

54A:2-4

LEGISLATIVE HISTORY CHECKLIST

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LAWS OF: 1999 **CHAPTER:** 260

NJSA: 54A:2-4 (Gross income tax – increases minimum income)

BILL NO: A2339 (Substituted for S1670)

SPONSOR(S): Collins and Doria

DATE INTRODUCED: July 30, 1998

COMMITTEE: **ASSEMBLY:** Appropriations

SENATE: Budget and Appropriations

AMENDED DURING PASSAGE: No

DATE OF PASSAGE: **ASSEMBLY:** March 15, 1999

SENATE: June 21, 1999

DATE OF APPROVAL: October 18, 1999

FOLLOWING ARE ATTACHED IF AVAILABLE:

FINAL TEXT OF BILL: Assembly Committee Substitute for A2339
(Amendments during passage denoted by superscript numbers)

A2339

SPONSORS STATEMENT: (Begins on page 3 of original bill) [Yes](#)

COMMITTEE STATEMENT: **ASSEMBLY:** No

SENATE: No

FLOOR AMENDMENT STATEMENTS: No

LEGISLATIVE FISCAL ESTIMATE: [Yes](#) [4-29-99](#)

Assembly Committee Substitute for A2339

SPONSORS STATEMENT No

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

SENATE: [Yes](#)

FLOOR AMENDMENT STATEMENTS: No

LEGISLATIVE FISCAL ESTIMATE: [Yes](#) [3-16-00](#)

S1670

SPONSORS STATEMENT: (Begins on page 4 of original bill) [Yes](#)

Bill and Sponsor Statement identical to A2339

COMMITTEE STATEMENT: **ASSEMBLY:** No

SENATE: No

FLOOR AMENDMENT STATEMENTS: No

LEGISLATIVE FISCAL ESTIMATE: [Yes](#)

Identical to 4-29-99 Legislative Fiscal Estimate to A2339

Senate Committee Substitute for S1670/1180

SPONSORS STATEMENT: No

COMMITTEE STATEMENT: **ASSEMBLY:** No

SENATE: [Yes](#)
Identical to Senate Statement for A2339

FLOOR AMENDMENT STATEMENTS: No

LEGISLATIVE FISCAL ESTIMATE: No

S1180

SPONSORS STATEMENT: (Begins on page 4 of original bill) [Yes](#)

COMMITTEE STATEMENT: **ASSEMBLY:** No

SENATE: No

FLOOR AMENDMENT STATEMENTS: No

LEGISLATIVE FISCAL ESTIMATE: No

VETO MESSAGE: No

GOVERNOR'S PRESS RELEASE ON SIGNING: No

FOLLOWING WERE PRINTED:

To check for circulating copies, contact New Jersey State Government Publications at the State Library (609) 278-2640 ext. 102 or refdesk@njstatelib.org

REPORTS: No

HEARINGS: No

NEWSPAPER ARTICLES: Yes

"Law ends state tax for many in N.J.," 10-19-99, Philadelphia Inquirer, p. B1.

P.L. 1999, CHAPTER 260, *approved October 18, 1999*

Assembly Committee Substitute for
Assembly, No. 2339

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

3
4 **BE IT ENACTED** *by the Senate and General Assembly of the State*
5 *of New Jersey:*

6
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 shall not be subject to tax under this
10 act if:

11 a. The taxpayer is filing as an unmarried individual, an estate or
12 trust, with a gross income of

13 (1) \$3,000 or less for taxable years beginning before January 1,
14 1994.

15 (2) \$7,500 or less for taxable years beginning on or after January
16 1, 1994 but before January 1, 1999, and

17 (3) \$10,000 or less for taxable years beginning on or after January
18 1, 1999;

19 b. **[a]** The taxpayer is determining tax pursuant to subsection a.
20 of N.J.S.54A:2-1, or is a married couple filing a joint return, with a
21 gross income of

22 (1) \$3,000 or less for taxable years beginning before January 1,
23 1994 **[and]**.

24 (2) \$7,500 or less for taxable years beginning on **[and]** or after
25 January 1, 1994 but before January 1, 1999,

26 (3) \$10,000 or less for taxable years beginning on or after January
27 1, 1999 but before January 1, 2000.

28 (4) \$15,000 or less for taxable years beginning on or after January
29 1, 2000 but before January 1, 2001, and

30 (5) \$20,000 or less for taxable years beginning on or after January
31 1, 2001; or

32 c. The taxpayer is a married person filing separately with a gross
33 income of

34 (1) \$1,500 or less for taxable years beginning before January 1,
35 1994 **[and]**.

36 (2) \$3,750 or less for taxable years beginning on **[and]** or after
37 January 1, 1994 **[in the case of a married person filing separately) ,**
38 shall not be subject to tax under this act **]** but before January 1, 1999,

39 (3) \$5,000 or less for taxable years beginning on or after January
40 1, 1999 but before January 1, 2000.

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 (4) \$7,500 or less for taxable years beginning on or after January
2 1, 2000 but before January 1, 2001, and

3 (5) \$10,000 or less for taxable years beginning on or after January
4 1, 2001.

5 In the case of a nonresident, gross income shall mean gross income
6 which such nonresident would have reported if he had been a resident.
7 (cf: P.L.1994, c.8, s.1)

8

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

10 54A:8-3.1. Persons required to file. a. On or before the filing
11 date prescribed in section 1 of this chapter (N.J.S.54A:8-1), an income
12 tax return shall be made and filed by or for:

13 (1) A taxpayer filing as an unmarried individual, [whether filing
14 as unmarried or] an estate or trust, with a gross income

15 (a) in excess of \$3,000 for taxable years beginning before January
16 1, 1994,

17 (b) in excess of \$7,500 for taxable years beginning on or after
18 January 1, 1994 but before January 1, 1999, and

19 (c) in excess of \$10,000 for taxable years beginning on or after
20 January 1, 1999;

21 (2) A taxpayer determining tax pursuant to subsection a. of
22 N.J.S.54A:2-1 having gross income, [an estate or trust,] or a married
23 couple filing a joint return having [a] joint gross income

24 (a) in excess of \$3,000 for taxable years beginning before January
25 1, 1994 [and] ,

26 (b) in excess of \$7,500 for taxable years beginning on [and] or
27 after January 1, 1994 but before January 1, 1999,

