

**54A:3-1**  
**LEGISLATIVE HISTORY CHECKLIST**

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**LAWS OF:** 2019                    **CHAPTER:** 146

**NJSA:** 54A:3-1 (Increases gross income tax deduction available to veterans from \$3,000 to \$6,000.)

**BILL NO:** A5609                    (Substituted for S3960)

**SPONSOR(S)** R. Bruce Land and others

**DATE INTRODUCED:** 6/17/2019

**COMMITTEE:**                    **ASSEMBLY:** Budget

**SENATE:** Budget & Appropriations

**AMENDED DURING PASSAGE:** No

**DATE OF PASSAGE:**                    **ASSEMBLY:** 6/20/2019

**SENATE:** 6/20/2019

**DATE OF APPROVAL:** 6/30/2019

**FOLLOWING ARE ATTACHED IF AVAILABLE:**

**FINAL TEXT OF BILL** (Introduced bill enacted) Yes

**A5609**

**SPONSOR'S STATEMENT:** (Begins on page 3 of introduced bill) Yes

**COMMITTEE STATEMENT:**                    **ASSEMBLY:** Yes

**SENATE:** No

(Audio archived recordings of the committee meetings, corresponding to the date of the committee statement, *may possibly* be found at [www.njleg.state.nj.us](http://www.njleg.state.nj.us))

**FLOOR AMENDMENT STATEMENT:** No

**LEGISLATIVE FISCAL ESTIMATE:** Yes

**S3960**

**SPONSOR'S STATEMENT:** (Begins on page 3 of introduced bill) Yes

**COMMITTEE STATEMENT:**                    **ASSEMBLY:** No

**SENATE:** Yes

(Audio archived recordings of the committee meetings, corresponding to the date of the committee statement, *may possibly* be found at [www.njleg.state.nj.us](http://www.njleg.state.nj.us))

**FLOOR AMENDMENT STATEMENT:** No

**LEGISLATIVE FISCAL ESTIMATE:** Yes

(continued)

**VETO MESSAGE:** No

**GOVERNOR'S PRESS RELEASE ON SIGNING:** Yes

**FOLLOWING WERE PRINTED:**

To check for circulating copies, contact New Jersey State Government Publications at the State Library (609) 278-2640 ext.103 or <mailto:refdesk@njstatelib.org>

**REPORTS:** No

**HEARINGS:** No

**NEWSPAPER ARTICLES:** No

Also of possible interest:

Committee meeting of Assembly Military and Veterans' Affairs Committee: the Committee will receive testimony from State and national leaders from the veteran community to discuss legislation that would broaden eligibility for certain veteran's benefits [June 13, 2018, Wildwood, New Jersey]  
Call Number: 974.90 S684, 2018a  
Available online at <http://hdl.handle.net/10929/48113>

RWH/CL

P.L. 2019, CHAPTER 146, *approved June 30, 2019*  
Assembly, No. 5609

1 AN ACT increasing the gross income tax deduction available to  
2 veterans, 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 - **[\$3,000]** \$6,000.

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

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

39 (e) Nonresidents. For taxable years to which a certification  
40 pursuant to section 3 of P.L.1993, c.320 (C.54A:2-1.2) applies, a  
41 nonresident taxpayer shall be allowed the same deduction for

**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 personal exemptions as a resident taxpayer. However, if (1) the  
2 nonresident taxpayer's gross income which is subject to tax under  
3 this act is exceeded by (2) the gross income which the nonresident  
4 taxpayer would be required to report under this act if the taxpayer  
5 were a resident by more than \$100.00, the taxpayer's deduction for  
6 personal exemptions shall be limited by the percentage which (1) is  
7 to (2).

8 (cf: P.L.2016, c.57, s.8)

9

10 2. This act shall take effect immediately and apply to taxable  
11 years beginning on or after January 1, 2019.

