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P.L. 2005, CHAPTER 63, *approved April 7, 2005*
Senate, No. 250 (*First Reprint*)

1 **AN ACT** excluding housing and subsistence allowances of ¹[National
2 Guard members on State active duty] certain military personnel¹
3 from gross income under the gross income tax, amending Title 54A
4 of the New Jersey Statutes.

5
6 **BE IT ENACTED** *by the Senate and General Assembly of the State*
7 *of New Jersey:*

8
9 1. N.J.S.54A:6-7 is amended to read as follows:

10 54A:6-7. a. Compensation paid by the United States for service in
11 the Armed Forces of the United States performed by an individual not
12 domiciled in this State.

13 b. Amounts received during the taxable year as mustering-out
14 payments with respect to service in the Armed Forces of the United
15 States.

16 c. Amounts received during the taxable year as housing and
17 subsistence allowances ¹[for] by members of the active and reserve
18 components of the Armed Forces of the United States, and by¹ New
19 Jersey National Guard members while on State active duty.

20 (cf: N.J.S.54A:6-7)

21
22 2. This act shall take effect immediately and apply to taxable years
23 beginning on or after January 1, 2004.

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25

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27

28 Excludes housing and subsistence allowances of members of active and
29 reserve components of U.S. Armed Forces, and of National Guard
30 members on State active duty, from taxable gross income.

EXPLANATION - Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and intended to be omitted in the law.

Matter underlined thus is new matter.

Matter enclosed in superscript numerals has been adopted as follows:

¹ Senate SBA committee amendments adopted May 20, 2004.

SENATE, No. 250

STATE OF NEW JERSEY 211th LEGISLATURE

PRE-FILED FOR INTRODUCTION IN THE 2004 SESSION

Sponsored by:

Senator JOSEPH CONIGLIO

District 38 (Bergen)

Senator JOHN A. GIRGENTI

District 35 (Bergen and Passaic)

Co-Sponsored by:

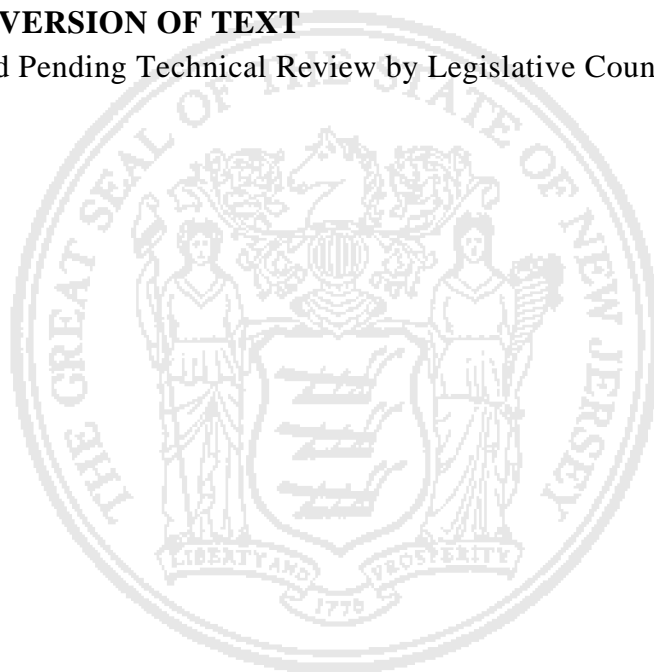
Senators Sweeney, Allen and Bucco

SYNOPSIS

Excludes housing and subsistence allowances of National Guard members on State active duty from gross income under the gross income tax.

CURRENT VERSION OF TEXT

Introduced Pending Technical Review by Legislative Counsel.



S250 CONIGLIO, GIRGENTI

2

1 AN ACT excluding housing and subsistence allowances of National
2 Guard members on State active duty from gross income under the
3 gross income tax, amending Title 54A of the New Jersey Statutes.

4

5 **BE IT ENACTED** by the Senate and General Assembly of the State
6 of New Jersey:

7

8 1. N.J.S. 54A:6-7 is amended to read as follows:

9 54A:6-7. Certain pay of members of the armed forces

10 a. Compensation paid by the United States for service in the Armed
11 Forces of the United States performed by an individual not domiciled
12 in this State.

13 b. Amounts received during the taxable year as mustering-out
14 payments with respect to service in the Armed Forces of the United
15 States.

16 c. Amounts received during the taxable year as housing and
17 subsistence allowances for New Jersey National Guard members while
18 on State active duty.

19 (cf: N.J.S.54A:6-7)

20

21 2. This act shall take effect immediately and apply to taxable years
22 beginning on or after January 1, 2003.

