

SENATE, No. 875

STATE OF NEW JERSEY 221st LEGISLATURE

PRE-FILED FOR INTRODUCTION IN THE 2024 SESSION

Sponsored by:

Senator ANTHONY M. BUCCO

District 25 (Morris and Passaic)

Senator JOSEPH P. CRYAN

District 20 (Union)

Co-Sponsored by:

Senators Diegnan and Space

SYNOPSIS

Indexes amount of veterans' income tax exemption for inflation.

CURRENT VERSION OF TEXT

Introduced Pending Technical Review by Legislative Counsel.



(Sponsorship Updated As Of: 1/25/2024)

1 AN ACT concerning the veterans' income tax exemption and
2 amending N.J.S.54A:3-1.

3

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

6

7 1. N.J.S.54A:3-1 is amended to read as follows:

8 54A:3-1. Personal exemptions and deductions. Each taxpayer
9 shall be allowed personal exemptions and deductions against his
10 gross income as follows:

11 (a) Taxpayer. Each taxpayer shall be allowed a personal
12 exemption of \$1,000.00 which may be taken as a deduction from his
13 New Jersey gross income.

14 (b) Additional exemptions. In addition to the personal
15 exemptions allowed in (a), the following additional personal
16 exemptions shall be allowed as a deduction from gross income:

17 1. For the taxpayer's spouse, or domestic partner as defined in
18 section 3 of P.L.2003, c.246 (C.26:8A-3), who does not file
19 separately - \$1,000.00.

20 2. For each dependent who qualifies as a dependent of the
21 taxpayer during the taxable year for federal income tax purposes -
22 \$1,500.00.

23 3. Taxpayer 65 years of age or over at the close of the taxable
24 year - \$1,000.00.

25 4. Taxpayer's spouse 65 years of age or over at the close of the
26 taxable year - \$1,000.00.

27 5. Blind or disabled taxpayer - \$1,000.00.

28 6. Blind or disabled spouse - \$1,000.00.

29 7. Taxpayer who is a veteran honorably discharged or released
30 under honorable circumstances from active duty in the Armed
31 Forces of the United States, a reserve component thereof, or the
32 National Guard of New Jersey in a federal active duty status, as
33 those terms are used in N.J.S.38A:1-1 - \$6,000; provided,
34 however, that in tax year 2023 and thereafter, the amount of the
35 exemption provided pursuant to this paragraph shall be adjusted
36 annually in direct proportion to the percentage change in the
37 Chained Consumer Price Index for all Urban Consumers (C-CPI-U)
38 or the 12-month period ending August 31 of the immediately
39 preceding tax year. If there is no increase in that index, the amount
40 of the exemption shall remain unchanged for the applicable tax
41 year.

42 (c) Special Rule. The personal exemptions allowed under this
43 section shall be limited to that percentage which the total number of
44 months within a taxpayer's taxable year under this act bears to 12.
45 For this purpose 15 days or more shall constitute a month.

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.

1 (d) (Deleted by amendment, P.L.1993, c.178).

2 (e) Nonresidents. For taxable years to which a certification
3 pursuant to section 3 of P.L.1993, c.320 (C.54A:2-1.2) applies, a
4 nonresident taxpayer shall be allowed the same deduction for
5 personal exemptions as a resident taxpayer. However, if (1) the
6 nonresident taxpayer's gross income which is subject to tax under
7 this act is exceeded by (2) the gross income which the nonresident
8 taxpayer would be required to report under this act if the taxpayer
9 were a resident by more than \$100.00, the taxpayer's deduction for
10 personal exemptions shall be limited by the percentage which (1) is
11 to (2).

12 (cf: P.L.2019, c.146, s.1)

13

14 2. This act shall take effect immediately.

15

16

17

STATEMENT

18

19 This bill would index the amount of the veterans' gross income
20 tax exemption, which is currently \$6,000, for inflation.

21 The bill would require that, beginning in tax year 2023, the
22 amount of the exemption would be adjusted annually based on the
23 percentage change in the Chained Consumer Price Index for all
24 Urban Consumers (C-CPI-U) for the 12-month period ending
25 August 31 of the previous tax year. The C-CPI-U is the index
26 currently used by the federal government to adjust federal income
27 tax brackets for inflation. If there is no increase in that index, the
28 amount of the exemption would remain unchanged for the
29 applicable tax year.