12

13

14

STATEMENT

15

16 This bill increases the gross income tax deduction available to  
17 veterans to \$6,000.

18 Currently, veterans who are honorably discharged or released  
19 under honorable circumstances from active duty in the Armed  
20 Forces of the United States, a reserve component, or the National  
21 Guard of New Jersey in a federal active duty status, are eligible to  
22 deduct \$3,000 from their income for purposes of calculating their  
23 State gross income tax liability.

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28 \_\_\_\_\_  
29 Increases gross income tax deduction available to veterans from  
\$3,000 to \$6,000.

# ASSEMBLY, No. 5609

## STATE OF NEW JERSEY 218th LEGISLATURE

INTRODUCED JUNE 17, 2019

**Sponsored by:**

**Assemblyman R. BRUCE LAND**

**District 1 (Atlantic, Cape May and Cumberland)**

**Assemblyman ROY FREIMAN**

**District 16 (Hunterdon, Mercer, Middlesex and Somerset)**

**Assemblyman JOHN ARMATO**

**District 2 (Atlantic)**

**Assemblyman GORDON M. JOHNSON**

**District 37 (Bergen)**

**Assemblyman RAJ MUKHERJI**

**District 33 (Hudson)**

**Assemblyman MATTHEW W. MILAM**

**District 1 (Atlantic, Cape May and Cumberland)**

**Assemblyman VINCENT MAZZEO**

**District 2 (Atlantic)**

**Senator PAUL A. SARLO**

**District 36 (Bergen and Passaic)**

**Senator DAWN MARIE ADDIEGO**

**District 8 (Atlantic, Burlington and Camden)**

**Co-Sponsored by:**

**Assemblymen Spearman, Benson, Mejia, Assemblywoman Jimenez, Assemblyman DeAngelo, Assemblywoman Murphy, Assemblymen Space, Wirths, Assemblywoman Swain, Assemblymen Tully, Karabinchak, Houghtaling, Assemblywomen Pinkin, Downey, Senators Singleton, Andrzejczak, Gopal, Greenstein and Oroho**

**SYNOPSIS**

Increases gross income tax deduction available to veterans from \$3,000 to \$6,000.

**CURRENT VERSION OF TEXT**

As introduced.

(Sponsorship Updated As Of: 6/21/2019)

1 AN ACT increasing the gross income tax deduction available to  
2 veterans, 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 - **[\$3,000]** \$6,000.

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

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

39 (e) Nonresidents. For taxable years to which a certification  
40 pursuant to section 3 of P.L.1993, c.320 (C.54A:2-1.2) applies, a  
41 nonresident taxpayer shall be allowed the same deduction for  
42 personal exemptions as a resident taxpayer. However, if (1) the  
43 nonresident taxpayer's gross income which is subject to tax under  
44 this act is exceeded by (2) the gross income which the nonresident  
45 taxpayer would be required to report under this act if the taxpayer

**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 were a resident by more than \$100.00, the taxpayer's deduction for  
2 personal exemptions shall be limited by the percentage which (1) is  
3 to (2).

4 (cf: P.L.2016, c.57, s.8)

5

6 2. This act shall take effect immediately and apply to taxable  
7 years beginning on or after January 1, 2019.

8

9

10 STATEMENT

11

12 This bill increases the gross income tax deduction available to  
13 veterans to \$6,000.

14 Currently, veterans who are honorably discharged or released  
15 under honorable circumstances from active duty in the Armed  
16 Forces of the United States, a reserve component, or the National  
17 Guard of New Jersey in a federal active duty status, are eligible to  
18 deduct \$3,000 from their income for purposes of calculating their  
19 State gross income tax liability.

# ASSEMBLY BUDGET COMMITTEE

## STATEMENT TO

### ASSEMBLY, No. 5609

# STATE OF NEW JERSEY

DATED: JUNE 17, 2019

The Assembly Budget Committee reports favorably Assembly Bill No. 5609.

This bill increases the gross income tax deduction available to veterans to \$6,000.

