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RH/CL

P.L. 2021, CHAPTER 130, *approved June 29, 2021*  
Assembly, No. 5345

1 AN ACT modifying age requirements under the New Jersey earned  
2 income tax credit program, amending P.L.2000, c.80.

3

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

6

7 1. Section 2 of P.L.2000, c.80 (C.54A:4-7) is amended to read  
8 as follows:

9 2. There is established the New Jersey Earned Income Tax  
10 Credit program in the Division of Taxation in the Department of the  
11 Treasury.

12 a. (1) A resident individual who is eligible for a credit under  
13 section 32 of the federal Internal Revenue Code of 1986  
14 (26 U.S.C. s.32) shall be allowed a credit for the taxable year equal  
15 to a percentage, as provided in paragraph (2) of this subsection, of  
16 the federal earned income tax credit that would be allowed to the  
17 individual or the married individuals filing a joint return under  
18 section 32 of the federal Internal Revenue Code of 1986  
19 (26 U.S.C. s.32) for the same taxable year for which a credit is  
20 claimed pursuant to this section, subject to the restrictions of this  
21 subsection and subsections b., c., d. and e. of this section and the  
22 modifications of paragraph (4) of this subsection.

23 (2) For the purposes of the calculation of the New Jersey earned  
24 income tax credit, the percentage of the federal earned income tax  
25 credit referred to in paragraph (1) of this subsection shall be:

26 (a) 10% for the taxable year beginning on or after January 1,  
27 2000, but before January 1, 2001;

28 (b) 15% for the taxable year beginning on or after January 1,  
29 2001, but before January 1, 2002;

30 (c) 17.5% for the taxable year beginning on or after January 1,  
31 2002, but before January 1, 2003;

32 (d) 20% for taxable years beginning on or after January 1, 2003,  
33 but before January 1, 2008;

34 (e) 22.5% for taxable years beginning on or after January 1,  
35 2008 but before January 1, 2009;

36 (f) 25% for taxable years beginning on or after January 1, 2009  
37 but before January 1, 2010;

38 (g) 20% for taxable years beginning on or after January 1, 2010,  
39 but before January 1, 2015;

**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 (h) 30% for taxable years beginning on or after January 1, 2015,  
2 but before January 1, 2016;
- 3 (i) 35% for taxable years beginning on or after January 1, 2016,  
4 but before January 1, 2018;
- 5 (j) 37% for the taxable year beginning on or after January 1,  
6 2018, but before January 1, 2019;
- 7 (k) 39% for the taxable year beginning on or after January 1,  
8 2019, but before January 1, 2020; and
- 9 (l) 40% for taxable years beginning on or after January 1, 2020.
- 10 (3) To qualify for the New Jersey earned income tax credit, if  
11 the claimant is married, except for a claimant who files as a head of  
12 household or surviving spouse for federal income tax purposes for  
13 the taxable year, the claimant shall file a joint return or claim for  
14 the credit.
- 15 (4) A resident individual who is at least **[21]** 18 years of age or  
16 older, but cannot claim a qualifying child as defined under section  
17 152 of the federal Internal Revenue Code of 1986 (26 U.S.C. s.152)  
18 for the federal earned income tax credit, shall be eligible for the  
19 New Jersey earned income tax credit if that resident individual is  
20 ineligible to claim the federal earned income tax credit due to  
21 **[minimum]** age requirements. The resident individual shall meet  
22 all qualifications, except for the minimum or maximum age, for the  
23 federal earned income tax credit in order to be eligible for the New  
24 Jersey earned income tax credit. Calculation of the New Jersey  
25 earned income tax credit available to individuals pursuant to this  
26 paragraph shall be predicated on the federal maximum amount for  
27 taxpayers with no qualifying child for each taxable year beginning  
28 on and after January 1, 2020.
- 29 b. In the case of a part-year resident claimant, the amount of  
30 the credit allowed pursuant to this section shall be pro-rated, based  
31 upon that proportion which the total number of months of the  
32 claimant's residency in the taxable year bears to 12 in that period.  
33 For this purpose, 15 days or more shall constitute a month.
- 34 c. The amount of the credit allowed pursuant to this section  
35 shall be applied against the tax otherwise due under N.J.S.54A:1-1  
36 et seq., after all other credits and payments. If the credit exceeds the  
37 amount of tax otherwise due, that amount of excess shall be an  
38 overpayment for the purposes of N.J.S.54A:9-7; provided however,  
39 that subsection (f) of N.J.S.54A:9-7 shall not apply. The credit  
40 provided under this section as a credit against the tax otherwise due  
41 and the amount of the credit treated as an overpayment shall be  
42 treated as a credit towards or overpayment of gross income tax,  
43 subject to all provisions of N.J.S.54A:1-1 et seq., except as may be  
44 otherwise specifically provided in P.L.2000, c.80 (C.54A:4-6 et al.).
- 45 d. The Director of the Division of Taxation in the Department  
46 of the Treasury shall establish a program for the distribution of  
47 earned income tax credits pursuant to the provisions of this section.