28 (c) in excess of \$10,000 for taxable years beginning on or after
29 January 1, 1999 but before January 1, 2000,

30 (c) in excess of \$15,000 for taxable years beginning on or after
31 January 1, 2000 but before January 1, 2001, and

32 (d) in excess of \$20,000 for taxable years beginning on or after
33 January 1, 2001; or [and by or for a married couple filing a joint
34 return and having joint gross income in excess of \$3,000.00 for taxable
35 years beginning before January 1, 1994 and \$7,500.00 for taxable
36 years beginning on and after January 1, 1994]

37 (3) A taxpayer who is a married person filing separately with gross
38 income of

39 (a) in excess of \$1,500 [or more] for taxable years beginning
40 before January 1, 1994 [and] ,

41 (b) in excess of \$3,750 [or more] for taxable years beginning on
42 [and] or after January 1, 1994 but before January 1, 1999,

43 (c) in excess of \$5,000 for taxable years beginning on or after
44 January 1, 1999 but before January 1, 2000,

45 (d) in excess of \$7,500 for taxable years beginning on or after

1 January 1, 2000 but before January 1, 2001, and
2 (e) in excess of \$10,000 for taxable years beginning on or after
3 January 1, 2001 **【in the case of a married person filing separately】**.

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

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

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

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

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

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

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

34 (cf: P.L.1994, c.8, s.2)

35

36 3. This act shall take effect immediately.

37

38

39

40

41 _____
42 Increases the minimum income thresholds requiring filing and paying
of gross income tax.

ASSEMBLY, No. 2339

STATE OF NEW JERSEY 208th LEGISLATURE

INTRODUCED JULY 30, 1998

Sponsored by:

Assemblyman JACK COLLINS

District 3 (Salem, Cumberland and Gloucester)

Assemblyman JOSEPH V. DORIA, JR.

District 31 (Hudson)

Co-Sponsored by:

**Assemblymen Luongo, Blee, LeFevre, Thompson, Greenwald and
Assemblywoman Previte**

SYNOPSIS

Increases the minimum income necessary to be subject to gross income tax.

CURRENT VERSION OF TEXT

As introduced.



(Sponsorship Updated As Of: 2/16/1999)

A2339 COLLINS, DORIA

2

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

3
4 **BE IT ENACTED** by the Senate and General Assembly of the State
5 of New Jersey:

6
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 individual, an
10 estate or trust, a taxpayer determining tax pursuant to subsection a. of
11 N.J.S.54A:2-1, or a married couple filing a joint return, with a gross
12 income of \$3,000 or less for taxable years beginning before January 1,
13 1994 **[and]**, \$7,500 or less for taxable years beginning on **[and]** or
14 after January 1, 1994 but before January 1, 1999, \$10,000 or less for
15 taxable years beginning on or after January 1, 1999 but before January
16 1, 2000, and \$13,000 or less for taxable years beginning on or after
17 January 1, 2000 (in the case of a married person filing separately
18 \$1,500 or less for taxable years beginning before January 1, 1994
19 **[and]**, \$3,750 or less for taxable years beginning on **[and]** or after
20 January 1, 1994 **[in the case of a married person filing separately]** but
21 before January 1, 1999, \$5,000 or less for taxable years beginning on
22 or after January 1, 1999 but before January 1, 2000, and \$6,500 for
23 taxable years beginning on or after January 1, 2000), shall not be
24 subject to tax under this act. In the case of a nonresident, gross
25 income shall mean gross income which such nonresident would have
26 reported if he had been a resident.
27 (cf: P.L.1994, c.8, s.1)

28

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

30 54A:8-3.1. Persons required to file. a. On or before the filing date
31 prescribed in section 1 of this chapter (N.J.S.54A:8-1), an income tax
32 return shall be made and filed by or for an individual, whether filing as
33 unmarried or determining tax pursuant to subsection a. of
34 N.J.S.54A:2-1, by or for an estate or trust, having a gross income, and
35 by or for a married couple filing a joint return and having joint gross
36 income, in excess of \$3,000 for taxable years beginning before January
37 1, 1994 and \$7,500 for taxable years beginning on [and] or after
38 January 1, 1994 but before January 1, 1999, \$10,000 or less for
39 taxable years beginning on or after January 1, 1999 but before January
40 1, 2000, and \$13,000 or less for taxable years beginning on or after
41 January 1, 2000 [and by or for a married couple filing a joint return
42 and having joint gross income in excess of \$3,000.00 for taxable years

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 beginning before January 1, 1994 and \$7,500.00 for taxable years
2 beginning on and after January 1, 1994] (\$1,500 or more for taxable
3 years beginning before January 1, 1994 [and] , \$3,750 or more for
4 taxable years beginning on [and] or after January 1, 1994 but before
5 January 1, 1999, \$5,000 or less for taxable years beginning on or after
6 January 1, 1999 but before January 1, 2000, and \$6,500 for taxable
7 years beginning on or after January 1, 2000 in the case of a married
8 person filing separately).

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

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

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

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

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

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

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

39 (cf: P.L.1994, c.8, s.2)

40
41 3. This act shall take effect immediately.

42
43
44 STATEMENT

45
46 This bill increases the minimum income necessary to be subject to

A2339 COLLINS, DORIA

1 the New Jersey gross income tax and increases the filing threshold
2 over two tax years beginning in tax year 1999. Currently, a single
3 taxpayer, an estate or trust, an individual filing as head of household
4 or as surviving spouse for federal income tax purposes, or a married
5 couple filing a joint return with a gross income of \$7,500 or less is not
6 subject to tax (a married person filing separately is exempt if gross
7 income is \$3,750 or less).

8 These income thresholds will be increased in each of the two tax
9 years beginning in 1999 until they reach \$13,000 and \$6,500
10 respectively in the tax year beginning in 2000, and will be set at those
11 amounts for tax years thereafter.

LEGISLATIVE FISCAL ESTIMATE

ASSEMBLY, No. 2339

STATE OF NEW JERSEY

208th LEGISLATURE

DATED: APRIL 29, 1999

BILL SUMMARY

Assembly Bill No. 2339 of 1998 increases the minimum income necessary to be subject to the New Jersey gross income tax over two tax years beginning in tax year 1999. 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 \$7,500 or less is not subject to tax. A married person filing separately is exempt if gross income is \$3,750 or less. These income thresholds will be increased in each of the two tax years beginning in 1999 until they reach \$13,000 and \$6,500 respectively in the tax year beginning in 2000, and will be set at those amounts for tax years thereafter.

