ASSEMBLY, No. 3852 STATE OF NEW JERSEY 220th LEGISLATURE

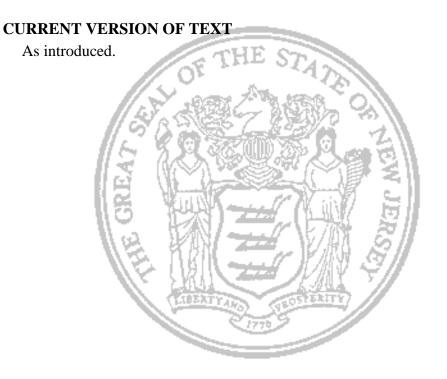
INTRODUCED MAY 9, 2022

Sponsored by: Assemblywoman VERLINA REYNOLDS-JACKSON District 15 (Hunterdon and Mercer) Assemblyman BENJIE E. WIMBERLY District 35 (Bergen and Passaic) Assemblyman ANTHONY S. VERRELLI District 15 (Hunterdon and Mercer)

Co-Sponsored by: Assemblymen Stanley, Atkins, Assemblywoman McKnight, Assemblymen Caputo, Mukherji, Assemblywomen Murphy, Dunn and Assemblyman Mejia

SYNOPSIS

Establishes New Jersey Child Tax Credit program.



(Sponsorship Updated As Of: 5/26/2022)

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1 AN ACT allowing a child tax credit under the gross income tax, 2 supplementing Title 54A of the New Jersey Statutes. 3 4 **BE IT ENACTED** by the Senate and General Assembly of the State 5 of New Jersey: 6 7 1. a. There is established the New Jersey Child Tax Credit program in the Division of Taxation in the Department of the 8 9 Treasury. 10 b. A taxpayer with New Jersey taxable income of \$80,000 or 11 less shall be allowed a credit against the tax otherwise due pursuant 12 to the "New Jersey Gross Income Tax Act," N.J.S.54A:1-1 et seq. for each child who has not attained the age of six years as of the 13 close of the taxable year and for which the taxpayer is allowed a 14 15 deduction under N.J.S.54A:3-1. For a taxpayer with New Jersey 16 taxable income of \$30,000 or less, the credit amount shall be \$500 17 for each child. For a taxpayer with New Jersey taxable income of 18 more than \$30,000 but less than \$80,000 the credit amount shall be 19 \$500 reduced by \$10 for every \$1,000 of income that the taxpayer's 20 taxable income exceeds \$30,000. The income limit set forth in this 21 section shall apply to taxpayers of any filing status. c. A taxpayer shall be allowed the credit pursuant to this section 22 23 whether the taxpayer uses a Social Security number or an Individual 24 Taxpayer Identification Number on their tax forms. 25 d. If the amount of the credit allowed pursuant to this section 26 exceeds the amount of tax otherwise due pursuant to the "New 27 Jersey Gross Income Tax Act," N.J.S.54A:1-1 et seq., after all other credits and deductions, the amount of excess shall be treated as a 28 29 refundable overpayment. 30 e. To qualify for the credit allowed pursuant to this section, a 31 taxpayer shall file a joint return if the taxpayer is married, except 32 for a taxpayer who files as a head of household or surviving spouse 33 for federal income tax purposes for the taxable year. 34 f. In the case of a part-year resident, the amount of the credit 35 allowed pursuant to this section shall be pro-rated, based upon that 36 proportion which the total number of months of the taxpayer's 37 residency in the taxable year bears to 12 in that period. For this 38 purpose, 15 days or more shall constitute a month. 39 g. Any tax credit pursuant to this section shall not be taken into 40 account as income for purposes of determining the eligibility of an 41 individual for benefits or assistance or the amount or extent of 42 benefits or assistance under any State program and, to the extent permitted by federal law, under any State program financed in 43 44 whole or in part with federal funds. 45 h. The Division of Taxation shall issue data as part of the annual 46 tax expenditure report, as required by section 1 of P.L.2009, c.189 47 (C.52:27B-20a) to include the number of taxpayers claiming the 48 New Jersey Child Tax Credit, as well as claimants' income, the

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number of children benefitting, and the average credit amount per
 child and per claimant.

4 2. This act shall take effect immediately and shall apply5 retroactively to taxable years ending on and after the effective date.

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STATEMENT

This bill establishes the New Jersey Child Tax Credit program
allowing a gross income tax credit for each child of the taxpayer
under the age of six years.

The credit amount will be \$500 per child of the taxpayer if the 13 14 taxpayer's income is \$30,000 or less. The \$500 amount will be 15 reduced by \$10 for every \$1,000 of income that the taxpayer's 16 taxable income exceeds \$30,000 until the taxpayer's income 17 reaches \$80,000. A taxpayer will be allowed to claim the credit whether the taxpayer uses a Social Security number or an Individual 18 19 Taxpayer Identification Number (ITIN) on their tax forms. The 20 credit is refundable, meaning that any excess credit beyond the 21 taxpayer's tax liability will be paid to the taxpayer in the form of a 22 tax refund.

23 The bill sponsor notes that the expanded federal Child Tax 24 Credit, part of the 2021 American Rescue Plan Act, has 25 substantially reduced child poverty, improved family financial 26 footing, and made New Jersey a more affordable place to raise 27 children safely and healthily. Although New Jersey's overall population has increased from 2010 to 2020, its child population 28 29 has decreased, and strong pro-family policies are needed to ensure 30 that families can afford to raise children in the Garden State. All 31 families with children deserve to be able to afford to raise them in 32 New Jersey, regardless of household income or economic status. 33 With the high cost of child-rearing in New Jersey, including high 34 housing, child care, and transportation costs, low- and moderate-35 income families need direct financial relief to stabilize family budgets and cover these costs. A New Jersey Child Tax Credit can 36 37 promote strong child development, reduce child poverty and food 38 insufficiency, and help make New Jersey a better place to live, 39 work, and raise a family. A New Jersey Child Tax Credit can help 40 close the racial income and wealth gaps in New Jersey and ensure a 41 more equitable future for New Jersey's children.