 3, but who would be eligible in any year to receive payments under
21 either section if he or she were covered thereby.

22 (cf: P.L.2016, c.57, s.10)

23

24 3. This act shall take effect immediately.

25

26

27

STATEMENT

28

29 This bill provides a limited exclusion from the gross income tax
30 on pension and retirement income for taxpayers with income
31 between \$100,000 and \$150,000.

32 Under current law, a taxpayer whose income exceeds \$100,000
33 becomes ineligible for the pension and retirement income exclusion.
34 The bill provides a limited exclusion as follows:

35

36 If the taxpayer has income greater than \$100,000, but not more than
37 \$125,000

38

Filer Type	Amount of exclusion
Married filing jointly	50 percent of pension payments and other retirement income
Married filing separately	25 percent of pension payments and other retirement income
Single	37.5 percent of pension payments and other income

39

40 If the taxpayer has income greater than \$125,000, but not more than
41 \$150,000

S3954 SARLO, SWEENEY

7

Filer Type	Amount of exclusion
Married filing jointly	25 percent of pension payments and other retirement income
Married filing separately	12.5 percent of pension payments and other retirement income
Single	18.75 percent of pension payments and other retirement income

1

SENATE BUDGET AND APPROPRIATIONS COMMITTEE

STATEMENT TO

SENATE, No. 3954

STATE OF NEW JERSEY

DATED: JUNE 22, 2021

The Senate Budget and Appropriations Committee reports favorably Senate Bill No. 3954.

This bill provides a limited exclusion from the gross income tax on pension and retirement income for taxpayers with income between \$100,000 and \$150,000. Under current law, a taxpayer whose income exceeds \$100,000 becomes ineligible for the pension and retirement income exclusion. The bill provides a limited exclusion as follows:

If the taxpayer has income greater than \$100,000, but not more than \$125,000:

Filer Type	Amount of exclusion
Married filing jointly	50 percent of pension payments and other retirement income
Married filing separately	25 percent of pension payments and other retirement income
Single	37.5 percent of pension payments and other income

If the taxpayer has income greater than \$125,000, but not more than \$150,000

Filer Type	Amount of exclusion
Married filing jointly	25 percent of pension payments and other retirement income
Married filing separately	12.5 percent of pension payments and other retirement income
Single	18.75 percent of pension payments and other retirement income

FISCAL IMPACT:

The Office of Legislative Services estimates that this bill would reduce gross income tax revenue, which is deposited into the Property Tax Relief Fund by \$51.5 million to \$72.9 million annually.

Governor Murphy Takes Action on Legislation

06/29/2021

TRENTON – Today, Governor Phil Murphy signed the following bills into law.

A-13/S-4000 (Freiman, Armato, Pintor Marin, Mazzeo, Houghtaling, Coughlin/Sarlo, Sweeney, Addiego) – Establishes "New Jersey Debt Defeasance and Prevention Fund," appropriates \$3.7 billion.

S-1255/A-1925 (Singleton, Pou/Wimberly, Reynolds-Jackson, Tucker) - Requires that certain realty transfer fee revenues be dedicated to the Special Needs Housing Trust Fund.

S-3949/A-5871 (Sarlo, Cunningham/Pintor Marin, Burzichelli) – FY 2021 State supplemental appropriation; appropriates \$100.3 million in General Fund monies and \$14.4 million in Property Tax Relief Fund monies.

A-12/S-3997 (Coughlin, McKeon, Jasey, McKnight, Chiaravalloti/Addiego, Cunningham) – "New Jersey College Affordability Act"; appropriates \$10 million.

A-5539/S-3954 (Burzichelli, Benson, Zwicker/Sarlo, Sweeney) – Provides partial pension and retirement income exclusion for taxpayers with incomes between \$100,000 and \$150,000.

A-5345/S-3428 (Reynolds-Jackson, Mukherji, Vainieri Huttel/Lagana, Ruiz) – Expands eligibility under New Jersey earned income tax credit program to allow taxpayers who are at least 18 years of age or older to qualify for modified benefit.

A-5520/S-3633 (Vainieri Huttel, McKnight, Benson/T. Kean, Diegnan) – Increases income eligibility limits for PAAD program and Senior Gold Prescription Discount Program by \$10,000.

S-3798/A-5805 (Vitale, Turner/Lopez, Benson, Johnson) – Eliminates premiums and waiting periods for certain NJ FamilyCare enrollees and directs DHS to implement additional targeted outreach initiatives to increase enrollment.