23

24

25

STATEMENT

26

27 This bill provides a New Jersey gross income tax exclusion for the
28 housing and subsistence allowances that New Jersey National Guard
29 members receive while on State active duty. These items are currently
30 taxable to National Guard members when they are called up by the
31 Governor for emergencies. However, these items are not taxable
32 when received by these members when serving under U.S. Department
33 of Defense orders or Executive Orders of the President of the United
34 States. This bill offers parity for the identical benefits received while
35 on active duty whether under State or Federal orders.

EXPLANATION - Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and intended to be omitted in the law.

Matter underlined thus is new matter.

ASSEMBLY MILITARY AND VETERANS' AFFAIRS
COMMITTEE

STATEMENT TO

[First Reprint]

SENATE, No. 250

STATE OF NEW JERSEY

DATED: DECEMBER 9, 2004

The Assembly Military and Veterans' Affairs Committee reports favorably Senate Bill No. 250 (1R).

This bill provides a New Jersey gross income tax exclusion for the housing and subsistence allowances received by New Jersey National Guard members while on State active duty and by members of the active and reserve components of the U.S. Armed Forces. The bill codifies current practice by the Division of Taxation to treat these provisions as exempt, as is provided for National Guard members when they are on federal active duty.

SENATE LAW AND PUBLIC SAFETY AND VETERANS'
AFFAIRS COMMITTEE

STATEMENT TO

SENATE, No. 250

STATE OF NEW JERSEY

DATED: FEBRUARY 9, 2004

The Senate Law and Public Safety and Veterans' Affairs Committee reports favorably Senate Bill No. 250.

This bill provides a New Jersey gross income tax exclusion for the housing and subsistence allowances that New Jersey National Guard members receive while on State active duty. These items are currently taxable to National Guard members when they are called up by the Governor for emergencies. However, these items are not taxable when received by these members when serving under U.S. Department of Defense orders or Executive Orders of the President of the United States. This bill offers parity for the identical benefits received while on active duty whether under State or Federal orders.

This bill was pre-filed for introduction in the 2004 legislative session pending technical review. As reported, the bill includes the changes required by technical review, which has been performed.

SENATE BUDGET AND APPROPRIATIONS COMMITTEE

STATEMENT TO

SENATE, No. 250

with committee amendments

STATE OF NEW JERSEY

DATED: MAY 20, 2004

The Senate Budget and Appropriations Committee reports favorably and with committee amendments Senate Bill No. 250.

This bill provides that the housing and subsistence allowances, received by (i) members of the New Jersey National Guard while on State active duty (e.g., to patrol public facilities during elevated homeland alerts or provide flood emergency assistance), and (ii) members of the active and reserve components of the U.S. Armed Forces, shall be excluded from taxable income under the New Jersey gross income tax.

COMMITTEE AMENDMENTS

Committee amendments to this bill incorporate the language extending the income tax exclusion for housing and subsistence allowances to members of the active and reserve components of the Armed Forces of the United States.

FISCAL IMPACT

The Executive Branch has indicated that the exemption of housing and subsistence allowances to military personnel that this bill would provide for in law is currently allowed by administrative practice, so that enactment of the legislation will not affect income tax revenue to the Property Tax Relief Fund.

FISCAL NOTE
[First Reprint]
SENATE, No. 250
STATE OF NEW JERSEY
211th LEGISLATURE

DATED: JUNE 9, 2004

SUMMARY

Synopsis: Excludes housing and subsistence allowances of members of active and reserve components of U.S. Armed Forces, and of National Guard members on State active duty, from taxable gross income.

Type of Impact: Property Tax Relief Fund.

Executive Estimate

Fiscal Impact	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>
State Cost	\$0	\$0	\$0

- ! The Office of Legislative Services (OLS) **concurs** with the Executive estimate.
- ! The bill codifies the current practice according to the Division of Taxation in the Department of the Treasury to exempt these provisions for National Guard members on State active duty as when they are under federal active duty.

BILL DESCRIPTION

Senate Bill No. 250 (1R) of 2004 provides a New Jersey gross income tax exclusion for the housing and subsistence allowances that New Jersey National Guard members receive while on State active duty and members of the active and reserve components of the U.S. Armed Forces. This bill codifies the current practice by the Division of Taxation to treat these provisions as exempt as is provided for the National Guard members when they are on federal active duty serving under U.S. Department of Defense orders or Executive Orders of the President of the United States.

FISCAL ANALYSIS

EXECUTIVE BRANCH

The Division of Taxation has indicated that revenues in the Property Tax Relief Fund will not be affected. They stated that although currently housing and subsistence allowances received

by the New Jersey National Guard are not exempt under the gross income tax statutes, they are treated as exempt by the Division when properly substantiated on the tax return. This bill will put into law what is already in practice.