OFFICE OF LEGISLATIVE SERVICES COMMENTS

The Office of Legislative Services (OLS) estimates that this bill would reduce State gross income tax revenues by approximately \$10 million in fiscal year 2000 and approximately \$30 million annually in fiscal year 2001 and thereafter. The long run revenue loss may actually decline somewhat, as taxpayers' income increases and fewer taxpayers remain below the new filing thresholds (following historical patterns). Although the tax change in the bill may be effective before the end of fiscal year 1999, the OLS does not anticipate a significant or measurable impact in that year.

The OLS estimates are based on 1996 tax year figures, the latest complete data available from the *Statistics of Income (SOI)*, which is compiled by the Department of Treasury's Office of Revenue and Economic Analysis. According to these data, about 150,000 taxpayers with gross income below \$10,000 paid nearly \$10 million in net charged tax in 1996. For the first year under this bill, the filing threshold for most taxpayers will be \$10,000 and for married taxpayers filing a separate return the filing threshold will be \$5,000. Accordingly, the OLS assumes almost all of these 150,000 taxpayers will no longer have to pay tax beginning in tax year 1999, reducing

gross income tax revenues in fiscal year 2000 by nearly \$10 million.

For the second year and thereafter, the filing threshold for most taxpayers will be \$13,000 and for married taxpayers filing a separate return the filing threshold will be \$6,500. Unfortunately, the SOI does not provide precise tax data for taxpayers up to those gross income levels. According to the SOI, just over 500,000 taxpayers with gross income between \$10,000 and \$20,000 paid nearly \$80 million in net charged tax in 1996. The revenue loss estimate for the second year and thereafter assumes that nearly 30 percent of the taxpayers in that income range will no longer have to pay tax, about 150,000 taxpayers, and that gross income tax revenues will decline by about 25 percent (the average tax on incomes between \$10,000 and \$13,000 is less than the average for the whole range) of the \$80 million net charged tax, about \$20 million. This cost is in addition to the first year cost, so that the full revenue loss in the second year (fiscal year 2001) and thereafter is estimated to be about \$30 million.

Lastly, the OLS notes that the estimate of a continuing \$30 million loss in gross income tax revenue is unlikely to increase and may in fact decline somewhat in future years. While the overall number of taxpayers, gross income, and tax revenue from the gross income tax should increase each year, the opposite has been true at lower income levels. Historically, the number of taxpayers and the amount of income in the lower tax brackets has declined as taxpayers have moved into higher income brackets. As this pattern continues in future years, the effective cost of this bill should decline slowly over time.

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.

ASSEMBLY COMMITTEE SUBSTITUTE FOR
ASSEMBLY, No. 2339

STATE OF NEW JERSEY
208th LEGISLATURE

ADOPTED FEBRUARY 11, 1999

Sponsored by:

Assemblyman JACK COLLINS

District 3 (Salem, Cumberland and Gloucester)

Assemblyman JOSEPH V. DORIA, JR.

District 31 (Hudson)

Co-Sponsored by:

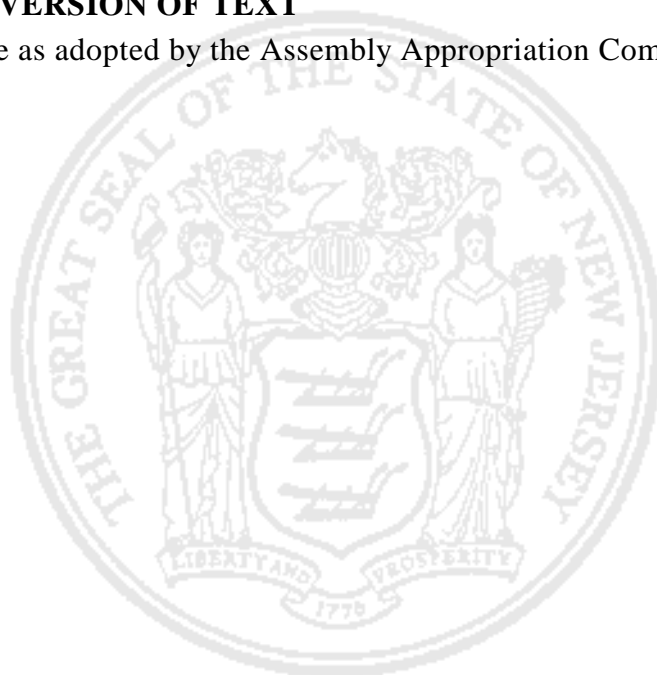
**Assemblymen Luongo, Blee, LeFevre, Thompson, Greenwald,
Assemblywoman Previte, Assemblymen Corodemus, Geist, Gusciora,
Assemblywoman Watson Coleman, Senators Allen, Codey, Turner, Kenny,
Adler, Bryant and Vitale**

SYNOPSIS

Increases the minimum income thresholds requiring filing and paying of gross income tax.

CURRENT VERSION OF TEXT

Substitute as adopted by the Assembly Appropriation Committee.



(Sponsorship Updated As Of: 6/22/1999)

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

3
4 **BE IT ENACTED** by the Senate and General Assembly of the State
5 of New Jersey:

6
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 shall not be subject to tax under this
10 act if:

11 a. The taxpayer is filing as an unmarried individual, an estate or
12 trust, with a gross income of

13 (1) \$3,000 or less for taxable years beginning before January 1,
14 1994,

15 (2) \$7,500 or less for taxable years beginning on or after January
16 1, 1994 but before January 1, 1999, and

17 (3) \$10,000 or less for taxable years beginning on or after January
18 1, 1999;

19 b. **[a]** The taxpayer is determining tax pursuant to subsection a.
20 of N.J.S.54A:2-1, or is a married couple filing a joint return, with a
21 gross income of

22 (1) \$3,000 or less for taxable years beginning before January 1,
23 1994 **[and]**,

24 (2) \$7,500 or less for taxable years beginning on **[and]** or after
25 January 1, 1994 but before January 1, 1999,

26 (3) \$10,000 or less for taxable years beginning on or after January
27 1, 1999 but before January 1, 2000,

28 (4) \$15,000 or less for taxable years beginning on or after January
29 1, 2000 but before January 1, 2001, and

30 (5) \$20,000 or less for taxable years beginning on or after January
31 1, 2001; or

32 c. The taxpayer is a married person filing separately with a gross
33 income of

34 (1) \$1,500 or less for taxable years beginning before January 1,
35 1994 **[and]**,

36 (2) \$3,750 or less for taxable years beginning on **[and]** or after
37 January 1, 1994 **[in the case of a married person filing separately) ,**
38 shall not be subject to tax under this act**]** but before January 1, 1999,

39 (3) \$5,000 or less for taxable years beginning on or after January
40 1, 1999 but before January 1, 2000,

41 (4) \$7,500 or less for taxable years beginning on or after January
42 1, 2000 but before January 1, 2001, and

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 (5) \$10,000 or less for taxable years beginning on or after January
2 1, 2001.

