

54A:2-4

LEGISLATIVE HISTORY CHECKLIST
Compiled by the NJ State Law Library

(Gross income tax--increase)

NJSA: 54A:2-4

LAWS OF: 1994 CHAPTER: 8

BILL NO: A2

SPONSOR(S): LoBiondo and others

DATE INTRODUCED: January 27, 1994

COMMITTEE: ASSEMBLY: Policy and Rules; Appropriations
SENATE: ---

AMENDED DURING PASSAGE: Yes

DATE OF PASSAGE: ASSEMBLY: February 28, 1994
SENATE: March 15, 1994

DATE OF APPROVAL: March 16, 1994

FOLLOWING STATEMENTS ARE ATTACHED IF AVAILABLE:

SPONSOR STATEMENT: Yes

COMMITTEE STATEMENT: ASSEMBLY: Yes 2-10-94 & 2-17-94
SENATE: No

FISCAL NOTE: No

VETO MESSAGE: No

MESSAGE ON SIGNING: No

FOLLOWING WERE PRINTED:

REPORTS: No

HEARINGS: Yes

974.90 New Jersey. Legislature. General Assembly. Policy and Rules
T235 Committee.
1994 Committee meeting on...A-2, held 2-2-94. Trenton, 1994.

See newspaper clippings--attached.
"Whitman signs income tax cut," 3-17-94, Asbury Park Press.
"\$7,500 tax floor signed," 3-17-94, Home News.

KBG:pp

[FIRST REPRINT]

ASSEMBLY, No. 2

STATE OF NEW JERSEY

INTRODUCED JANUARY 27, 1994

By Assemblymen LoBIONDO, WOLFE, Assemblywoman Haines, Assemblymen DiGaetano, Bateman, Mikulak, T. Smith, Corodemus, Azzolina, Assemblywoman Wright, Assemblymen Haytaian, Zecker, Gibson, Kelly, Assemblywomen J. Smith, Derman, Assemblymen Warsh, Rocco, Arnone, Assemblywoman Farragher, Assemblymen Oros, Augustine, Frelinghuysen, Lance, Assemblywoman Vandervalk, Assemblymen Solomon, Kamin, Gaffney, Assemblywoman Crecco, Assemblymen Malone, Cottrell, DeCroce, Collins, Bagger, Rooney, Russo, Assemblywoman Ogden, Assemblymen Stuhltrager, Felice, Assemblywoman Murphy, Assemblymen Geist, Garrett, Colburn, Kavanaugh, Shinn, Roma, Catania, Lustbader, Assemblywomen Heck and Gregory-Scocchi

1 AN ACT increasing the minimum income necessary to be subject
2 to the gross income tax, amending N.J.S.54A:2-4 and
3 N.J.S.54A:8-3.1.

4

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

7 1. N.J.S.54A:2-4 is amended to read as follows:

8 54A:2-4. Minimum taxable income. Notwithstanding any other
9 provisions of this act, a taxpayer filing as an unmarried
10 individual, an estate or trust, a taxpayer determining tax
11 pursuant to subsection a. of N.J.S.54A:2-1, or a married couple
12 filing a joint return, with a gross income of \$3,000.00 or less for
13 taxable years beginning before January 1, 1994 and \$7,500.00 or
14 less for taxable years beginning on and after January 1, 1994,
15 (\$1,500.00 or less for taxable years beginning before January 1,
16 1994 and ¹[\$3,500.00] \$3,750.00¹ or less for taxable years
17 beginning on and after January 1, 1994 in the case of a married
18 person filing separately), shall not be subject to tax under this
19 act. In the case of a nonresident, gross income shall mean gross
20 income which such nonresident would have reported if he had
21 been a resident.

22 (cf: P.L.1990, c.61, s.14)

23 2. N.J.S.54A:8-3.1 is amended to read as follows:

24 54A:8-3.1. Persons required to file. a. On or before the filing
25 date prescribed in section 1 of this chapter (N.J.S.54A:8-1), an
26 income tax return shall be made and filed by or for an individual,
27 whether filing as unmarried or determining tax pursuant to
28 subsection a. of N.J.S.54A:2-1, an estate or trust, having a gross
29 income in excess of \$3,000.00 for taxable years beginning before
30 January 1, 1994 and \$7,500.00 for taxable years beginning on and
31 after January 1, 1994, and by or for a married couple filing a
32 joint return and having joint gross income in excess of \$3,000.00
33 for taxable years beginning before January 1, 1994 and \$7,500.00
34 for taxable years beginning on and after January 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

Matter enclosed in superscript numerals has been adopted as follows.