1 e. Any earned income tax credit pursuant to this section shall  
2 not be taken into account as income or receipts for purposes of  
3 determining the eligibility of an individual for benefits or assistance  
4 or the amount or extent of benefits or assistance under any State  
5 program and, to the extent permitted by federal law, under any State  
6 program financed in whole or in part with federal funds.  
7 (cf: P.L.2020, c.98, s.1)

8  
9 2. This act shall take effect immediately and apply to taxable  
10 years beginning on or after January 1, 2021.

11  
12  
13 STATEMENT

14  
15 This bill expands eligibility for certain resident individuals under  
16 the New Jersey Earned Income Tax Credit program. Under the  
17 federal program, there are age restrictions for taxpayers who cannot  
18 claim a qualifying child. Currently, a taxpayer who is between 25  
19 and 65 years old is eligible for federal earned income tax credit  
20 even without claiming a qualifying child. The State program was  
21 changed by P.L.2020, c.98 to allow those who are least 21 years old  
22 to claim the credit based on a modified calculation. This bill would  
23 further alter the program to allow those who are at least 18 years of  
24 age or older to claim the New Jersey earned income tax credit based  
25 on a percentage of the federal earned income tax credit amount the  
26 taxpayer would have otherwise been eligible for absent the age  
27 restriction. The intent of this bill is to set the minimum age  
28 requirement to 18 years old and remove the maximum age  
29 restriction of 65 years old.

30  
31

32 \_\_\_\_\_

33  
34 Expands eligibility under New Jersey earned income tax credit  
35 program to allow taxpayers who are at least 18 years of age or older  
36 to qualify for modified benefit.

# ASSEMBLY, No. 5345

## STATE OF NEW JERSEY 219th LEGISLATURE

INTRODUCED FEBRUARY 22, 2021

**Sponsored by:**

**Assemblywoman VERLINA REYNOLDS-JACKSON**

**District 15 (Hunterdon and Mercer)**

**Assemblyman RAJ MUKHERJI**

**District 33 (Hudson)**

**Assemblywoman VALERIE VAINIERI HUTTLE**

**District 37 (Bergen)**

**Senator JOSEPH A. LAGANA**

**District 38 (Bergen and Passaic)**

**Senator M. TERESA RUIZ**

**District 29 (Essex)**

**Co-Sponsored by:**

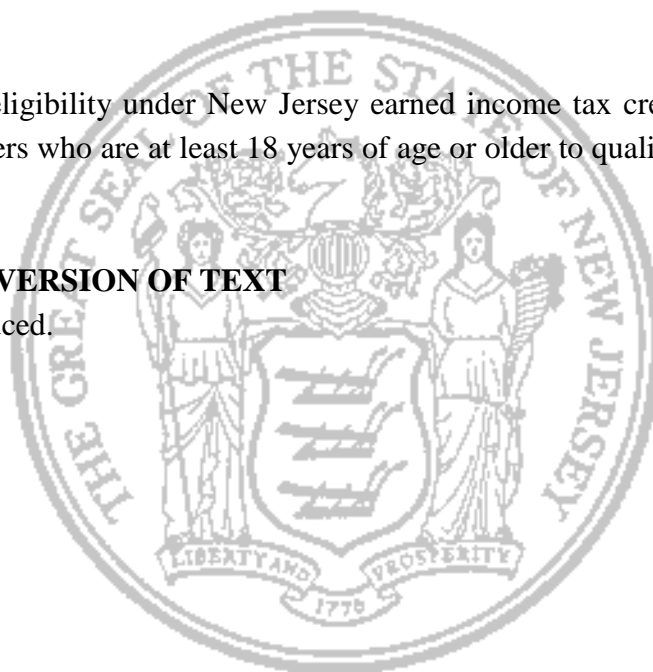
**Assemblyman Freiman, Assemblywomen Timberlake, Swain,  
Assemblyman Tully, Senators Turner, Diegnan, Greenstein, Pou, Gopal  
and Cruz-Perez**

**SYNOPSIS**

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.