Currently, veterans who are honorably discharged or released under honorable circumstances from active duty in the Armed Forces of the United States, a reserve component, or the National Guard of New Jersey in a federal active duty status, are eligible to deduct \$3,000 from their income for purposes of calculating their State gross income tax liability.

#### FISCAL IMPACT:

The Office of Legislative Services (OLS) estimates that increasing the veterans' deduction from \$3,000 to \$6,000 may decrease annual gross income tax revenue collections by approximately \$14.3 million. In the OLS fiscal estimate for P.L.2016, c.57, which among other provisions established the current veterans' deduction of \$3,000, the OLS estimated that the annual impact on gross income tax revenues would be approximately \$23 million. The estimate utilized an average marginal tax rate of 3.5 percent multiplied by the deduction amount (\$3,000) to yield an approximate average benefit \$105 per taxpayer who claims the deduction.

Recent data from the federal Department of Veterans Affairs suggests that there were 387,844 veterans in New Jersey in 2016. The OLS notes that compounding these deductions may shift certain taxpayers to brackets with lower marginal tax rates. Thus, the average marginal tax rate applied against the bill's additional \$3,000 deduction will be lower than 3.5 percent. Utilizing the same logic applied for the original deduction, but reducing the average marginal tax rate assumed to 2.45 percent (\$73.50 benefit amount), yields an estimated annual State revenue loss in gross income tax revenues of \$14.3 million. The annual impact of this deduction on gross income tax revenues is likely to decline over time as the veteran population decreases.



**LEGISLATIVE FISCAL ESTIMATE**  
**ASSEMBLY, No. 5609**  
**STATE OF NEW JERSEY**  
**218th LEGISLATURE**

DATED: JUNE 25, 2019

**SUMMARY**

**Synopsis:** Increases gross income tax deduction available to veterans from \$3,000 to \$6,000.

**Type of Impact:** Annual loss of gross income tax revenue (Property Tax Relief Fund).

**Agencies Affected:** Department of the Treasury.

**Office of Legislative Services Estimate**

<b>Fiscal Impact</b>	<b><u>FY 2020 and Thereafter</u></b>
<b>Annual State Revenue Loss</b>	At least \$14 million

- The Office of Legislative Services (OLS) estimates that increasing the veterans' deduction from \$3,000 to \$6,000 would decrease annual gross income tax revenue collections by at least \$14 million.

**BILL DESCRIPTION**

This bill increases the gross income tax deduction available to veterans from \$3,000 to \$6,000. Pursuant to current law, veterans who are honorably discharged or released under honorable circumstances from active duty in the Armed Forces of the United States, a reserve component, or the National Guard of New Jersey in a federal active duty status, are eligible to deduct \$3,000 from their gross income for purposes of calculating their State gross income tax liability.

**FISCAL ANALYSIS**

***EXECUTIVE BRANCH***

None received.

**OFFICE OF LEGISLATIVE SERVICES**

The OLS estimates that increasing the veterans' deduction from \$3,000 to \$6,000 would decrease annual gross income tax revenue collections by at least \$14 million. In the OLS fiscal estimate for P.L.2016, c.57, which among other provisions established the current veterans' deduction of \$3,000, the OLS estimated that the annual impact on gross income tax revenues would be approximately \$23 million. The OLS used data from the federal Department of Veterans Affairs, which suggested that 428,396 veterans lived in New Jersey in 2014. More than half of New Jersey's veterans are age 65 or older and are unlikely to have a New Jersey gross income tax liability. The \$3,000 deduction was projected to decrease gross income tax revenues by \$23 million annually based on an estimated average benefit of \$105 multiplied by the adjusted number of veterans who were likely to have a gross income tax liability and benefit from the bill (214,198).

Since the time OLS published its fiscal estimate on P.L.2016, c.57, the Department of the Treasury has released its first estimate of the impact of the \$3,000 veterans' deduction in the FY 2020 New Jersey Tax Expenditure Report. According to the report, the department anticipates that the current deduction will reduce gross income tax revenues by approximately \$35.8 million in FY 2020. This estimate is based on a sample of verified tax returns and the department's 2018 gross income tax calculator.