OFFICE OF LEGISLATIVE SERVICES

The Office of Legislative Services (OLS) concurs with the Executive estimate, but notes, however, the administrative offices of the New Jersey National Guard must better administer payroll records in order to show housing and subsistence allowances paid to the National Guard members so that the members can properly exclude these amounts from their income.

Section: *Revenue, Finance and Appropriations*

Analyst: *Michael J. Basarab*
Senior Fiscal Analyst

Approved: *David J. Rosen*
Legislative Budget and Finance Officer

This fiscal note has been prepared pursuant to P.L.1980, c.67.

ASSEMBLY, No. 1603

STATE OF NEW JERSEY 211th LEGISLATURE

PRE-FILED FOR INTRODUCTION IN THE 2004 SESSION

Sponsored by:

Assemblyman DOUGLAS H. FISHER

District 3 (Salem, Cumberland and Gloucester)

Assemblyman NEIL M. COHEN

District 20 (Union)

Co-Sponsored by:

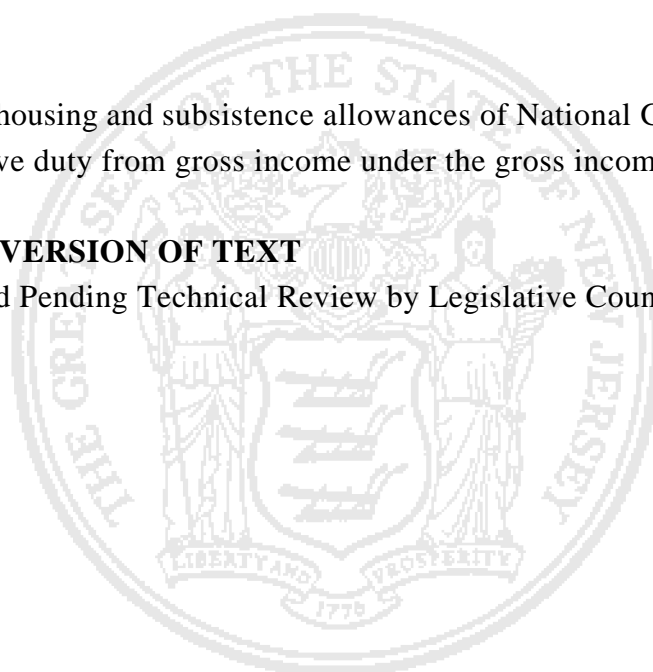
Assemblyman Azzolina, Assemblywoman Cruz-Perez, Assemblyman Eagler, Assemblywoman Previte, Assemblymen Barnes, Burzichelli, Caraballo, Chivukula, Conaway, Conners, Cryan, Diegnan, Egan, Green, Assemblywoman Greenstein, Assemblymen Hackett, Impreveduto, McKeon, Payne, Assemblywoman Quigley, Assemblyman Steele, Assemblywoman Stender, Assemblymen Van Drew and Wisniewski

SYNOPSIS

Excludes housing and subsistence allowances of National Guard members on State active duty from gross income under the gross income tax.

CURRENT VERSION OF TEXT

Introduced Pending Technical Review by Legislative Counsel.



A1603 FISHER, COHEN

2

1 AN ACT excluding housing and subsistence allowances of National
2 Guard members on State active duty from gross income under the
3 gross income tax, amending Title 54A of the New Jersey Statutes.

4

5 **BE IT ENACTED** by the Senate and General Assembly of the State
6 of New Jersey:

7

8 1. N.J.S. 54A:6-7 is amended to read as follows:

9 54A:6-7. Certain pay of members of the armed forces

10 a. Compensation paid by the United States for service in the Armed
11 Forces of the United States performed by an individual not domiciled
12 in this State.

13 b. Amounts received during the taxable year as mustering-out
14 payments with respect to service in the Armed Forces of the United
15 States.

16 c. Amounts received during the taxable year as housing and
17 subsistence allowances for New Jersey National Guard members while
18 on State active duty.

19 (cf: N.J.S.54A:6-7)

20

21 2. This act shall take effect immediately and apply to taxable years
22 beginning on or after January 1, 2003.

23

24

25

STATEMENT

26

27 This bill provides a New Jersey gross income tax exclusion for the
28 housing and subsistence allowances that New Jersey National Guard
29 members receive while on State active duty. These items are currently
30 taxable to National Guard members when they are called up by the
31 Governor for emergencies. However, these items are not taxable
32 when received by these members when serving under U.S. Department
33 of Defense orders or Executive Orders of the President of the United
34 States. This bill offers parity for the identical benefits received while
35 on active duty whether under State or Federal orders.