3 In the case of a nonresident, gross income shall mean gross income
4 which such nonresident would have reported if he had been a resident.
5 (cf: P.L.1994, c.8, s.1)

6

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

8 54A:8-3.1. Persons required to file. a. On or before the filing
9 date prescribed in section 1 of this chapter (N.J.S.54A:8-1), an income
10 tax return shall be made and filed by or for:

11 (1) A taxpayer filing as an unmarried individual, [whether filing
12 as unmarried or] an estate or trust, with a gross income

13 (a) in excess of \$3,000 for taxable years beginning before January
14 1, 1994,

15 (b) in excess of \$7,500 for taxable years beginning on or after
16 January 1, 1994 but before January 1, 1999, and

17 (c) in excess of \$10,000 for taxable years beginning on or after
18 January 1, 1999;

19 (2) A taxpayer determining tax pursuant to subsection a. of
20 N.J.S.54A:2-1 having gross income, [an estate or trust,] or a married
21 couple filing a joint return having [a] joint gross income

22 (a) in excess of \$3,000 for taxable years beginning before January
23 1, 1994 [and] ,

24 (b) in excess of \$7,500 for taxable years beginning on [and] or
25 after January 1, 1994 but before January 1, 1999,

26 (c) in excess of \$10,000 for taxable years beginning on or after
27 January 1, 1999 but before January 1, 2000,

28 (c) in excess of \$15,000 for taxable years beginning on or after
29 January 1, 2000 but before January 1, 2001, and

30 (d) in excess of \$20,000 for taxable years beginning on or after
31 January 1, 2001; or [and by or for a married couple filing a joint
32 return and having joint gross income in excess of \$3,000.00 for taxable
33 years beginning before January 1, 1994 and \$7,500.00 for taxable
34 years beginning on and after January 1, 1994]

35 (3) A taxpayer who is a married person filing separately with gross
36 income of

37 (a) in excess of \$1,500 [or more] for taxable years beginning
38 before January 1, 1994 [and] ,

39 (b) in excess of \$3,750 [or more] for taxable years beginning on
40 [and] or after January 1, 1994 but before January 1, 1999,

41 (c) in excess of \$5,000 for taxable years beginning on or after
42 January 1, 1999 but before January 1, 2000,

43 (d) in excess of \$7,500 for taxable years beginning on or after
44 January 1, 2000 but before January 1, 2001, and

1 (e) in excess of \$10,000 for taxable years beginning on or after
2 January 1, 2001 [in the case of a married person filing separately)].

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

7 c. If the income tax liabilities of husband and wife, both residents,
8 are determined on a joint return for federal income tax purposes, they
9 shall also file a joint return for New Jersey income tax purposes and
10 their tax liabilities under this act shall be joint 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 such
13 single or separate forms as may be required by the director in which
14 event their tax liabilities shall be separate unless both elect to
15 determine their joint taxable income as if both were residents, in which
16 event their liabilities shall be joint and several.

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

19 f. The return for an individual who is unable to make a return by
20 reason of minority or other disability shall be made and filed by his
21 fiduciary or other person charged with the care of his person or
22 property (other than a receiver in possession of only a part of his
23 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 debt
26 of the person liable to pay the same, to the State of New Jersey.

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

33 (cf: P.L.1994, c.8, s.2)

34
35 3. This act shall take effect immediately.

ASSEMBLY APPROPRIATION COMMITTEE

STATEMENT TO

ASSEMBLY COMMITTEE SUBSTITUTE FOR
ASSEMBLY, No. 2339

STATE OF NEW JERSEY

DATED: FEBRUARY 11, 1999

The Assembly Appropriation Committee reports favorably an Assembly Committee Substitute for Assembly No. 2339.

The Assembly Committee Substitute for Assembly Bill No. 2339 increases the minimum income necessary to be subject to the New Jersey gross income tax and increases the filing threshold over three tax years beginning in tax year 1999. 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 \$7,500 or less is not subject to tax (a married person filing separately is exempt if gross income is \$3,750 or less).

As shown in the following table, these income thresholds will be increased in tax years beginning in 1999 until they reach \$10,000 or \$20,000 for taxpayers depending upon their respective filing categories.

Tax and Filing Thresholds

Filing Category	Current Law	Proposed Changes		
		Tax Year 1999	Tax Year 2000	Tax Years 2001 +
Married filing jointly & Head of Household	\$7,500	\$10,000	\$15,000	\$20,000
Married filing separately	\$3,750	\$5,000	\$7,500	\$10,000
Single & estates & trusts	\$7,500	\$10,000	\$10,000	\$10,000

FISCAL IMPACT:

The Office of Legislative Services (OLS) estimates that the Committee Substitute would reduce State gross income tax revenues by approximately \$10 million in fiscal year 2000, \$25 million in fiscal year 2001, and approximately \$50 million in fiscal year 2002. The long run revenue loss should decline somewhat, as taxpayers' income increases and fewer taxpayers remain below the new filing thresholds (as follows the historical patterns demonstrated through tax collection data compiled by the Department of the Treasury). Although the tax change in the bill may be effective before the end of fiscal year 1999, the OLS does not anticipate a significant or measurable impact in that year. Most of the initial fiscal impact should occur in April of 2000 following 1999 year-end tax payments and tax refunds. Some shifting of revenue losses between fiscal years may occur, depending on the timing of tax payments and adjustments in employer withholding patterns.

SENATE BUDGET AND APPROPRIATIONS COMMITTEE

STATEMENT TO

ASSEMBLY COMMITTEE SUBSTITUTE FOR ASSEMBLY, No. 2339

STATE OF NEW JERSEY

DATED: MAY 20, 1999

The Senate Budget and Appropriations Committee reports favorably Assembly Bill No. 2339 (ACS).

