

**LEGISLATIVE FISCAL ESTIMATE**  
**SENATE, No. 2523**  
**STATE OF NEW JERSEY**  
**220th LEGISLATURE**

DATED: JUNE 27, 2022

**SUMMARY**

**Synopsis:** Establishes New Jersey Child Tax Credit program.

**Type of Impact:** Annual State revenue loss to Property Tax Relief Fund.

**Agency Affected:** Department of the Treasury.

**Office of Legislative Services Estimate**

<b>Fiscal Impact</b>	<b><u>FY 2023 and Each FY Thereafter</u></b>
<b>Annual State Revenue Loss</b>	\$134.7 million to \$156.3 million

- The Office of Legislative Services (OLS) estimates that this bill will reduce revenues earmarked for the Property Tax Relief Fund by \$134.7 million to \$156.3 million annually.
- The OLS projects that taxpayers will claim the child tax credit for 374,000 dependent children under the age of six in calendar year 2022. Taxpayers are estimated to claim the bill's maximum credit of \$500 per child for 180,700 dependent children. Another 99,500 dependent children are estimated to yield a credit of at least \$300 each.
- The tax credit is refundable, so taxpayers will be able to claim and utilize the full amount of their tax credit.

**BILL DESCRIPTION**

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 if the taxpayer's income is \$30,000 or less. The amount will be reduced by \$10 for every \$1,000 of income that the taxpayer's taxable income exceeds \$30,000 until the taxpayer's income reaches \$80,000. The credit is refundable, meaning that any excess credit beyond the taxpayer's tax liability will be paid to the taxpayer as a tax refund.

**FISCAL ANALYSIS*****EXECUTIVE BRANCH***

None received.

***OFFICE OF LEGISLATIVE SERVICES***

The OLS estimates that this bill will reduce revenues earmarked for the Property Tax Relief Fund by \$134.7 million to \$156.3 million annually. Based on Statistics of Income for tax year 2016 New Jersey gross income tax returns, roughly 1.2 million dependent children were claimed by taxpayers with gross income of less than \$80,000. The OLS infers that roughly 385,000 of whom were under the age of six. After adjusting for a decline in this age cohort since 2016, the OLS estimates that taxpayers will claim the tax credit for 374,000 children in calendar year 2022. Taxpayers will be able to claim the bill's maximum credit of \$500 per child for an estimated 180,700 dependent children under the age of six. Another 99,500 dependent children are estimated to yield a credit of at least \$300 each. The OLS notes that the tax credit is refundable, so taxpayers will be able to claim and utilize the full amount of their tax credit.

*Section: Revenue, Finance and Appropriations*

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*Approved: Thomas Koenig  
Legislative Budget and Finance Officer*

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 (C.52:13B-6 et seq.).