

Governor Phil Murphy

Governor Phil Murphy Signs Legislation Making More Families Eligible for the State's Child and Dependent Care Tax Credit

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TRENTON – As part of his continued commitment to help working families recover from the economic impacts of COVID-19, Governor Phil Murphy today signed legislation (S4065/A6071) that will make significantly more New Jersey families eligible for the state's Child and Dependent Care Tax Credit. The legislation will make taxpayers with incomes of \$150,000 or less per year who incur expenses for childcare and other household expenses eligible for the credit for starting in tax year 2021. Under current law, only taxpayers with incomes of to \$60,000 or less are eligible. The expanded state credit is based on the federal credit which underwent a significant expansion for tax year 2021 through the American Rescue Plan.

"The COVID-19 pandemic led many working parents—and working mothers in particular—to leave the workforce due to childcare challenges," **said Governor Murphy**. "This legislation will help ensure affordable access to childcare, a critical part of getting hardworking New Jerseyans back into the workforce and reversing the 'she-cession' caused by the pandemic."

The bill also revises the Child and Dependent Care Tax Credit so it is refundable in 2021 and removes the current caps of \$500 for employment-related expenses paid by the taxpayer for one child or dependent and \$1,000 for employment-related expenses paid by the taxpayer for two or more children or dependents.

The legislation was sponsored by state Senators Dawn Addiego and Troy Singleton, and Assemblymembers Gabriela Mosquera, Roy Frieman, Lisa Swain, and Britnee Timberlake.

"In our state, the cost of dependent care and childcare can be financially debilitating for many families. The expansion of the child and dependent care tax credit will ensure that more people are able to afford the proper services they need," **said Senator Addiego**. "The funds that taxpayers are getting back from excess credit can be used for other necessities and in light of the financial burden the pandemic has caused for many people, this is a major step in the right direction."

"In 2018, I sponsored the original legislation to off-set the heavy burden of payroll taxes on low and moderate income workers, all of whom have had to shrink their family budgets," **said Senator Singleton**. "This will put us more in line with the new federal child care tax credit and expand the number of New Jerseyans who are eligible. We need to make New Jersey more affordable for our families, and this is a great way do so."

"There have been long-standing issues preventing hard-working families from receiving the meaningful support that they deserve. Child and Dependent Care expenses are immense and more families need help. By increasing the income limit, removing the current cap of \$500, and making the credit refundable, we can



ensure that more families in need of financial support will receive the proper tax credit," **said Assemblymembers Mosquera, Freiman, Swain, and Timberlake in a joint statement.** "Over the pandemic, major childcare issues have been exacerbated. With parents rapidly returning to work while the pandemic continues, childcare is now more important than ever. Allowing families to reclaim some of their money spent on childcare will enable parents to transition back to work with one less thing to worry about."

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