This legislation increases the minimum income threshold at which a person becomes liable for New Jersey gross income tax and is required to file a return.

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 \$7,500 or less is not subject to the tax or required to file a return. A married person filing separately is exempt from the tax liability and filing requirement if gross income is \$3,750 or less.

Under this bill, beginning in tax year 1999, these income thresholds will be increased as indicated in the following table:

Tax and Filing Thresholds

Filing Category	Current Law	Proposed Changes		
		Tax Year 1999	Tax Year 2000	Tax Years 2001 +
Married filing jointly and Head of Household	\$7,500	\$10,000	\$15,000	\$20,000
Married filing separately	\$3,750	\$5,000	\$7,500	\$10,000
Single, estates and trusts	\$7,500	\$10,000	\$10,000	\$10,000

This bill is identical to the Senate Committee Substitute for Senate Bill Nos. 1670 and 1180.

FISCAL IMPACT:

The Office of Legislative Services (OLS) estimates that this legislation would reduce State gross income tax revenues by approximately \$10 million in fiscal year 2000, \$25 million in fiscal year 2001, and approximately \$50 million in fiscal year 2002. The long run revenue loss should decline somewhat, as taxpayers' income increases and fewer taxpayers remain below the new filing thresholds (as follows the historical patterns demonstrated through tax collection data compiled by the Department of the Treasury). Although the tax change in the bill may be effective before the end of fiscal year 1999, the OLS does not anticipate a significant or measurable impact in that year. Most of the initial fiscal impact should occur in April of 2000 following 1999 year-end tax payments and tax refunds. Some shifting of revenue losses between fiscal years may occur, depending on the timing of tax payments and adjustments in employer withholding patterns.

LEGISLATIVE FISCAL ESTIMATE

ASSEMBLY COMMITTEE SUBSTITUTE FOR ASSEMBLY, No. 2339

STATE OF NEW JERSEY

208th LEGISLATURE

DATED: MARCH 16, 2000

BILL SUMMARY

Assembly Committee Substitute for Assembly Bill No. 2339 of 1998 increases the minimum income necessary to be subject to the New Jersey gross income tax over three tax years beginning in tax year 1999. 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 \$7,500 or less is not subject to tax. A married person filing separately is exempt if gross income is \$3,750 or less. The income thresholds will be increased in each of the three tax years beginning in 1999 until they reach \$20,000 in the tax year beginning in 2001 for an individual filing as head of household or as surviving spouse for federal income tax purposes, or a married couple filing a joint return. The income thresholds will be increased in each of the three tax years until they reach \$10,000 in the tax year beginning in 2001 for a married person filing separately. The threshold will be increased to \$10,000 in the tax year beginning in 1999 for a single taxpayer.

OFFICE OF LEGISLATIVE SERVICES COMMENTS

The Office of Legislative Services (OLS) estimates that this bill would reduce State gross income tax revenues by approximately \$10 million in fiscal year 2000, approximately \$25 million annually in fiscal year 2001, and approximately \$50 million in fiscal year 2002 and thereafter. The long run revenue loss should actually decline somewhat, as taxpayers' income increases and fewer taxpayers remain below the new filing thresholds (following historical patterns). Although the tax change in the bill may be effective before the end of fiscal year 1999, the OLS does not anticipate a significant or measurable impact in that year.

The OLS estimates are based on 1996 tax year figures, the latest complete data available from the *Statistics of Income (SOI)*, which is

compiled by the Department of Treasury's Office of Revenue and Economic Analysis. According to these data, about 150,000 taxpayers with gross income below \$10,000 paid nearly \$10 million in net charged tax in 1996. For the first year under this bill, the filing threshold for most taxpayers will be \$10,000 and for married taxpayers filing a separate return the filing threshold will be \$5,000. Accordingly, the OLS assumes almost all of these 150,000 taxpayers will no longer have to pay tax beginning in tax year 1999, reducing gross income tax revenues in fiscal year 2000 by nearly \$10 million.

For most taxpayers the second year filing threshold will be \$15,000, rising to \$20,000 in the third year and thereafter. For married taxpayers filing a separate return the filing threshold will rise to \$7,500 and then \$10,000. Unfortunately, the SOI does not provide precise tax data for taxpayers up to those gross income levels. According to the SOI, just over 500,000 taxpayers with gross income between \$10,000 and \$20,000 paid nearly \$80 million in net charged tax in 1996. About half of those taxpayers are single filers whose threshold is increased to \$10,000 in tax year 1999 and thereafter. The other half of these taxpayers would be affected by the second and third year provisions of this bill. Therefore, by the third year and in subsequent years, the OLS estimates the revenue loss at about half of the \$80 million amount, or an additional \$40 million. Combined with the \$10 million in the first year, the full revenue loss is estimated at about \$50 million in the third year and thereafter. The revenue loss estimate for the second year is a portion of the \$40 million additional revenue loss in the third year. It assumes that about 125,000 taxpayers in that income range will no longer have to pay tax, and that gross income tax revenues will decline by about \$15 million. This cost is in addition to the \$10 million first year cost, so that the full revenue loss in the second year (fiscal year 2001) is estimated to be about \$25 million.

Lastly, the OLS notes that the estimate of a continuing \$50 million loss in gross income tax revenue is unlikely to increase and should in fact decline somewhat in future years. While the overall number of taxpayers, gross income, and tax revenue from the gross income tax should increase each year, the opposite has been true at lower income levels. Historically, the number of taxpayers and the amount of income in the lower tax brackets has declined as taxpayers have moved into higher income brackets. As this pattern continues in future years, the effective cost of this bill should decline slowly over time.

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.

SENATE, No. 1670

STATE OF NEW JERSEY
208th LEGISLATURE

INTRODUCED JANUARY 25, 1999

Sponsored by:

Senator DIANE ALLEN

District 7 (Burlington and Camden)

SYNOPSIS

Increases the minimum income necessary to be subject to gross income tax.

CURRENT VERSION OF TEXT

As introduced.



