

# ASSEMBLY, No. 3201

## STATE OF NEW JERSEY 215th LEGISLATURE

INTRODUCED JUNE 21, 2012

**Sponsored by:**

**Assemblyman LOUIS D. GREENWALD**  
**District 6 (Burlington and Camden)**

**Co-Sponsored by:**

**Senators Turner and Greenstein**

**SYNOPSIS**

Increases the gross income tax rate on taxable income exceeding \$1 million contingent on enactment of certain homestead benefit enhancement legislation.

**CURRENT VERSION OF TEXT**

As introduced.



(Sponsorship Updated As Of: 6/29/2012)

A3201 GREENWALD

1 AN ACT increasing the gross income tax rate on taxable income  
2 exceeding \$1,000,000, amending N.J.S.54A:2-1 and  
3 supplementing Title 54A of the New Jersey Statutes.

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:2-1 is amended to read as follows:

9 54A:2-1. Imposition of tax. There is hereby imposed a tax for  
10 each taxable year (which shall be the same as the taxable year for  
11 federal income tax purposes) on the New Jersey gross income as  
12 herein defined of every individual, estate or trust (other than a  
13 charitable trust or a trust forming part of a pension or profit-sharing  
14 plan), subject to the deductions, limitations and modifications  
15 hereinafter provided, determined in accordance with the following  
16 tables with respect to taxpayers' taxable income:

17 a. For married individuals filing a joint return and individuals  
18 filing as head of household or as surviving spouse for federal  
19 income tax purposes:

20 (1) for taxable years beginning on or after January 1, 1991 but  
21 before January 1, 1994:

22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44
	If the taxable income is:		The tax is:																			
	Not over \$20,000.00.....		2% of taxable income																			
	Over \$20,000.00 but not over \$50,000.00.....		\$400.00 plus 2.5% of the excess over \$20,000.00																			
	Over \$50,000.00 but not over \$70,000.00.....		\$1,150.00 plus 3.5% of the excess over \$50,000.00																			
	Over \$70,000.00 but not over \$80,000.00.....		\$1,850.00 plus 5.0% of the excess over \$70,000.00																			
	Over \$80,000.00 but not over \$150,000.00.....		\$2,350.00 plus 6.5% of the excess over \$80,000.00																			
	Over \$150,000.00.....		\$6,900.00 plus 7.0% of the excess over \$150,000.00																			

**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.

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1 (2) for taxable years beginning on or after January 1, 1994 but  
2 before January 1, 1995:

3

4 If the taxable income is:	The tax is:
5	
6 Not over \$20,000.00.....	1.900% of taxable income
7	
8 Over \$20,000.00 but not	
9 over \$50,000.00.....	\$380.00 plus 2.375% of the
10	excess over \$20,000.00
11	
12 Over \$50,000.00 but not	
13 over \$70,000.00.....	\$1,092.50 plus 3.325% of the
14	excess over \$50,000.00
15	
16 Over \$70,000.00 but not	
17 over \$80,000.00.....	\$1,757.50 plus 4.750% of the
18	excess over \$70,000.00
19	
20 Over \$80,000.00 but not	
21 over \$150,000.00.....	\$2,232.50 plus 6.175% of the
22	excess over \$80,000.00
23	
24 Over \$150,000.00 .....	\$6,555.00 plus 6.650% of the
25	excess over \$150,000.00
26	

27 (3) for taxable years beginning on or after January 1, 1995 but  
28 before January 1, 1996:

29

30 If the taxable income is:	The tax is:
31	
32 Not over \$20,000.00.....	1.700% of taxable income
33	
34 Over \$20,000.00 but not	
35 over \$50,000.00.....	\$340.00 plus 2.125% of the
36	excess over \$20,000.00
37	
38 Over \$50,000.00 but not	
39 over \$70,000.00.....	\$977.50 plus 2.975% of the
40	excess over \$50,000.00
41	
42 Over \$70,000.00 but not	
43 over \$80,000.00.....	\$1,572.50 plus 4.250% of the
44	excess over \$70,000.00
45	
46 Over \$80,000.00 but not	
47 over \$150,000.00.....	\$1,997.50 plus 6.013% of the
48	excess over \$80,000.00