**CURRENT VERSION OF TEXT**

As introduced.



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

1 AN ACT modifying age requirements under the New Jersey earned  
2 income tax credit program, amending P.L.2000, c.80.

3

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

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7 1. Section 2 of P.L.2000, c.80 (C.54A:4-7) is amended to read  
8 as follows:

9 2. There is established the New Jersey Earned Income Tax  
10 Credit program in the Division of Taxation in the Department of the  
11 Treasury.

12 a. (1) A resident individual who is eligible for a credit under  
13 section 32 of the federal Internal Revenue Code of 1986  
14 (26 U.S.C. s.32) shall be allowed a credit for the taxable year equal  
15 to a percentage, as provided in paragraph (2) of this subsection, of  
16 the federal earned income tax credit that would be allowed to the  
17 individual or the married individuals filing a joint return under  
18 section 32 of the federal Internal Revenue Code of 1986  
19 (26 U.S.C. s.32) for the same taxable year for which a credit is  
20 claimed pursuant to this section, subject to the restrictions of this  
21 subsection and subsections b., c., d. and e. of this section and the  
22 modifications of paragraph (4) of this subsection.

23 (2) For the purposes of the calculation of the New Jersey earned  
24 income tax credit, the percentage of the federal earned income tax  
25 credit referred to in paragraph (1) of this subsection shall be:

26 (a) 10% for the taxable year beginning on or after January 1,  
27 2000, but before January 1, 2001;

28 (b) 15% for the taxable year beginning on or after January 1,  
29 2001, but before January 1, 2002;

30 (c) 17.5% for the taxable year beginning on or after January 1,  
31 2002, but before January 1, 2003;

32 (d) 20% for taxable years beginning on or after January 1, 2003,  
33 but before January 1, 2008;

34 (e) 22.5% for taxable years beginning on or after January 1,  
35 2008 but before January 1, 2009;

36 (f) 25% for taxable years beginning on or after January 1, 2009  
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38 (g) 20% for taxable years beginning on or after January 1, 2010,  
39 but before January 1, 2015;

40 (h) 30% for taxable years beginning on or after January 1, 2015,  
41 but before January 1, 2016;

42 (i) 35% for taxable years beginning on or after January 1, 2016,  
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44 (j) 37% for the taxable year beginning on or after January 1,  
45 2018, but before January 1, 2019;

**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 (k) 39% for the taxable year beginning on or after January 1,  
2 2019, but before January 1, 2020; and

3 (l) 40% for taxable years beginning on or after January 1, 2020.

4 (3) To qualify for the New Jersey earned income tax credit, if  
5 the claimant is married, except for a claimant who files as a head of  
6 household or surviving spouse for federal income tax purposes for  
7 the taxable year, the claimant shall file a joint return or claim for  
8 the credit.

9 (4) A resident individual who is at least **[21]** 18 years of age or  
10 older, but cannot claim a qualifying child as defined under section  
11 152 of the federal Internal Revenue Code of 1986 (26 U.S.C. s.152)  
12 for the federal earned income tax credit, shall be eligible for the  
13 New Jersey earned income tax credit if that resident individual is  
14 ineligible to claim the federal earned income tax credit due to  
15 **[minimum]** age requirements. The resident individual shall meet  
16 all qualifications, except for the minimum or maximum age, for the  
17 federal earned income tax credit in order to be eligible for the New  
18 Jersey earned income tax credit. Calculation of the New Jersey  
19 earned income tax credit available to individuals pursuant to this  
20 paragraph shall be predicated on the federal maximum amount for  
21 taxpayers with no qualifying child for each taxable year beginning  
22 on and after January 1, 2020.

23 b. In the case of a part-year resident claimant, the amount of  
24 the credit allowed pursuant to this section shall be pro-rated, based  
25 upon that proportion which the total number of months of the  
26 claimant's residency in the taxable year bears to 12 in that period.  
27 For this purpose, 15 days or more shall constitute a month.