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

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:2-4 is amended to read as follows:

9 54A:2-4. Minimum taxable income. Notwithstanding any other
10 provisions of this act, a taxpayer filing as an unmarried individual, an
11 estate or trust, a taxpayer determining tax pursuant to subsection a. of
12 N.J.S.54A:2-1, or a married couple filing a joint return, with a gross
13 income of \$3,000 or less for taxable years beginning before January 1,
14 1994 **[and]**, \$7,500 or less for taxable years beginning on **[and]** or
15 after January 1, 1994 but before January 1, 1999, \$10,000 or less for
16 taxable years beginning on or after January 1, 1999 but before
17 January 1, 2000, and \$13,000 or less for taxable years beginning on or
18 after January 1, 2000 (in the case of a married person filing separately
19 \$1,500 or less for taxable years beginning before January 1, 1994
20 **[and]**, \$3,750 or less for taxable years beginning on **[and]** or after
21 January 1, 1994 **[in the case of a married person filing separately]** but
22 before January 1, 1999, \$5,000 or less for taxable years beginning on
23 or after January 1, 1999 but before January 1, 2000, and \$6,500 for
24 taxable years beginning on or after January 1, 2000), shall not be
25 subject to tax under this act. In the case of a nonresident, gross
26 income shall mean gross income which such nonresident would have
27 reported if he had been a resident.

28 (cf: P.L.1994, c.8, s.1)

29

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

31 54A:8-3.1. Persons required to file. a. On or before the filing date
32 prescribed in section 1 of this chapter (N.J.S.54A:8-1), an income tax
33 return shall be made and filed by or for an individual, whether filing as
34 unmarried or determining tax pursuant to subsection a. of
35 N.J.S.54A:2-1, by or for an estate or trust, having a gross income, and
36 by or for a married couple filing a joint return and having joint gross
37 income, in excess of \$3,000 for taxable years beginning before January
38 1, 1994 and \$7,500 for taxable years beginning on **[and]** or after
39 January 1, 1994 but before January 1, 1999, \$10,000 or less for
40 taxable years beginning on or after January 1, 1999 but before
41 January 1, 2000, and \$13,000 or less for taxable years beginning on or
42 after January 1, 2000 **[and by or for a married couple filing a joint**

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 return and having joint gross income in excess of \$3,000.00 for taxable
2 years beginning before January 1, 1994 and \$7,500.00 for taxable
3 years beginning on and after January 1, 1994] (\$1,500 or more for
4 taxable years beginning before January 1, 1994 [and] , \$3,750 or
5 more for taxable years beginning on [and] or after January 1, 1994
6 but before January 1, 1999, \$5,000 or less for taxable years beginning
7 on or after January 1, 1999 but before January 1, 2000, and \$6,500 for
8 taxable years beginning on or after January 1, 2000 in the case of a
9 married person filing separately).

10 b. If the income tax liability of husband and wife is determined on
11 a separate return for federal income tax purposes, they shall each also
12 file a separate return for New Jersey income tax purposes and their
13 income tax liabilities under this act shall be separate.

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

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

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

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

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

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

40 (cf: P.L.1994, c.8, s.2)

41

42 3. This act shall take effect immediately.

STATEMENT

1

2

3 This bill increases the minimum income necessary to be subject to
4 the New Jersey gross income tax and increases the filing threshold
5 over two tax years beginning in tax year 1999. Currently, a single
6 taxpayer, an estate or trust, an individual filing as head of household
7 or as surviving spouse for federal income tax purposes, or a married
8 couple filing a joint return with a gross income of \$7,500 or less is not
9 subject to tax (a married person filing separately is exempt if gross
10 income is \$3,750 or less).

11 These income thresholds will be increased in each of the two tax
12 years beginning in 1999 until they reach \$13,000 and \$6,500
13 respectively in the tax year beginning in 2000, and will be set at those
14 amounts for tax years thereafter.

LEGISLATIVE FISCAL ESTIMATE

SENATE, No. 1670

STATE OF NEW JERSEY

208th LEGISLATURE

DATED: APRIL 29, 1999

BILL SUMMARY

Senate Bill No. 1670 of 1999 increases the minimum income necessary to be subject to the New Jersey gross income tax over two tax years beginning in tax year 1999. 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 \$7,500 or less is not subject to tax. A married person filing separately is exempt if gross income is \$3,750 or less. These income thresholds will be increased in each of the two tax years beginning in 1999 until they reach \$13,000 and \$6,500 respectively in the tax year beginning in 2000, and will be set at those amounts for tax years thereafter.

OFFICE OF LEGISLATIVE SERVICES COMMENTS

The Office of Legislative Services (OLS) estimates that this bill would reduce State gross income tax revenues by approximately \$10 million in fiscal year 2000 and approximately \$30 million annually in fiscal year 2001 and thereafter. The long run revenue loss may actually decline somewhat, as taxpayers' income increases and fewer taxpayers remain below the new filing thresholds (following historical patterns). Although the tax change in the bill may be effective before the end of fiscal year 1999, the OLS does not anticipate a significant or measurable impact in that year.

The OLS estimates are based on 1996 tax year figures, the latest complete data available from the *Statistics of Income (SOI)*, which is compiled by the Department of Treasury's Office of Revenue and Economic Analysis. According to these data, about 150,000 taxpayers with gross income below \$10,000 paid nearly \$10 million in net charged tax in 1996. For the first year under this bill, the filing threshold for most taxpayers will be \$10,000 and for married taxpayers filing a separate return the filing threshold will be \$5,000. Accordingly, the OLS assumes almost all of these 150,000 taxpayers will no longer have to pay tax beginning in tax year 1999, reducing

gross income tax revenues in fiscal year 2000 by nearly \$10 million.

For the second year and thereafter, the filing threshold for most taxpayers will be \$13,000 and for married taxpayers filing a separate return the filing threshold will be \$6,500. Unfortunately, the SOI does not provide precise tax data for taxpayers up to those gross income levels. According to the SOI, just over 500,000 taxpayers with gross income between \$10,000 and \$20,000 paid nearly \$80 million in net charged tax in 1996. The revenue loss estimate for the second year and thereafter assumes that nearly 30 percent of the taxpayers in that income range will no longer have to pay tax, about 150,000 taxpayers, and that gross income tax revenues will decline by about 25 percent (the average tax on incomes between \$10,000 and \$13,000 is less than the average for the whole range) of the \$80 million net charged tax, about \$20 million. This cost is in addition to the first year cost, so that the full revenue loss in the second year (fiscal year 2001) and thereafter is estimated to be about \$30 million.

