

54A:5-8

LEGISLATIVE HISTORY CHECKLIST
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(Gross income tax--non-residents--
clarify gambling winnings)

NJSA: 54A:5-8

LAWS OF: 1993 **CHAPTER:** 143

BILL NO: A1979

SPONSOR(S) Lance and Bagger

DATE INTRODUCED: November 9, 1992

COMMITTEE: **ASSEMBLY:** Appropriations
SENATE: Budget

AMENDED DURING PASSAGE: No

DATE OF PASSAGE: **ASSEMBLY:** December 14, 1992
SENATE: June 10, 1993

DATE OF APPROVAL: June 18, 1993

FOLLOWING STATEMENTS ARE ATTACHED IF AVAILABLE:

SPONSOR STATEMENT: Yes

COMMITTEE STATEMENT: **ASSEMBLY:** Yes
SENATE: Yes

FISCAL NOTE: No

VETO MESSAGE: No

MESSAGE ON SIGNING: No

FOLLOWING WERE PRINTED:

REPORTS: No

HEARINGS: No

See newspaper clippings--attached:

KBG:pp

P.L.1993, CHAPTER 143, approved June 18, 1993
1992 Assembly No. 1979

AN ACT concerning certain gambling winnings of nonresidents under the gross income tax, amending N.J.S.54A:5-8.

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

1. N.J.S.54A:5-8 is amended to read as follows:

54A:5-8. Income from sources within this State for a nonresident individual, estate or trust means the [same as compensation, net profits, gains, dividends, interest or] income from the categories of gross income enumerated and classified under chapter 5 of this act to the extent that it is earned, received or acquired from sources within this State:

(1) By reason of ownership or disposition of any interest in real or tangible personal property in this State; or

(2) In connection with a trade, profession, occupation carried on in this State or for the rendition of personal services performed in this State; or

(3) As a distributive share of the income of an unincorporated business, profession, enterprise, undertaking or other activity as the result of work done, services rendered or other business activities conducted in this State except as allocated to another state pursuant to regulations promulgated by the director under this act; or

(4) From intangible personal property employed in a trade, profession, occupation or business carried on in this State, or

(5) As a result of any lottery or wagering transaction in this State other than that excluded from taxation pursuant to N.J.S.54A:6-11.

Income from sources within this State for a nonresident individual shall not include income from pensions and annuities as set forth in subsection j. of N.J.S.54A:5-1.

(cf: P.L.1989, c.219, s.2)

2. This act shall take effect immediately and section 1 shall apply to taxable years ending after the effective date of this act.

STATEMENT

This bill clarifies the original intent, and longstanding administrative interpretation, that gambling winnings of nonresidents received from wagering transactions within this State are subject to the gross income tax in the same manner as the winnings of residents. The bill specifically sets forth that

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.

Income received in respect of any lottery or wagering transaction in this State (other than from the State lottery) is income received from sources within this State, subject to the gross income tax if received by a nonresident.

Provides that gambling winnings of nonresidents are subject to the gross income tax.

ASSEMBLY, No. 1979
STATE OF NEW JERSEY

INTRODUCED NOVEMBER 9, 1992

By Assemblymen LANCE and BAGGER

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2 under the gross income tax, amending N.J.S.54A:5-8.

3

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

6 1. N.J.S.54A:5-8 is amended to read as follows:

7 54A:5-8. Income from sources within this State for a
8 nonresident individual, estate or trust means the [same as
9 compensation, net profits, gains, dividends, interest or] income
10 from the categories of gross income enumerated and classified
11 under chapter 5 of this act to the extent that it is earned,
12 received or acquired from sources within this State:

13 (1) By reason of ownership or disposition of any interest in real
14 or tangible personal property in this State; or

15 (2) In connection with a trade, profession, occupation carried
16 on in this State or for the rendition of personal services
17 performed in this State; or

18 (3) As a distributive share of the income of an unincorporated
19 business, profession, enterprise, undertaking or other activity as
20 the result of work done, services rendered or other business
21 activities conducted in this State except as allocated to another
22 state pursuant to regulations promulgated by the director under
23 this act; or

24 (4) From intangible personal property employed in a trade,
25 profession, occupation or business carried on in this State, or

26 (5) As a result of any lottery or wagering transaction in this
27 State other than that excluded from taxation pursuant to
28 N.J.S.54A:6-11.

29 Income from sources within this State for a nonresident
30 individual shall not include income from pensions and annuities as
31 set forth in subsection j. of N.J.S.54A:5-1.

32 (cf: P.L.1989, c.219, s.2)

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34 apply to taxable years ending after the effective date of this act.

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STATEMENT

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39 This bill clarifies the original intent, and longstanding
40 administrative interpretation, that gambling winnings of
41 nonresidents received from wagering transactions within this
42 State are subject to the gross income tax in the same manner as
43 the winnings of residents. The bill specifically sets forth that

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 income received in respect of any lottery or wagering transaction
2 in this State (other than from the State lottery) is income
3 received from sources within this State, subject to the gross
4 income tax if received by a nonresident.
5
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7 _____
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9 Provides that gambling winnings of nonresidents are subject to
10 the gross income tax.

ASSEMBLY APPROPRIATIONS COMMITTEE

STATEMENT TO

ASSEMBLY, No. 1979

STATE OF NEW JERSEY

DATED: DECEMBER 3, 1992

The Assembly Appropriations Committee reports favorably Assembly Bill No. 1979.

Assembly Bill No. 1979 clarifies that the gambling winnings which nonresidents receive from wagering transactions within this State are subject to the gross income tax in the same manner as the winnings of residents. The bill specifies that income received in respect of any wagering transaction in this State is income received from sources within this State, and is subject to the gross income tax in the same manner as if received by a resident. The bill does not affect the current exclusion of the New Jersey Lottery winnings from gross income.

FISCAL IMPACT:

This bill should result in an increase in gross income tax revenues in the current and future fiscal years. No information is available to determine the increased amount of revenue.

The majority of nonresident gamblers are subject to personal income taxes in their places of residence and are allowed a credit against their residence income taxes for New Jersey income taxes paid. Revenues from casino gambling are not expected to decline as a result of gambling winnings of nonresidents becoming subject to gross income taxation because the total tax burden on most of nonresident gamblers will be unaffected.

SENATE BUDGET AND APPROPRIATIONS COMMITTEE

STATEMENT TO

ASSEMBLY, No. 1979

STATE OF NEW JERSEY

DATED: MARCH 11, 1993

The Senate Budget and Appropriations Committee reports favorably Assembly Bill No. 1979.

Assembly Bill No. 1979 clarifies that the gambling winnings which nonresidents receive from any lottery or wagering transactions within this State are subject to the gross income tax in the same manner as the winnings of residents. The bill specifies that income received from any lottery or wagering transaction in this State (other than the State lottery) is income received from sources within this State and, therefore, subject to the gross income tax. The bill does not affect the current exclusion of New Jersey Lottery winnings from gross income.

As reported by this committee, this bill is identical to Senate Bill No. 1508.

FISCAL IMPACT

This bill should result in an increase in gross income tax revenues in current and future fiscal years; however, information is not available to determine the increased amount of revenue.

The majority of nonresident gamblers are subject to personal income taxes in their places of residence and are allowed a credit against their residence income taxes for New Jersey income taxes paid. Revenues from casino gambling are not expected to decline as a result of gambling winnings of nonresidents becoming subject to gross income taxation because the total tax burden on most nonresident gamblers will be unaffected.