28 c. The amount of the credit allowed pursuant to this section  
29 shall be applied against the tax otherwise due under N.J.S.54A:1-1  
30 et seq., after all other credits and payments. If the credit exceeds the  
31 amount of tax otherwise due, that amount of excess shall be an  
32 overpayment for the purposes of N.J.S.54A:9-7; provided however,  
33 that subsection (f) of N.J.S.54A:9-7 shall not apply. The credit  
34 provided under this section as a credit against the tax otherwise due  
35 and the amount of the credit treated as an overpayment shall be  
36 treated as a credit towards or overpayment of gross income tax,  
37 subject to all provisions of N.J.S.54A:1-1 et seq., except as may be  
38 otherwise specifically provided in P.L.2000, c.80 (C.54A:4-6 et al.).

39 d. The Director of the Division of Taxation in the Department  
40 of the Treasury shall establish a program for the distribution of  
41 earned income tax credits pursuant to the provisions of this section.

42 e. Any earned income tax credit pursuant to this section shall  
43 not be taken into account as income or receipts for purposes of  
44 determining the eligibility of an individual for benefits or assistance  
45 or the amount or extent of benefits or assistance under any State  
46 program and, to the extent permitted by federal law, under any State  
47 program financed in whole or in part with federal funds.

48 (cf: P.L.2020, c.98, s.1)



1       2. This act shall take effect immediately and apply to taxable  
2 years beginning on or after January 1, 2021.

3

4

5

STATEMENT

6

7       This bill expands eligibility for certain resident individuals under  
8 the New Jersey Earned Income Tax Credit program. Under the  
9 federal program, there are age restrictions for taxpayers who cannot  
10 claim a qualifying child. Currently, a taxpayer who is between 25  
11 and 65 years old is eligible for federal earned income tax credit  
12 even without claiming a qualifying child. The State program was  
13 changed by P.L.2020, c.98 to allow those who are least 21 years old  
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15 further alter the program to allow those who are at least 18 years of  
16 age or older to claim the New Jersey earned income tax credit based  
17 on a percentage of the federal earned income tax credit amount the  
18 taxpayer would have otherwise been eligible for absent the age  
19 restriction. The intent of this bill is to set the minimum age  
20 requirement to 18 years old and remove the maximum age  
21 restriction of 65 years old.

ASSEMBLY APPROPRIATIONS COMMITTEE

STATEMENT TO

**ASSEMBLY, No. 5345**

**STATE OF NEW JERSEY**

DATED: JUNE 16, 2021

The Assembly Appropriations Committee reports favorably Assembly Bill No. 5345.

This bill expands eligibility for certain resident individuals under the New Jersey Earned Income Tax Credit program. Under the federal program, there are age restrictions for taxpayers who cannot claim a qualifying child. Currently, a taxpayer who is between 25 and 65 years old is eligible for federal earned income tax credit even without claiming a qualifying child. The State program was changed by P.L.2020, c.98 to allow those who are least 21 years old to claim the credit based on a modified calculation. This bill would further alter the program to allow those who are at least 18 years of age or older to claim the New Jersey earned income tax credit based on a percentage of the federal earned income tax credit amount the taxpayer would have otherwise been eligible for absent the age restriction. The intent of this bill is to set the minimum age requirement to 18 years old and remove the maximum age restriction of 65 years old.

FISCAL IMPACT:

The Office of Legislative Services (OLS) estimates that this bill will reduce gross income tax revenue by \$6.3 million in FY 2022 and \$15.2 million in FY 2023 and each fiscal year thereafter.

Following the enactment of the American Rescue Plan Act of 2021 (ARPA), this bill will only affect workers without qualifying children who are 18 years of age in FY 2022 (TY 2021). This bill will not affect those workers who are ages 19 or 20 or 65 and older until FY 2023 (TY 2022).

# SENATE BUDGET AND APPROPRIATIONS COMMITTEE

## STATEMENT TO

### ASSEMBLY, No. 5345

# STATE OF NEW JERSEY

DATED: JUNE 22, 2021

The Senate Budget and Appropriations Committee reports favorably Assembly Bill No. 5345.