Lastly, the OLS notes that the estimate of a continuing \$30 million loss in gross income tax revenue is unlikely to increase and may in fact decline somewhat in future years. While the overall number of taxpayers, gross income, and tax revenue from the gross income tax should increase each year, the opposite has been true at lower income levels. Historically, the number of taxpayers and the amount of income in the lower tax brackets has declined as taxpayers have moved into higher income brackets. As this pattern continues in future years, the effective cost of this bill should decline slowly over time.

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

SENATE COMMITTEE SUBSTITUTE FOR
SENATE, Nos. 1670 and 1180

STATE OF NEW JERSEY
208th LEGISLATURE

ADOPTED MAY 20, 1999

Sponsored by:

Senator DIANE ALLEN

District 7 (Burlington and Camden)

Senator RICHARD J. CODEY

District 27 (Essex)

Senator WYNONA M. LIPMAN

District 29 (Essex and Union)

Co-Sponsored by:

Senators Turner, Kenny, Adler, Bryant and Vitale

SYNOPSIS

Increases the minimum income thresholds requiring filing and paying of gross income tax.

CURRENT VERSION OF TEXT

Substitute as adopted by the Senate Budget and Appropriations Committee.



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

3
4 **BE IT ENACTED** by the Senate and General Assembly of the State
5 of New Jersey:

6
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 shall not be subject to tax under this
10 act if:

11 a. The taxpayer is filing as an unmarried individual, an estate or
12 trust, with a gross income of

13 (1) \$3,000 or less for taxable years beginning before January 1,
14 1994,

15 (2) \$7,500 or less for taxable years beginning on or after January
16 1, 1994 but before January 1, 1999, and

17 (3) \$10,000 or less for taxable years beginning on or after January
18 1, 1999;

19 b. **[a]** The taxpayer is determining tax pursuant to subsection a.
20 of N.J.S.54A:2-1, or is a married couple filing a joint return, with a
21 gross income of

22 (1) \$3,000 or less for taxable years beginning before January 1,
23 1994 **[and]**,

24 (2) \$7,500 or less for taxable years beginning on **[and]** or after
25 January 1, 1994 but before January 1, 1999,

26 (3) \$10,000 or less for taxable years beginning on or after January
27 1, 1999 but before January 1, 2000,

28 (4) \$15,000 or less for taxable years beginning on or after January
29 1, 2000 but before January 1, 2001, and

30 (5) \$20,000 or less for taxable years beginning on or after January
31 1, 2001; or

32 c. The taxpayer is a married person filing separately with a gross
33 income of

34 (1) \$1,500 or less for taxable years beginning before January 1,
35 1994 **[and]**,

36 (2) \$3,750 or less for taxable years beginning on **[and]** or after
37 January 1, 1994 **[in the case of a married person filing separately) ,**
38 shall not be subject to tax under this act**]** but before January 1, 1999,

39 (3) \$5,000 or less for taxable years beginning on or after January
40 1, 1999 but before January 1, 2000,

41 (4) \$7,500 or less for taxable years beginning on or after January
42 1, 2000 but before January 1, 2001, and

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 (5) \$10,000 or less for taxable years beginning on or after January
2 1, 2001.

3 In the case of a nonresident, gross income shall mean gross income
4 which such nonresident would have reported if he had been a resident.
5 (cf: P.L.1994, c.8, s.1)

6

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

8 54A:8-3.1. Persons required to file. a. On or before the filing
9 date prescribed in section 1 of this chapter (N.J.S.54A:8-1), an income
10 tax return shall be made and filed by or for:

11 (1) A taxpayer filing as an unmarried individual, [whether filing
12 as unmarried or] an estate or trust, with a gross income

13 (a) in excess of \$3,000 for taxable years beginning before January
14 1, 1994,

15 (b) in excess of \$7,500 for taxable years beginning on or after
16 January 1, 1994 but before January 1, 1999, and

17 (c) in excess of \$10,000 for taxable years beginning on or after
18 January 1, 1999;

19 (2) A taxpayer determining tax pursuant to subsection a. of
20 N.J.S.54A:2-1 having gross income, [an estate or trust,] or a married
21 couple filing a joint return having [a] joint gross income

22 (a) in excess of \$3,000 for taxable years beginning before January
23 1, 1994 [and] ,

24 (b) in excess of \$7,500 for taxable years beginning on [and] or
25 after January 1, 1994 but before January 1, 1999,

26 (c) in excess of \$10,000 for taxable years beginning on or after
27 January 1, 1999 but before January 1, 2000,

28 (c) in excess of \$15,000 for taxable years beginning on or after
29 January 1, 2000 but before January 1, 2001, and

30 (d) in excess of \$20,000 for taxable years beginning on or after
31 January 1, 2001; or [and by or for a married couple filing a joint
32 return and having joint gross income in excess of \$3,000.00 for taxable
33 years beginning before January 1, 1994 and \$7,500.00 for taxable
34 years beginning on and after January 1, 1994]

35 (3) A taxpayer who is a married person filing separately with gross
36 income of

37 (a) in excess of \$1,500 [or more] for taxable years beginning
38 before January 1, 1994 [and] ,

39 (b) in excess of \$3,750 [or more] for taxable years beginning on
40 [and] or after January 1, 1994 but before January 1, 1999,

41 (c) in excess of \$5,000 for taxable years beginning on or after
42 January 1, 1999 but before January 1, 2000,

43 (d) in excess of \$7,500 for taxable years beginning on or after
44 January 1, 2000 but before January 1, 2001, and

45 (e) in excess of \$10,000 for taxable years beginning on or after

1 January 1, 2001 **[in the case of a married person filing separately)].**

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

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

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

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

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

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

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

32 (cf: P.L.1994, c.8, s.2)

33

34 3. This act shall take effect immediately.

SENATE BUDGET AND APPROPRIATIONS COMMITTEE

STATEMENT TO

SENATE COMMITTEE SUBSTITUTE FOR **SENATE, Nos. 1670 and 1180**

STATE OF NEW JERSEY

DATED: MAY 20, 1999

The Senate Budget and Appropriations Committee reports favorably a committee substitute for Senate Bill Nos. 1670 and 1180.

This legislation increases the minimum income threshold at which a person becomes liable for New Jersey gross income tax and is required to file a return.

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 \$7,500 or less is not subject to the tax or required to file a return. A married person filing separately is exempt from the tax liability and filing requirement if gross income is \$3,750 or less.