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1 Over \$150,000.00 ..... \$6,206.60 plus 6.580% of the  
2 excess over \$150,000.00  
3  
4 (4) for taxable years beginning on or after January 1, 1996 but  
5 before January 1, 2004:  
6  
7 If the taxable income is: The tax is:  
8  
9 Not over \$20,000.00..... 1.400% of taxable income  
10  
11 Over \$20,000.00 but not  
12 over \$50,000.00..... \$280.00 plus 1.750% of the  
13 excess over \$20,000.00  
14  
15 Over \$50,000.00 but not  
16 over \$70,000.00..... \$805.00 plus 2.450% of the  
17 excess over \$50,000.00  
18  
19 Over \$70,000.00 but not  
20 over \$80,000.00..... \$1,295.50 plus 3.500% of the  
21 excess over \$70,000.00  
22  
23 Over \$80,000.00 but not  
24 over \$150,000.00..... \$1,645.00 plus 5.525% of the  
25 excess over \$80,000.00  
26  
27 Over \$150,000.00 ..... \$5,512.50 plus 6.370% of the  
28 excess over \$150,000.00  
29  
30 (5) for taxable years beginning on or after January 1, 2004 but  
31 before January 1, 2012 (except as provided in section 1 of P.L.2009,  
32 c.69 (C.54A:2-1a) for taxable years beginning on or after January 1,  
33 2009 but before January 1, 2010):  
34  
35 If the taxable income is: The tax is:  
36  
37 Not over \$20,000.00 ..... 1.400% of taxable income  
38  
39 Over \$20,000.00 but not  
40 over \$50,000.00 ..... \$280.00 plus 1.750% of the  
41 excess over \$20,000.00  
42  
43 Over \$50,000.00 but not  
44 over \$70,000.00 ..... \$805.00 plus 2.450% of the  
45 excess over \$50,000.00

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1	Over \$70,000.00 but not	
2	over \$80,000.00 .....	\$1,295.50 plus 3.500% of the
3		excess over \$70,000.00
4		
5	Over \$80,000.00 but not	
6	over \$150,000.00 .....	\$1,645.00 plus 5.525% of the
7		excess over \$80,000.00
8		
9	Over \$150,000.00 but not	
10	over \$500,000.00 .....	\$5,512.50 plus 6.370% of the
11		excess over \$150,000.00
12		
13	Over \$500,000.00 .....	\$27,807.50 plus 8.970% of the
14		excess over \$500,000.00
15		
16	<u>(6) for taxable years beginning on or after January 1, 2012:</u>	
17		
18	<u>If the taxable income is:</u>	<u>The tax is:</u>
19		
20	<u>Not over \$20,000.00 .....</u>	<u>1.400% of taxable income</u>
21		
22	<u>Over \$20,000.00 but not</u>	
23	<u>over \$50,000.00 .....</u>	<u>\$280.00 plus 1.750% of the</u>
24		<u>excess over \$20,000.00</u>
25		
26	<u>Over \$50,000.00 but not</u>	
27	<u>over \$70,000.00 .....</u>	<u>\$805.00 plus 2.450% of the</u>
28		<u>excess over \$50,000.00</u>
29		
30	<u>Over \$70,000.00 but not</u>	
31	<u>over \$80,000.00 .....</u>	<u>\$1,295.50 plus 3.500% of the</u>
32		<u>excess over \$70,000.00</u>
33		
34	<u>Over \$80,000.00 but not</u>	
35	<u>over \$150,000.00 .....</u>	<u>\$1,645.00 plus 5.525% of the</u>
36		<u>excess over \$80,000.00</u>
37		
38	<u>Over \$150,000.00 but not</u>	
39	<u>over \$500,000.00 .....</u>	<u>\$5,512.50 plus 6.370% of the</u>
40		<u>excess over \$150,000.00</u>
41		
42	<u>Over \$500,000.00 but not</u>	
43	<u>over \$1,000,000.00 .....</u>	<u>\$27,807.50 plus 8.970% of the</u>
44		<u>excess over \$500,000.00</u>
45		
46	<u>Over \$1,000,000.00 .....</u>	<u>\$72,657.50 plus 10.75% of the</u>
47		<u>excess over \$1,000,000.00</u>

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1 b. For married individuals filing separately, unmarried  
2 individuals other than individuals filing as head of household or as  
3 a surviving spouse for federal income tax purposes, and estates and  
4 trusts:

5 (1) for taxable years beginning on or after January 1, 1991 but  
6 before January 1, 1994:

7

8 If the taxable income is:	9 The tax is:
10 Not over \$20,000.00.....	11 2% of taxable income
12 Over \$20,000.00 but not 13 over \$35,000.00.....	14 \$400.00 plus 2.5% of the 15 excess over \$20,000.00
16 Over \$35,000.00 but not 17 over \$40,000.00.....	18 \$775.00 plus 5.0% of the 19 excess over \$35,000.00
20 Over \$40,000.00 but not 21 over \$75,000.00.....	22 \$1,025.00 plus 6.5% of the 23 excess over \$40,000.00
24 Over \$75,000.00.....	25 \$3,300.00 plus 7.0% of the 26 excess over \$75,000.00