The OLS does not have access to individual tax returns, so this fiscal estimate continues to rely on data provided by the federal Department of Veterans Affairs. Recent data suggests that there were 387,844 veterans in New Jersey in 2016. The OLS notes that increasing the deduction may shift certain taxpayers to brackets with lower marginal tax rates. Thus, the average marginal tax rate applied against the bill's additional \$3,000 deduction may be lower than the 3.5 percent used prior. Utilizing the same logic applied for the original deduction, but reducing the average marginal tax rate assumed to 2.45 percent (\$73.50 benefit amount), yields an estimated annual impact of at least \$14 million on gross income tax revenues. The annual impact of this deduction on gross income tax revenues will fluctuate over time as the veteran population changes.

*Section: Revenue, Finance and Appropriations*  
*Analyst: Jordan M. DiGiovanni*  
*Revenue Analyst*  
*Approved: Frank W. Haines III*  
*Legislative Budget and Finance Officer*

This fiscal estimate has been prepared pursuant to P.L.1980, c.67 (C.52:13B-6 et seq.).

# SENATE, No. 3960

## STATE OF NEW JERSEY 218th LEGISLATURE

INTRODUCED JUNE 17, 2019

**Sponsored by:**

**Senator PAUL A. SARLO**

**District 36 (Bergen and Passaic)**

**Senator DAWN MARIE ADDIEGO**

**District 8 (Atlantic, Burlington and Camden)**

**Co-Sponsored by:**

**Senators Singleton, Andrzejczak, Gopal, Greenstein, Oroho and  
A.R.Bucco**

**SYNOPSIS**

Increases gross income tax deduction available to veterans from \$3,000 to \$6,000.

**CURRENT VERSION OF TEXT**

As introduced.



**(Sponsorship Updated As Of: 6/28/2019)**

1 AN ACT increasing the gross income tax deduction available to  
2 veterans, 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 - **[\$3,000]** \$6,000.

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

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

39 (e) Nonresidents. For taxable years to which a certification  
40 pursuant to section 3 of P.L.1993, c.320 (C.54A:2-1.2) applies, a  
41 nonresident taxpayer shall be allowed the same deduction for  
42 personal exemptions as a resident taxpayer. However, if (1) the  
43 nonresident taxpayer's gross income which is subject to tax under  
44 this act is exceeded by (2) the gross income which the nonresident  
45 taxpayer would be required to report under this act if the taxpayer

**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 were a resident by more than \$100.00, the taxpayer's deduction for  
2 personal exemptions shall be limited by the percentage which (1) is  
3 to (2).

4 (cf: P.L.2016, c.57, s.8)

5

6 2. This act shall take effect immediately and apply to taxable  
7 years beginning on or after January 1, 2019.

8

9

10 STATEMENT

11

12 This bill increases the gross income tax deduction available to  
13 veterans to \$6,000.

14 Currently, veterans who are honorably discharged or released  
15 under honorable circumstances from active duty in the Armed  
16 Forces of the United States, a reserve component, or the National  
17 Guard of New Jersey in a federal active duty status, are eligible to  
18 deduct \$3,000 from their income for purposes of calculating their  
19 State gross income tax liability.

# SENATE BUDGET AND APPROPRIATIONS COMMITTEE

## STATEMENT TO

### SENATE, No. 3960

# STATE OF NEW JERSEY

DATED: JUNE 17, 2019

The Senate Budget and Appropriations Committee reports favorably Senate Bill No. 3960.

Senate Bill No. 3960 increases the gross income tax deduction available to veterans to \$6,000.

Currently, veterans who are honorably discharged or released under honorable circumstances from active duty in the Armed Forces of the United States, a reserve component, or the National Guard of New Jersey in a federal active duty status, are eligible to deduct \$3,000 from their income for purposes of calculating their State gross income tax liability.