Under this bill, beginning in tax year 1999, these income thresholds will be increased as indicated in the following table:

Tax and Filing Thresholds

Filing Category	Current Law	Proposed Changes		
		Tax Year 1999	Tax Year 2000	Tax Years 2001 +
Married filing jointly and Head of Household	\$7,500	\$10,000	\$15,000	\$20,000
Married filing separately	\$3,750	\$5,000	\$7,500	\$10,000
Single, estates and trusts	\$7,500	\$10,000	\$10,000	\$10,000

As substituted, this bill is identical to Assembly Bill No. 2339 (ACS).

FISCAL IMPACT:

The Office of Legislative Services (OLS) estimates that this legislation would reduce State gross income tax revenues by approximately \$10 million in fiscal year 2000, \$25 million in fiscal year 2001, and approximately \$50 million in fiscal year 2002. The long run revenue loss should decline somewhat, as taxpayers' income increases and fewer taxpayers remain below the new filing thresholds (as follows the historical patterns demonstrated through tax collection data compiled by the Department of the Treasury). Although the tax change in the bill may be effective before the end of fiscal year 1999, the OLS does not anticipate a significant or measurable impact in that year. Most of the initial fiscal impact should occur in April of 2000 following 1999 year-end tax payments and tax refunds. Some shifting of revenue losses between fiscal years may occur, depending on the timing of tax payments and adjustments in employer withholding patterns.

SENATE, No. 1180

STATE OF NEW JERSEY
208th LEGISLATURE

INTRODUCED JUNE 11, 1998

Sponsored by:

Senator RICHARD J. CODEY

District 27 (Essex)

Senator WYNONA M. LIPMAN

District 29 (Essex and Union)

Co-Sponsored by:

Senators Turner, Kenny, Adler, Bryant and Vitale

SYNOPSIS

Increases in phases the minimum income necessary to be subject to gross income tax.

CURRENT VERSION OF TEXT

As introduced.



S1180 CODEY, LIPMAN

2

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

3
4 **BE IT ENACTED** by the Senate and General Assembly of the State
5 of New Jersey:

6
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 individual, an
10 estate or trust, a taxpayer determining tax pursuant to subsection a. of
11 N.J.S.54A:2-1, or a married couple filing a joint return, with a gross
12 income of \$3,000 or less for taxable years beginning before January 1,
13 1994 **[and]**, \$7,500 or less for taxable years beginning on **[and]** or
14 after January 1, 1994 but before January 1, 1998, \$10,000 or less for
15 taxable years beginning on or after January 1, 1998 but before January
16 1, 1999, \$12,500 or less for taxable years beginning on or after
17 January 1, 1999 but before January 1, 2000, and \$15,000 or less for
18 taxable years beginning on or after January 1, 2000 (in the case of a
19 married person filing separately \$1,500 or less for taxable years
20 beginning before January 1, 1994 **[and]**, \$3,750 or less for taxable
21 years beginning on **[and]** or after January 1, 1994 **[in the case of a**
22 married person filing separately] but before January 1, 1998, \$5,000
23 or less for taxable years beginning on or after January 1, 1998 but
24 before January 1, 1999, \$6,250 or less for taxable years beginning on
25 or after January 1, 1999 but before January 1, 2000, and \$7,500 for
26 taxable years beginning on or after January 1, 2000), shall not be
27 subject to tax under this act. In the case of a nonresident, gross
28 income shall mean gross income which such nonresident would have
29 reported if he had been a resident.

30 (cf: P.L.1994, c.8, s.1)

31

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

33 54A:8-3.1. Persons required to file. a. On or before the filing date
34 prescribed in section 1 of this chapter (N.J.S.54A:8-1), an income tax
35 return shall be made and filed by or for an individual, whether filing as
36 unmarried or determining tax pursuant to subsection a. of
37 N.J.S.54A:2-1, an estate or trust, having a gross income, and by or for
38 a married couple filing a joint return and having joint gross income, in
39 excess of \$3,000 for taxable years beginning before January 1, 1994
40 and \$7,500 for taxable years beginning on **[and]** or after January 1,
41 1994 but before January 1, 1998, \$10,000 or less for taxable years
42 beginning on or after January 1, 1998 but before January 1, 1999,

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 \$12,500 or less for taxable years beginning on or after January 1, 1999
2 but before January 1, 2000, and \$15,000 or less for taxable years
3 beginning on or after January 1, 2000 [and by or for a married couple
4 filing a joint return and having joint gross income in excess of
5 \$3,000.00 for taxable years beginning before January 1, 1994 and
6 \$7,500.00 for taxable years beginning on and after January 1, 1994]
7 (\$1,500 or more for taxable years beginning before January 1, 1994
8 and \$3,750 or more for taxable years beginning on [and] or after
9 January 1, 1994 but before January 1, 1998, \$5,000 or less for taxable
10 years beginning on or after January 1, 1998 but before January 1,
11 1999, \$6,250 or less for taxable years beginning on or after January 1,
12 1999 but before January 1, 2000, and \$7,500 for taxable years
13 beginning on or after January 1, 2000 in the case of a married person
14 filing separately).

15 b. If the income tax liability of husband and wife is determined on
16 a separate return for federal income tax purposes, they shall each also
17 file a separate return for New Jersey income tax purposes and their
18 income tax liabilities under this act shall be separate.

19 c. If the income tax liabilities of husband and wife, both residents,
20 are determined on a joint return for federal income tax purposes, they
21 shall also file a joint return for New Jersey income tax purposes and
22 their tax liabilities under this act shall be joint and several.

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

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

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

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

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

45 (cf: P.L.1994, c.8, s.2)

1 3. This act shall take effect immediately.

2

3

4

STATEMENT

5

6 This bill increases the minimum income necessary to be subject to
7 the New Jersey gross income tax beginning in tax year 1998 and
8 increases that tax and filing threshold over three tax years. Currently,
9 a single taxpayer, an estate or trust, an individual filing as head of
10 household or as surviving spouse for federal income tax purposes, or
11 a married couple filing a joint return with a gross income of \$7,500 or
12 less is not subject to tax (a married person filing separately is exempt
13 if gross income is \$3,750). These income thresholds will be increased
14 in equal amounts in each of the three tax years beginning in 1998 until
15 they reach \$15,000 and \$7,500 respectively in tax years beginning in
16 2000.