27 (2) for taxable years beginning on or after January 1, 1994 but  
28 before January 1, 1995:

29

30 If the taxable income is:	31 The tax is:
32 Not over \$20,000.00.....	33 1.900% of taxable income
34 Over \$20,000.00 but not 35 over \$35,000.00.....	36 \$380.00 plus 2.375% of the 37 excess over \$20,000.00
38 Over \$35,000.00 but not 39 over \$40,000.00.....	40 \$736.25 plus 4.750% of the 41 excess over \$35,000.00
42 Over \$40,000.00 but not 43 over \$75,000.00.....	44 \$973.75 plus 6.175% of the 45 excess over \$40,000.00
46 Over \$75,000.00.....	47 \$3,135.00 plus 6.650% of the excess over \$75,000.00

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1 (3) for taxable years beginning on or after January 1, 1995 but  
2 before January 1, 1996:

3

4 If the taxable income is:	5 The tax is:
6 Not over \$20,000.00.....	7 1.700% of taxable income
8 Over \$20,000.00 but not 9 over \$35,000.00.....	10 \$340.00 plus 2.125% of the 11 excess over \$20,000.00
12 Over \$35,000.00 but not 13 over \$40,000.00.....	14 \$658.75 plus 4.250% of the 15 excess over \$35,000.00
16 Over \$40,000.00 but not 17 over \$75,000.00.....	18 \$871.25 plus 6.013% of the 19 excess over \$40,000.00
20 Over \$75,000.00.....	21 \$2,975.80 plus 6.580% of the 22 excess over \$75,000.00

23 (4) for taxable years beginning on or after January 1, 1996 but  
24 before January 1, 2004:

25

26 If the taxable income is:	27 The tax is:
28 Not over \$20,000.00.....	29 1.400% of taxable income
30 Over \$20,000.00 but not 31 over \$35,000.00.....	32 \$280.00 plus 1.750% of the 33 excess over \$20,000.00
34 Over \$35,000.00 but not 35 over \$40,000.00.....	36 \$542.50 plus 3.500% of the 37 excess over \$35,000.00
38 Over \$40,000.00 but not 39 over \$75,000.00.....	40 \$717.50 plus 5.525% of the 41 excess over \$40,000.00
42 Over \$75,000.00.....	43 \$2,651.25 plus 6.370% of the 44 excess over \$75,000.00

45 (5) for taxable years beginning on or after January 1, 2004 but  
46 before January 1, 2012 (except as provided in section 1 of P.L.2009,  
47 c.69 (C.54A:2-1a) for taxable years beginning on or after January 1,  
48 2009 but before January 1, 2010):

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1	If the taxable income is:	The tax is:
2		
3	Not over \$20,000.00 .....	1.400% of taxable income
4		
5	Over \$20,000.00 but not	
6	over \$35,000.00 .....	\$280.00 plus 1.750% of the
7		excess over \$20,000.00
8		
9	Over \$35,000.00 but not	
10	over \$40,000.00 .....	\$542.50 plus 3.500% of the
11		excess over \$35,000.00
12		
13	Over \$40,000.00 but not	
14	over \$75,000.00 .....	\$717.50 plus 5.525% of the
15		excess over \$40,000.00
16		
17	Over \$75,000.00 but not	
18	over \$500,000.00 .....	\$2,651.25 plus 6.370% of the
19		excess over \$75,000.00
20		
21	Over \$500,000.00 .....	\$29,723.75 plus 8.970% of the
22		excess over \$500,000.00
23		

24 (6) for taxable years beginning on or after January 1, 2012:

26	<u>If the taxable income is:</u>	<u>The tax is:</u>
27		
28	<u>Not over \$20,000.00 .....</u>	<u>1.400% of taxable income</u>
29		
30	<u>Over \$20,000.00 but not</u>	
31	<u>over \$35,000.00 .....</u>	<u>\$280.00 plus 1.750% of the</u>
32		<u>excess over \$20,000.00</u>
33		
34	<u>Over \$35,000.00 but not</u>	
35	<u>over \$40,000.00 .....</u>	<u>\$542.50 plus 3.500% of the</u>
36		<u>excess over \$35,000.00</u>
37		
38	<u>Over \$40,000.00 but not</u>	
39	<u>over \$75,000.00 .....</u>	<u>\$717.50 plus 5.525% of the</u>
40		<u>excess over \$40,000.00</u>
41		
42	<u>Over \$75,000.00 but not</u>	
43	<u>over \$500,000.00 .....</u>	<u>\$2,651.25 plus 6.370% of the</u>
44		<u>excess over \$75,000.00</u>
45		
46	<u>Over \$500,000.00 but not</u>	
47	<u>over \$1,000,000.00 .....</u>	<u>\$29,723.75 plus 8.970% of the</u>
48		<u>excess over \$500,000.00</u>