#### FISCAL IMPACT:

The Office of Legislative Services (OLS) estimates that increasing the veterans' deduction from \$3,000 to \$6,000 may decrease annual gross income tax revenue collections by approximately \$14.3 million. In the OLS fiscal estimate for P.L.2016, c.57, which among other provisions established the current veterans' deduction of \$3,000, the OLS estimated that the annual impact on gross income tax revenues would be approximately \$23 million. The estimate utilized an average marginal tax rate of 3.5 percent multiplied by the deduction amount (\$3,000) to yield an approximate average benefit \$105 per taxpayer who claims the deduction. Recent data from the federal Department of Veterans Affairs suggests that there were 387,844 veterans in New Jersey in 2016. The OLS notes that compounding these deductions may shift certain taxpayers to brackets with lower marginal tax rates. Thus, the average marginal tax rate applied against the bill's additional \$3,000 deduction will be lower than 3.5 percent. Utilizing the same logic applied for the original deduction, but reducing the average marginal tax rate assumed to 2.45 percent (\$73.50 benefit amount), yields an estimated annual impact of \$14.3 million on gross income tax revenues. The annual impact of this deduction on gross income tax revenues is likely to decline over time as the veteran population decreases.

**LEGISLATIVE FISCAL ESTIMATE**  
**SENATE, No. 3960**  
**STATE OF NEW JERSEY**  
**218th LEGISLATURE**

DATED: JUNE 26, 2019

**SUMMARY**

**Synopsis:** Increases gross income tax deduction available to veterans from \$3,000 to \$6,000.

**Type of Impact:** Annual loss of gross income tax revenue (Property Tax Relief Fund).

**Agencies Affected:** Department of the Treasury.

**Office of Legislative Services Estimate**

<b>Fiscal Impact</b>	<b><u>FY 2020 and Thereafter</u></b>
<b>Annual State Revenue Loss</b>	At least \$14 million

- The Office of Legislative Services (OLS) estimates that increasing the veterans' deduction from \$3,000 to \$6,000 would decrease annual gross income tax revenue collections by at least \$14 million.

**BILL DESCRIPTION**

This bill increases the gross income tax deduction available to veterans from \$3,000 to \$6,000. Pursuant to current law, veterans who are honorably discharged or released under honorable circumstances from active duty in the Armed Forces of the United States, a reserve component, or the National Guard of New Jersey in a federal active duty status, are eligible to deduct \$3,000 from their gross income for purposes of calculating their State gross income tax liability.

**FISCAL ANALYSIS**

***EXECUTIVE BRANCH***

None received.

**OFFICE OF LEGISLATIVE SERVICES**

The OLS estimates that increasing the veterans' deduction from \$3,000 to \$6,000 would decrease annual gross income tax revenue collections by at least \$14 million. In the OLS fiscal estimate for P.L.2016, c.57, which among other provisions established the current veterans' deduction of \$3,000, the OLS estimated that the annual impact on gross income tax revenues would be approximately \$23 million. The OLS used data from the federal Department of Veterans Affairs, which suggested that 428,396 veterans lived in New Jersey in 2014. More than half of New Jersey's veterans are age 65 or older and are unlikely to have a New Jersey gross income tax liability. The \$3,000 deduction was projected to decrease gross income tax revenues by \$23 million annually based on an estimated average benefit of \$105 multiplied by the adjusted number of veterans who were likely to have a gross income tax liability and benefit from the bill (214,198).

Since the time OLS published its fiscal estimate on P.L.2016, c.57, the Department of the Treasury has released its first estimate of the impact of the \$3,000 veterans' deduction in the FY 2020 New Jersey Tax Expenditure Report. According to the report, the department anticipates that the current deduction will reduce gross income tax revenues by approximately \$35.8 million in FY 2020. This estimate is based on a sample of verified tax returns and the department's 2018 gross income tax calculator.

