

ASSEMBLY, No. 3852

STATE OF NEW JERSEY 220th LEGISLATURE

INTRODUCED MAY 9, 2022

Sponsored by:

Assemblywoman VERLINA REYNOLDS-JACKSON

District 15 (Hunterdon and Mercer)

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District 35 (Bergen and Passaic)

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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.

CURRENT VERSION OF TEXT

As introduced.



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

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:*

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7 1. a. There is established the New Jersey Child Tax Credit
8 program in the Division of Taxation in the Department of the
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.
13 for each child who has not attained the age of six years as of the
14 close of the taxable year and for which the taxpayer is allowed a
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.

22 c. A taxpayer shall be allowed the credit pursuant to this section
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
28 credits and deductions, the amount of excess shall be treated as a
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
43 permitted by federal law, under any State program financed in
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

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

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

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STATEMENT

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

13 The credit amount will be \$500 per child of the taxpayer if the
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
18 whether the taxpayer uses a Social Security number or an Individual
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
28 population has increased from 2010 to 2020, its child population
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
36 budgets and cover these costs. A New Jersey Child Tax Credit can
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.