¹ Assembly floor amendment adopted February 28, 1994.

1 1994 (\$1,500.00 or more for taxable years beginning before
2 January 1, 1994 and ¹[\$3,500.00] \$3,750.00¹ or more for taxable
3 years beginning on and after January 1, 1994 in the case of a
4 married person filing separately).

5 b. If the income tax liability of husband and wife is determined
6 on a separate return for federal income tax purposes, they shall
7 each also file a separate return for New Jersey income tax
8 purposes and their income tax liabilities under this act shall be
9 separate.

10 c. If the income tax liabilities of husband and wife, both
11 residents, are determined on a joint return for federal income tax
12 purposes, they shall also file a joint return for New Jersey income
13 tax purposes and their tax liabilities under this act shall be joint
14 and several.

15 d. If either husband or wife is a resident and the other is a
16 nonresident, they shall file separate tax returns under this act on
17 such single or separate forms as may be required by the director
18 in which event their tax liabilities shall be separate unless both
19 elect to determine their joint taxable income as if both were
20 residents, in which event their liabilities shall be joint and several.

21 e. The return for any deceased individual shall be made and
22 filed by his fiduciary or other person charged with his property.

23 f. The return for an individual who is unable to make a return
24 by reason of minority or other disability shall be made and filed
25 by his fiduciary or other person charged with the care of his
26 person or property (other than a receiver in possession of only a
27 part of his property), or by his duly authorized agent.

28 g. Any tax under this act, and any increase, interest or penalty
29 thereon, shall, from the time it is due and payable, be a personal
30 debt of the person liable to pay the same, to the State of New
31 Jersey.

32 h. If both husband and wife are nonresidents but only one
33 spouse earns, receives or acquires income from sources within
34 this State, they shall file separate forms as may be required by
35 the director and their tax liabilities shall be separate, unless both
36 elect to determine their joint taxable income in accord with
37 N.J.S.54A:5-7 and their liabilities under this act shall be joint and
38 several.

39 (cf: P.L.1993, c.178, s.3)

40 3. This act shall take effect immediately and shall apply to
41 taxpayer taxable years commencing on and after January 1, 1994.

42

43

44

45

46 _____
47 Increases minimum income necessary to be subject to the gross
income tax.

1 b. If the income tax liability of husband and wife is determined
2 on a separate return for federal income tax purposes, they shall
3 each also file a separate return for New Jersey income tax
4 purposes and their income tax liabilities under this act shall be
5 separate.

6 c. If the income tax liabilities of husband and wife, both
7 residents, are determined on a joint return for federal income tax
8 purposes, they shall also file a joint return for New Jersey income
9 tax purposes and their tax liabilities under this act shall be joint
10 and several.

11 d. If either husband or wife is a resident and the other is a
12 nonresident, they shall file separate tax returns under this act on
13 such single or separate forms as may be required by the director
14 in which event their tax liabilities shall be separate unless both
15 elect to determine their joint taxable income as if both were
16 residents, in which event their liabilities shall be joint and several.

17 e. The return for any deceased individual shall be made and
18 filed by his fiduciary or other person charged with his property.

19 f. The return for an individual who is unable to make a return
20 by reason of minority or other disability shall be made and filed
21 by his fiduciary or other person charged with the care of his
22 person or property (other than a receiver in possession of only a
23 part of his property), or by his duly authorized agent.

24 g. Any tax under this act, and any increase, interest or penalty
25 thereon, shall, from the time it is due and payable, be a personal
26 debt of the person liable to pay the same, to the State of New
27 Jersey.

28 h. If both husband and wife are nonresidents but only one
29 spouse earns, receives or acquires income from sources within
30 this State, they shall file separate forms as may be required by
31 the director and their tax liabilities shall be separate, unless both
32 elect to determine their joint taxable income in accord with
33 N.J.S.54A:5-7 and their liabilities under this act shall be joint and
34 several.

35 (cf: P.L.1993, c.178, s.3)

36 3. This act shall take effect immediately and shall apply to
37 taxpayer taxable years commencing on and after January 1, 1994.