This bill expands eligibility for certain resident individuals under the New Jersey Earned Income Tax Credit program. Under the federal program, there are age restrictions for taxpayers who cannot claim a qualifying child. Currently, a taxpayer who is between 25 and 65 years old is eligible for federal earned income tax credit even without claiming a qualifying child. The State program was changed by P.L.2020, c.98 to allow those who are least 21 years old to claim the credit based on a modified calculation. This bill would further alter the program to allow those who are at least 18 years of age or older to claim the New Jersey earned income tax credit based on a percentage of the federal earned income tax credit amount the taxpayer would have otherwise been eligible for absent the age restriction. The intent of this bill is to set the minimum age requirement to 18 years old and remove the maximum age restriction of 65 years old.

As reported, this bill is identical to Senate Bill No. 3428, which was also reported favorably by the committee on this date.

#### FISCAL IMPACT:

The Office of Legislative Services estimates that this bill will reduce gross income tax revenue by \$6.3 million in FY 2022 and \$15.2 million in FY 2023 and each fiscal year thereafter.

Following the enactment of the American Rescue Plan Act of 2021 this bill will only affect workers without qualifying children who are 18 years of age in FY 2022 (TY 2021). This bill will not affect those workers who are ages 19 or 20 or 65 and older until FY 2023 (TY 2022).

**LEGISLATIVE FISCAL ESTIMATE**  
**ASSEMBLY, No. 5345**  
**STATE OF NEW JERSEY**  
**219th LEGISLATURE**

DATED: JUNE 22, 2021

**SUMMARY**

- Synopsis:** 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.
- 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**

<b>Fiscal Impact</b>	<b><u>FY 2022</u></b>	<b><u>FY 2023 and Thereafter</u></b>
<b>Annual State Revenue Loss</b>	\$6.3 million	\$15.2 million

- The Office of Legislative Services (OLS) estimates that this bill will reduce gross income tax revenue by \$6.3 million in FY 2022 and \$15.2 million in FY 2023 and each fiscal year thereafter.
- Following the enactment of the American Rescue Plan Act of 2021 (ARPA), this bill will only affect workers without qualifying children who are 18 years of age in FY 2022 (TY 2021). This bill will not affect those workers who are ages 19 or 20 or 65 and older until FY 2023 (TY 2022).

**BILL DESCRIPTION**

This bill expands eligibility for certain resident individuals under the New Jersey Earned Income Tax Credit program. Under the federal program, there are age restrictions for taxpayers who cannot claim a qualifying child. Currently, a taxpayer who is between 25 and 65 years old is eligible for federal earned income tax credit even without claiming a qualifying child. The State program was changed by P.L.2020, c.98 to allow those who are least 21 years old to claim the credit based on a modified calculation. This bill would further alter the program to allow those who are at least 18 years of age or older to claim the New Jersey earned income tax credit based on a percentage of the federal earned income tax credit amount the taxpayer would have otherwise

been eligible for absent the age restriction. The intent of this bill is to set the minimum age requirement to 18 years old and remove the maximum age restriction of 65 years old.

## **FISCAL ANALYSIS**

### ***EXECUTIVE BRANCH***

None received.

### ***OFFICE OF LEGISLATIVE SERVICES***

The OLS estimates that this bill will reduce gross income tax revenue by \$6.3 million in FY 2022 and \$15.2 million in FY 2023 and each fiscal year thereafter. Due to the enactment of ARPA, this bill will only affect workers without qualifying children who are 18 years of age in FY 2022 (TY 2021). This bill will not affect those workers who are ages 19 or 20 or 65 and older until FY 2023 (TY 2022).

#### *Federal Changes Impacting FY 2022 (TY 2021):*

The federal earned income tax credit program provides a credit to childless workers who are at least 25 years of age, but no older than 65 years of age, if they meet certain income requirements. The federal ARPA, which was enacted on March 11, 2021, includes a temporary expansion of the credit for TY 2021, including modifications to the qualifying age range as well as enhanced benefit amounts. ARPA temporarily lowers the minimum age of eligibility to 19 and temporarily eliminates the upper age limit for workers aged 65 and older.

#### *FY 2022:*

For FY 2022, the OLS assumes this bill will affect approximately 10,500 returns. The State earned income tax credit for those affected by the bill will be calculated by taking the maximum federal amount for a worker with no qualifying children, \$1,502 for TY 2021 (ARPA enhanced), and multiplying it by 40 percent to yield a credit of \$600.80 for each claimant. With the assumed population of eligible returns being the 10,500, the OLS calculates the State revenue loss to be \$6.3 million in FY 2022.

