

# SENATE COMMERCE COMMITTEE

## STATEMENT TO

### **SENATE, No. 1444**

with committee amendments

# **STATE OF NEW JERSEY**

DATED: MAY 16, 2022

The Senate Commerce Committee reports favorably and with committee amendments Senate Bill No. 1444.

As amended, this bill provides for a refundable gross income tax credit for 50 percent of early home mortgage principal payments that taxpayers make in addition to their required monthly mortgage payments. Extra payments made in addition to home mortgage required monthly payments are required to be credited as a payment on the principal amount of the mortgage loan amount. The annual refundable tax credit is allowed up to \$1,000 per year and can be claimed for up to 10 taxable years. This bill is modeled on federal legislation referred to as the Building Equity for the American Middle-Class Act (BEAM Act) that will encourage families to build equity in their home, pay down their home mortgage more quickly, thus creating more wealth while securing the American dream of homeownership. This bill will provide a gross income tax break that rewards middle class families that chose to more quickly pay down the principal amounts of their home mortgages.

Mortgages eligible for this tax credit are purchase money mortgages or refinanced purchase money mortgages that must: (1) be for a primary residence, (2) be for a term between 15 and 30 years, and (3) require payments that are each the same amount and made in equal intervals during the term of the mortgage. The \$1,000 limit on the amount of the credit phases down for single taxpayers who have taxable income between \$125,000 and \$135,000 and for married individuals filing jointly who have taxable income between \$250,000 and \$270,000. No credit is allowed for single taxpayers with taxable income over \$135,000 and for married individuals filing jointly with taxable income over \$270,000. Married individuals must file a joint return to claim the credit.

#### COMMITTEE AMENDMENTS

The committee amended the bill to require the credit for married individuals filing jointly to phase out at a rate of five percent for every \$1,000 of taxable income between \$250,000 and \$270,000.