



THIRD DISTRICT'S MONTHLY UPDATE FROM TRENTON

December 2016

Dear Neighbor:

We are pleased to share with you good news regarding efforts to preserve and promote tax fairness for New Jersey's middle class residents. The efforts include the successful preservation of New Jersey's reciprocal tax agreement with Pennsylvania and new tax cuts to enhance retirement security and create tax fairness.

On Thursday, November 22, Governor Christie rescinded his plan to end the bi-state agreement with Pennsylvania that has allowed taxpayers to pay income tax in the state where they live, not where they work. Since the Governor announced his plan to withdraw from the 38-year-old reciprocal tax agreement earlier this year, we have been fighting against the plan, which would have increased taxes on New Jersey's middle class residents who are employed in Pennsylvania.

Pennsylvania has a flat 3.07 percent income-tax rate while New Jersey has a more progressive tax structure with rates from 1.4 percent to 8.97 percent. New Jersey residents who earn up to about \$113,000 and file jointly pay less in state taxes than they would to Pennsylvania because of the reciprocity agreement. New Jerseyans who commute to work in Philadelphia would have also lost their credit for paying the city's wage tax, which is 3.47 percent for nonresidents. And, nearly 250,000 New Jerseyans and Pennsylvanians who cross the Delaware to work each day would have had to file two income tax returns each year – one to each state.

Ensuring that this tax agreement remains in place is a tremendous victory for the residents and businesses of South Jersey. We are glad we won this fight and we are pleased that Senate President Sweeney's negotiations with Governor Christie were successful. This is a win-win for the taxpayers and public employees. The state will save \$200 million and the employees will maintain their benefits with a plan that we brought to the table. This victory will make a real difference for middle class families throughout the state.

Further, legislation providing a series of tax cuts designed to create jobs, strengthen the economy, and provide tax savings for the working poor, veterans, retirees, and middle class families was passed by the Legislature and signed by Governor Christie in October.

As part of the tax cut package, the Earned Income Tax Credit will be increased from 30 percent to 35 percent. Veterans will also gain a \$3,000 personal tax exemption, retirees will pay less in taxes on their retirement income with an increase in the state income tax exclusion of up to \$100,000, and the estate tax will be phased out over two years, eliminating a duplicative tax that can fall on middle class families, family farms and family owned businesses.

Finally, we would like to wish you all a happy, healthy, and safe holiday season. Thank you for allowing us to share more about our efforts to grow South Jersey's economy and the policies we are pursuing on behalf of residents.

Sincerely,

Steve Sweeney
Senate President

John Burzichelli
Deputy Speaker

Adam Taliaferro
Assemblyman