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1 Over \$1,000,000.00 ..... \$74,573.75 plus 10.75% of the  
2 excess over \$1,000,000.00  
3

4 c. For the purposes of this section, an individual who would be  
5 eligible to file as a head of household for federal income tax  
6 purposes but for the fact that such taxpayer is a nonresident alien,  
7 shall determine tax pursuant to subsection a. of this section.  
8 (cf: P.L.2004, c.40, s.17)  
9

10 2. (New section) a. Notwithstanding the provisions of the  
11 “Administrative Procedure Act,” P.L.1968, c.410 (C.52:14B-1 et  
12 seq.), to the contrary, the Director of the Division of Taxation may  
13 adopt, immediately upon filing with the Office of Administrative  
14 Law, such regulations as the director deems necessary to implement  
15 the amendments to N.J.S.54A:2-1 made by section 1 of P.L. ,  
16 c. (C. ) (pending before the Legislature as this bill) as to  
17 taxable years beginning in 2012, which regulations shall be  
18 effective for a period not to exceed 180 days from the date of the  
19 filing. The regulations may thereafter be amended, adopted, or  
20 readopted by the director as the director deems necessary in  
21 accordance with the “Administrative Procedure Act,” P.L.1968,  
22 c.410 (C.52:14B-1 et seq.).

23 b. (1) For purposes of the amendments to N.J.S.54A:2-1 made  
24 by section 1 of P.L. , c. (pending before the Legislature as this  
25 bill), this subsection shall apply for taxable years beginning in  
26 2012.

27 (2) No additions to tax or penalty shall be imposed upon a  
28 taxpayer pursuant to N.J.S.54A:9-6 for insufficient payment of  
29 increased estimated tax on taxable income received before October  
30 1, 2012 for which the increased estimated tax due is attributable to  
31 the rate imposed on taxable income over \$1,000,000 by the  
32 amendments to N.J.S.54A:2-1 made by section 1 of P.L. ,  
33 c. (pending before the Legislature as this bill).

34 (3) No interest, penalties, or other costs shall be imposed upon  
35 an employer maintaining an office or transacting business within  
36 this State and making payment of any salaries, wages and  
37 remuneration subject to the “New Jersey Gross Income Tax Act,”  
38 N.J.S.54A:1-1 et seq., or making payment of any remuneration for  
39 employment subject to contribution under the New Jersey  
40 “unemployment compensation law,” pursuant to R.S.43:21-1 et  
41 seq., for insufficient withholding of salaries, wages, and other  
42 remuneration paid before October 1, 2012 that is attributable to an  
43 increase in the amount of tax due pursuant to the rate imposed on  
44 taxable income over \$1,000,000 by the amendments to N.J.S.54A:2-  
45 1 made by section 1 of P.L. , c. (pending before the Legislature  
46 as this bill).

1       3. This act shall take effect immediately, but shall remain  
2 inoperative until the enactment of P.L.     , c. (C.     ) (pending  
3 before the Legislature as Assembly Bill No. 3202 of 2012 or Senate  
4 Bill No. 2096 of 2012).

5  
6  
7  
8

STATEMENT

9       This bill increases the gross income tax rate on annual taxable  
10 income exceeding \$1 million beginning with taxable year 2012, but  
11 only if legislation is enacted enhancing the homestead benefit.

12       The bill raises the marginal gross income tax rate on annual  
13 taxable income exceeding \$1 million from 8.97% to 10.75%. This  
14 means that the bill raises the rate of taxation by 1.78% for each  
15 dollar reported above \$1 million.

16       However, the bill's enactment is contingent upon the passage of  
17 legislation enhancing the homestead benefit, which has been  
18 introduced as Assembly Bill No. 3202 of 2012 or Senate Bill No.  
19 2096 of 2012.

20       The purpose of the bill is to provide a source of funding for  
21 enhancing the homestead benefit. In so doing the bill will support  
22 efforts to temper the regressivity of the property tax system for the  
23 bulk of New Jersey's property taxpayers, while minimizing the  
24 impact of requisite revenue raising to less than two cents of every  
25 post-deduction dollar reported over \$1 million in New Jersey's  
26 highest tax bracket.