The OLS does not have access to individual tax returns, so this fiscal estimate continues to rely on data provided by the federal Department of Veterans Affairs. Recent data suggests that there were 387,844 veterans in New Jersey in 2016. The OLS notes that increasing the deduction may shift certain taxpayers to brackets with lower marginal tax rates. Thus, the average marginal tax rate applied against the bill's additional \$3,000 deduction may be lower than the 3.5 percent used prior. Utilizing the same logic applied for the original deduction, but reducing the average marginal tax rate assumed to 2.45 percent (\$73.50 benefit amount), yields an estimated annual impact of at least \$14 million on gross income tax revenues. The annual impact of this deduction on gross income tax revenues will fluctuate over time as the veteran population changes.

*Section: Revenue, Finance and Appropriations*  
*Analyst: Jordan M. DiGiovanni*  
*Revenue Analyst*  
*Approved: Frank W. Haines III*  
*Legislative Budget and Finance Officer*

This fiscal estimate has been prepared pursuant to P.L.1980, c.67 (C.52:13B-6 et seq.).



# Governor Murphy Signs Fiscal Year 2020 Budget into Law and Acts on Other Legislation

06/30/2019

**TRENTON** - Today, Governor Phil Murphy took action on the following bills:

## **BILLS SIGNED:**

**A-5601/S-3956 (Pintor Marin, Jones, Johnson/Sarlo)** – with Line Item Veto – Makes Fiscal Year 2019 State supplemental appropriations totaling \$34,208,000.

[Line Item Veto of A-5601](#)

[Line Item Veto Message on A-5601](#)

**S-3042/A-4619 (Sarlo, Oroho/Pintor Marin, Wirths)** – Creates subaccounts for SHBP and SEHBP health care services and prescription drug claims; requires procurement by State of third-party medical claims reviewer.

**S-3599/A-5185 (Singleton/Wimberly, Jasey, Speight)** – Revises neighborhood revitalization tax credit program to increase permitted annual tax credit allocation to \$15 million.

**A-5604/S-2298 (Freiman, Pinkin, Milam, DePhillips, Zwicker, Land/Corrado, Singleton)** – Increases tax credit provided for qualified investments under "New Jersey Angel Investor Tax Credit Act."

**A-5609/S-3960 (Land, Freiman, Armato, Johnson, Mukherji, Milam, Mazzeo/Sarlo, Addiego)** – Increases gross income tax deduction available to veterans from \$3,000 to \$6,000.

**A-5385/S-3877 (Burzichelli, Pintor Marin, Reynolds-Jackson/Sarlo, Singleton)** – Concerns sale, taxation, and forfeiture of container e-liquid.

**A-5603/S-3957 (McKeon, Jones/Pou)** – Increases annual assessment on net written premiums of HMOs to support charity care from two percent to three percent in FY 2020.

**A-5607/S-3958 (Murphy, Johnson/Sweeney)** – Provides limited period for dissolution or reinstatement of revoked or inactive business charters using expedited process, allows for payment of reduced administrative fee, and revises certain business filing fees.

**S-2020/A-5600 (Sarlo/Pintor Marin, Burzichelli)** – with Line Item Veto – Appropriates \$38,748,610,000 in State funds and \$16,748,645,972 in federal funds for the State budget for fiscal year 2019-2020.

[Line Item Veto of S-2020](#)

[Line Item Veto Message on S-2020](#)

**A-5610/S-3984 (McKnight, Quijano, Mosquera, Mukherji/Weinberg)** – Makes FY 2020 supplemental appropriation of \$12.453 million; amends appropriations for Camp Irvington and Turtle Back Zoo; adds language provision appropriating \$3.1 million for immigration status-related legal assistance.

**A-5611/S-3987 (Timberlake, Giblin, McKeon/Codey, Gill)** – Makes Fiscal Year 2020 State supplemental appropriation of \$7,500,000 for East Orange General Hospital.

## **BILLS VETOED:**

**A-5098/S-3491 (Pintor Marin, Chaparro, Jimenez/Ruiz, Codey)** – CONDITIONAL – Raises, over time, hourly Medicaid reimbursement rate for personal care services to \$25.

[Copy of Message on A-5098](#)