38

39

STATEMENT

40

41 This bill increases the minimum taxable income under the gross
42 income tax beginning in tax year 1994. Currently, a single
43 taxpayer, an estate or trust, an individual filing as head of
44 household or as surviving spouse for federal income tax purposes,
45 or a married couple filing a joint return, with a gross income of
46 \$3,000 or less is not subject to tax (a married person filing
47 separately is exempt if gross income is \$1,500 or less). This bill
48 increases the minimum income necessary to be subject to gross
49 income tax to more than \$7,500 (\$3,500 for a married person
50 filing separately).

51

52

53

54 _____
55 Increases minimum income necessary to be subject to the gross
income tax.

ASSEMBLY POLICY AND RULES COMMITTEE

STATEMENT TO

ASSEMBLY, No. 2

STATE OF NEW JERSEY

DATED: FEBRUARY 10, 1994

The Assembly Policy and Rules Committee favorably reports Assembly Bill No. 2.

Assembly Bill No. 2 increases the minimum gross income subject to the New Jersey Gross Income Tax.

Under current law, all taxpayers (except married individuals filing separate returns) who have a gross income of more than \$3,000 are subject to the New Jersey Gross Income Tax. Married individuals filing separately are subject to the tax if they have a gross income of more than \$1,500.

Assembly Bill No. 2 amends N.J.S.54A:2-4 and N.J.S.54A:8-3.1 to increase the minimum gross income subject to the New Jersey Gross Income Tax. Under this bill, all taxpayers (except married individuals filing separate returns) who have a gross income of more than \$7,500 are subject to the New Jersey Gross Income Tax. Married individuals filing separately are subject to the tax if they have a gross income of more than \$3,500.

The provisions of Assembly Bill No. 2 would apply to the 1994 tax year and each tax year thereafter.

ASSEMBLY APPROPRIATIONS COMMITTEE

STATEMENT TO

ASSEMBLY, No. 2

STATE OF NEW JERSEY

DATED: FEBRUARY 17, 1994

The Assembly Appropriations Committee reports favorably Assembly Bill No. 2.

Assembly Bill No. 2 increases the minimum taxable income under the gross income tax beginning in tax year 1994.

Currently, a single taxpayer, an estate or trust, an individual filing as head of household or as surviving spouse for federal income tax purposes, or a married couple filing a joint return with a gross income of \$3,000 or less is not subject to tax (a married person filing separately is exempt if gross income is \$1,500 or less).

This bill increases the minimum income necessary to be subject to gross income tax to \$7,500 (\$3,500 or more for a married person filing separately).

A reported, this bill is identical to Senate Bill No. 2 of 1994.

FISCAL IMPACT:

The Office of Legislative Services (OLS) estimates that this bill would cost the State between \$24 million and \$26 million in tax year 1994. "Tax year 1994" taxpayers consist of all of the taxpayers whose taxable years begin in calendar year 1994. Withholding and estimated payments from these taxpayers are made over the course of calendar year 1994. Their final payments are made in calendar year 1995, and extensions, amended returns and assessments can actually extend beyond calendar year 1995. Because of those factors and because of the six month overlap between fiscal and calendar years the fiscal year (FY) impact will differ from the tax year impact. OLS anticipates that the tax year cost of this bill will increase annually by about 4%, as the number of filers with \$7,500 or less in gross income increases.

OLS assumes that the time lag associated with implementing the rate reduction on withholding tables will result in delaying all or most of the potential FY1994 effect to FY1995. If implementation is more rapid than anticipated, the OLS estimates that the FY1994 cost could be as high as \$5 million, with a corresponding reduction in FY1995.

The fiscal impact of this bill will be different if it is considered in conjunction with the fiscal impact of a companion bill, Assembly Bill No. 1 of 1994, because both affect the gross income tax. Assembly Bill No. 1 reduces personal gross income tax rates by 5% for taxable years 1994 and thereafter. The combined revenue loss resulting from the implementation of both bills would be as follows: \$0 in FY1994; \$388 - \$408 million in FY1995; \$288 - \$303 million in FY1996; \$309 - \$325 million in FY1997; and \$334 - \$351 million in FY1998.

The FY 1995 cost of the two bills will be greater than that in subsequent years because FY 1995 contains the cost of the first 18 months of the tax reductions. Subsequent years will reflect the costs of 12 months. After FY 1996, the estimated fiscal impact will increase by between 6.5% and 8.5%, as taxable income increases.