#### *FY 2023 and Thereafter:*

For FY 2023 and each fiscal year thereafter, the OLS assumes this bill will affect approximately 70,200 returns. The State earned income tax credit for those affected by the bill will be calculated by taking the maximum federal amount for a worker with no qualifying children, \$543 for TY 2021 (pre-ARPA), and multiplying it by 40 percent to yield a credit of \$217.20 for each claimant. With the assumed population of eligible returns being 70,200, the OLS calculates the State revenue loss to be \$15.2 million annually. This revenue loss will fluctuate over time with inflationary adjustments to federal benefit amounts.

*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. 3428

## STATE OF NEW JERSEY 219th LEGISLATURE

INTRODUCED FEBRUARY 9, 2021

**Sponsored by:**

**Senator JOSEPH A. LAGANA**

**District 38 (Bergen and Passaic)**

**Senator M. TERESA RUIZ**

**District 29 (Essex)**

**Co-Sponsored by:**

**Senators Turner, Diegnan, Greenstein, Pou, Gopal and Cruz-Perez**

**SYNOPSIS**

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.

**CURRENT VERSION OF TEXT**

As introduced.



**(Sponsorship Updated As Of: 6/3/2021)**

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19 (26 U.S.C. s.32) for the same taxable year for which a credit is  
20 claimed pursuant to this section, subject to the restrictions of this  
21 subsection and subsections b., c., d. and e. of this section and the  
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23 (2) For the purposes of the calculation of the New Jersey earned  
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27 2000, but before January 1, 2001;

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Matter underlined thus is new matter.



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2 2019, but before January 1, 2020; and

3 (l) 40% for taxable years beginning on or after January 1, 2020.

4 (3) To qualify for the New Jersey earned income tax credit, if  
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8 the credit.

9 (4) A resident individual who is at least **[21]** 18 years of age or  
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38 otherwise specifically provided in P.L.2000, c.80 (C.54A:4-6 et al.).

39 d. The Director of the Division of Taxation in the Department  
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43 not be taken into account as income or receipts for purposes of  
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45 or the amount or extent of benefits or assistance under any State  
46 program and, to the extent permitted by federal law, under any State  
47 program financed in whole or in part with federal funds.

48 (cf: P.L.2020, c.98, s.1)

**S3428 LAGANA, RUIZ**

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1       2. This act shall take effect immediately and apply to taxable  
2 years beginning on or after January 1, 2021.

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**STATEMENT**

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7       This bill expands eligibility for certain resident individuals under  
8 the New Jersey Earned Income Tax Credit program. Under the  
9 federal program, there are age restrictions for taxpayers who cannot  
10 claim a qualifying child. Currently, a taxpayer who is between 25  
11 and 65 years old is eligible for federal earned income tax credit  
12 even without claiming a qualifying child. The State program was  
13 changed by P.L.2020, c.98 to allow those who are least 21 years old  
14 to claim the credit based on a modified calculation. This bill would  
15 further alter the program to allow those who are at least 18 years of  
16 age or older to claim the New Jersey earned income tax credit based  
17 on a percentage of the federal earned income tax credit amount the  
18 taxpayer would have otherwise been eligible for absent the age  
19 restriction. The intent of this bill is to set the minimum age  
20 requirement to 18 years old and remove the maximum age  
21 restriction of 65 years old.

# SENATE BUDGET AND APPROPRIATIONS COMMITTEE

## STATEMENT TO

### SENATE, No. 3428

# STATE OF NEW JERSEY

DATED: JUNE 22, 2021

The Senate Budget and Appropriations Committee reports favorably Senate Bill No. 3428.

This bill expands eligibility for certain resident individuals under the New Jersey Earned Income Tax Credit program. Under the federal program, there are age restrictions for taxpayers who cannot claim a qualifying child. Currently, a taxpayer who is between 25 and 65 years old is eligible for federal earned income tax credit even without claiming a qualifying child. The State program was changed by P.L.2020, c.98 to allow those who are least 21 years old to claim the credit based on a modified calculation. This bill would further alter the program to allow those who are at least 18 years of age or older to claim the New Jersey earned income tax credit based on a percentage of the federal earned income tax credit amount the taxpayer would have otherwise been eligible for absent the age restriction. The intent of this bill is to set the minimum age requirement to 18 years old and remove the maximum age restriction of 65 years old.

As reported, this bill is identical to Assembly Bill No. 5345, which was also reported favorably by the committee on this date.

