Sponsored by:
Senator SHIRLEY K. TURNER
District 15 (Hunterdon and Mercer)
Senator JIM WHELAN
District 2 (Atlantic)
Assemblywoman SHEILA Y. OLIVER
District 34 (Essex and Passaic)
Assemblyman LOUIS D. GREENWALD
District 6 (Burlington and Camden)
Assemblywoman BONNIE WATSON COLEMAN
District 15 (Hunterdon and Mercer)
Assemblyman GARY S. SCHAER
District 36 (Bergen and Passaic)
Assemblyman RUBEN J. RAMOS, JR.
District 33 (Hudson)
Assemblywoman L. GRACE SPENCER
District 29 (Essex)

Co-Sponsored by:
Senators Pou, Ruiz, Vitale, Assemblymen Coughlin, Gusciora, McKeon,
Assemblywoman Mosquera and Senator Stack

SYNOPSIS
Increases benefit amounts under New Jersey earned income tax credit program to 25 percent of federal earned income tax credit amounts beginning in Tax Year 2013.

CURRENT VERSION OF TEXT
As introduced.

(Sponsorship Updated As Of: 3/19/2013)
AN ACT restoring benefit amounts under the New Jersey earned tax
income credit program, amending P.L.2000, c.80.

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

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

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

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

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

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

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

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

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

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

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

(g) 20% for taxable years beginning on or after January 1, 2010 but before January 1, 2013; and

(h) 25% for taxable years beginning on or after January 1, 2013.

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

EXPLANATION – Matter enclosed in bold-faced brackets \textbf{[thus]} in the above bill is
not enacted and is intended to be omitted in the law.

Matter underlined \textit{thus} is new matter.
b. In the case of a part-year resident claimant, the amount of the credit allowed pursuant to this section shall be pro-rated, based upon that proportion which the total number of months of the claimant’s residency in the taxable year bears to 12 in that period. For this purpose, 15 days or more shall constitute a month.

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

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

e. Any earned income tax credit pursuant to this section shall not be taken into account as income or receipts for purposes of determining the eligibility of an individual for benefits or assistance or the amount or extent of benefits or assistance under any State program and, to the extent permitted by federal law, under any State program financed in whole or in part with federal funds. (cf: P.L.2010, c.27. s.1)

2. This act shall take effect immediately and apply to taxable years beginning on or after January 1, 2013.

STATEMENT

This bill increases, beginning for New Jersey gross income tax year 2013 and thereafter, the benefit amount provided under the New Jersey earned income tax credit program as a percentage of the federal earned income tax credit. Specifically, this bill would increase the current State program benefit amounts from 20 percent to 25 percent the federal credit amounts.

In addition, this bill removes a provision allowing for the exercise of discretion of the Director of the Division of Taxation to establish a program for the distribution of credits.

The New Jersey earned income tax credit is a refundable credit intended to “make work pay” by offsetting the burden of taxes for low and moderate income workers. According to the federal and State data, some 528,000 taxpayers received an average State benefit amount of approximately $430 during TY 2010, the most
recent year for which data are available. Under the bill, the average benefit amount would grow to approximately $553, assuming a level number of participants.