LEGISLATIVE FISCAL ESTIMATE

SENATE, No. 1235

STATE OF NEW JERSEY
221st LEGISLATURE

DATED: AUGUST 19, 2024

SUMMARY

Synopsis: Establishes a gross income tax credit for attendance at New Jersey county colleges.

Type of Impact: Annual State revenue loss.

Agencies Affected: Department of the Treasury.

Fiscal Impact	
Annual State Revenue Loss	$12 million

- The Office of Legislative Services (OLS) estimates that this bill would result in an annual State revenue loss of approximately $12 million to provide gross income tax credits to taxpayers paying for their own or a dependent's attendance at a county college in the State.

BILL DESCRIPTION

This bill establishes a gross income tax credit for taxpayers who have paid tuition and maintenance costs for themselves or a dependent under the age of 22 attending a county college in New Jersey.

To qualify for the tax credit, taxpayers must have paid at least half of the tuition and maintenance costs for themselves or a dependent attending a county college. For full-time attendance, the tax credit equals the full amount of tuition and maintenance costs paid by the taxpayer, up to a maximum of $750. For part-time attendance whereby students complete at least six credits per semester, the tax credit equals 50 percent of the tuition and maintenance costs paid by the taxpayer, up to a maximum of $375.

If a taxpayer claims this tax credit for a dependent's attendance at a county college, the taxpayer cannot also claim a personal exemption for that dependent under the gross income tax in the same year.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

The OLS estimates that this bill would result in an annual State revenue loss of approximately $12 million to provide gross income tax credits to taxpayers paying for their own or a dependent's attendance at a county college in New Jersey.

The State's county colleges educate approximately 65,000 part-time students and 50,000 full-time students. The OLS assumes that 30 percent of these students would be ineligible for the tax credit based on their age. The population potentially eligible for the tax credit was further reduced to take into account available financial aid that would eliminate the need for some county college students to pay any tuition or fees based on income level. This results in an about 18,200 part-time students who would be eligible for the $375 tax credit and 13,500 full-time students who would be eligible for the $750 tax credit. For this analysis, the OLS assumes that part-time students take the minimum of six credits per semester as required to claim the tax credit and that the full amount of the tax credit is utilized. The resultant revenue loss of approximately $17 million per year would additionally need to be lowered by about $5 million to account for certain taxpayers taking advantage of the new tax credit program rather than the existing $1,000 income deduction for dependents attending college. The bill precludes a taxpayer from utilizing both programs in the same year. The annual State net revenue loss is therefore estimated at about $12 million. Yearly variations in the size and age of the student population and the financial condition of students or taxpayers claiming them as dependents would effect this fiscal estimate.

Section:	*Revenue, Finance, and Appropriations*
Analyst:	*Patrick Walsh* *Assistant Fiscal Analyst*
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.).