#### FISCAL IMPACT:

The Office of Legislative Services estimates that this bill will reduce gross income tax revenue by \$6.3 million in FY 2022 and \$15.2 million in FY 2023 and each fiscal year thereafter.

Following the enactment of the American Rescue Plan Act of 2021 this bill will only affect workers without qualifying children who are 18 years of age in FY 2022 (TY 2021). This bill will not affect those workers who are ages 19 or 20 or 65 and older until FY 2023 (TY 2022).

**LEGISLATIVE FISCAL ESTIMATE**  
**SENATE, No. 3428**  
**STATE OF NEW JERSEY**  
**219th LEGISLATURE**

DATED: JUNE 21, 2021

**SUMMARY**

- Synopsis:** 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.
- 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**

<b>Fiscal Impact</b>	<b><u>FY 2022</u></b>	<b><u>FY 2023 and Thereafter</u></b>
<b>Annual State Revenue Loss</b>	\$6.3 million	\$15.2 million

- The Office of Legislative Services (OLS) estimates that this bill will reduce gross income tax revenue by \$6.3 million in FY 2022 and \$15.2 million in FY 2023 and each fiscal year thereafter.
- Following the enactment of the American Rescue Plan Act of 2021 (ARPA), this bill will only affect workers without qualifying children who are 18 years of age in FY 2022 (TY 2021). This bill will not affect those workers who are ages 19 or 20 or 65 and older until FY 2023 (TY 2022).

**BILL DESCRIPTION**

This bill expands eligibility for certain resident individuals under the New Jersey Earned Income Tax Credit program. Under the federal program, there are age restrictions for taxpayers who cannot claim a qualifying child. Currently, a taxpayer who is between 25 and 65 years old is eligible for federal earned income tax credit even without claiming a qualifying child. The State program was changed by P.L.2020, c.98 to allow those who are least 21 years old to claim the credit based on a modified calculation. This bill would further alter the program to allow those who are at least 18 years of age or older to claim the New Jersey earned income tax credit based on a percentage of the federal earned income tax credit amount the taxpayer would have otherwise

been eligible for absent the age restriction. The intent of this bill is to set the minimum age requirement to 18 years old and remove the maximum age restriction of 65 years old.

## FISCAL ANALYSIS

### ***EXECUTIVE BRANCH***

None received.

### ***OFFICE OF LEGISLATIVE SERVICES***

The OLS estimates that this bill will reduce gross income tax revenue by \$6.3 million in FY 2022 and \$15.2 million in FY 2023 and each fiscal year thereafter. Due to the enactment of ARPA, this bill will only affect workers without qualifying children who are 18 years of age in FY 2022 (TY 2021). This bill will not affect those workers who are ages 19 or 20 or 65 and older until FY 2023 (TY 2022).

#### *Federal Changes Impacting FY 2022 (TY 2021):*

The federal earned income tax credit program provides a credit to childless workers who are at least 25 years of age, but no older than 65 years of age, if they meet certain income requirements. The federal ARPA, which was enacted on March 11, 2021, includes a temporary expansion of the credit for TY 2021, including modifications to the qualifying age range as well as enhanced benefit amounts. ARPA temporarily lowers the minimum age of eligibility to 19 and temporarily eliminates the upper age limit for workers aged 65 and older.

#### *FY 2022:*

For FY 2022, the OLS assumes this bill will affect approximately 10,500 returns. The State earned income tax credit for those affected by the bill will be calculated by taking the maximum federal amount for a worker with no qualifying children, \$1,502 for TY 2021 (ARPA enhanced), and multiplying it by 40 percent to yield a credit of \$600.80 for each claimant. With the assumed population of eligible returns being the 10,500, the OLS calculates the State revenue loss to be \$6.3 million in FY 2022.

#### *FY 2023 and Thereafter:*

For FY 2023 and each fiscal year thereafter, the OLS assumes this bill will affect approximately 70,200 returns. The State earned income tax credit for those affected by the bill will be calculated by taking the maximum federal amount for a worker with no qualifying children, \$543 for TY 2021 (pre-ARPA), and multiplying it by 40 percent to yield a credit of \$217.20 for each claimant. With the assumed population of eligible returns being 70,200, the OLS calculates the State revenue loss to be \$15.2 million annually. This revenue loss will fluctuate over time with inflationary adjustments to federal benefit amounts.

*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.).

# 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, Diegman)** – 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.