EXPLANATION - Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and intended to be omitted in the law.

Matter underlined thus is new matter.

ASSEMBLY MILITARY AND VETERANS' AFFAIRS
COMMITTEE

STATEMENT TO

ASSEMBLY, No. 1603

with committee amendments

STATE OF NEW JERSEY

DATED: DECEMBER 9, 2004

The Assembly Military and Veterans' Affairs Committee reports favorably and with committee amendments Assembly, No. 1603.

This bill provides a New Jersey gross income tax exclusion for the housing and subsistence allowances that New Jersey National Guard members receive while on State active duty. The bill codifies current practice by the Division of Taxation to treat these provisions as exempt, as is provided for National Guard members when they are on federal active duty.

The committee amended the bill to extend the income tax exclusion for housing and subsistence allowances to members of the active and reserve components of the Armed Forces of the United States. These amendments make the bill identical to Senate, No. 250 [1R].

This bill was pre-filed for introduction in the 2004-2005 session pending technical review. As reported, the bill includes the changes required by technical review, which has been performed.

STATEMENT TO

[First Reprint]

ASSEMBLY, No. 1603

with Assembly Floor Amendments
(Proposed By Assemblyman FISHER)

ADOPTED: JANUARY 24, 2005

This floor amendment updates the bill's effective date so that the provisions of the bill apply to the latest tax year.

The amendment makes the bill identical to Senate, No.250 [1R].

FISCAL NOTE
ASSEMBLY, No. 1603
STATE OF NEW JERSEY
211th LEGISLATURE

DATED: JUNE 9, 2004

SUMMARY

Synopsis: Excludes housing and subsistence allowances of National Guard members on State active duty from gross income under the gross income tax.

Type of Impact: Property Tax Relief Fund.

Executive Estimate

Fiscal Impact	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>
State Cost	\$0	\$0	\$0

- ! The Office of Legislative Services (OLS) **concurs** with the Executive estimate.
- ! The bill codifies the current practice according to the Division of Taxation in the Department of the Treasury to exempt these provisions for National Guard members on State active duty as when they are under federal active duty.

BILL DESCRIPTION

Assembly Bill No. 1603 of 2004 provides a New Jersey gross income tax exclusion for the housing and subsistence allowances that New Jersey National Guard members receive while on State active duty. This bill codifies the current practice by the Division of Taxation to treat these provisions as exempt as is provided for the National Guard members when they are on federal active duty serving under U.S. Department of Defense orders or Executive Orders of the President of the United States.

FISCAL ANALYSIS

EXECUTIVE BRANCH

The Division of Taxation has indicated that revenues in the Property Tax Relief Fund will not be affected. They stated that although currently housing and subsistence allowances received by the New Jersey National Guard are not exempt under the gross income tax statutes, they are treated as exempt by the Division when properly substantiated on the tax return. This bill will put into law what is already in practice.

OFFICE OF LEGISLATIVE SERVICES

The Office of Legislative Services (OLS) concurs with the Executive Order, but notes however, the administrative offices of the New Jersey National Guard must better administer payroll records to show housing and subsistence allowances paid to the National Guard members.

Section: *Revenue, Finance and Appropriations*

Analyst: *Michael J. Basarab*
Senior Fiscal Analyst

Approved: *David J. Rosen*
Legislative Budget and Finance Officer

This fiscal note has been prepared pursuant to P.L.1980, c.67.

FISCAL NOTE
[First Reprint]
ASSEMBLY, No. 1603
STATE OF NEW JERSEY
211th LEGISLATURE

DATED: FEBRUARY 22, 2005

SUMMARY

Synopsis: Excludes housing and subsistence allowances of members of active and reserve components of U.S. Armed Forces, and of National Guard members on State active duty, from taxable gross income.

Type of Impact: Property Tax Relief Fund.

Executive Estimate

Fiscal Impact	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>
State Cost	\$0	\$0	\$0

- ! The Office of Legislative Services **concurs** with the Executive estimate.
- ! The bill codifies the current practice according to the Division of Taxation in the Department of the Treasury to exempt these provisions for National Guard members on State active duty as when they are under federal active duty.

BILL DESCRIPTION

Assembly Bill No. 1603 (1R) of 2004 provides a New Jersey gross income tax exclusion for the housing and subsistence allowances that New Jersey National Guard members receive while on State active duty and members of the active and reserve components of the U.S. Armed Forces. This bill codifies the current practice by the Division of Taxation to treat these provisions as exempt as is provided for the National Guard members when they are on federal active duty serving under U.S. Department of Defense orders or Executive Orders of the President of the United States.

FISCAL ANALYSIS

EXECUTIVE BRANCH

The Division of Taxation has indicated that revenues in the Property Tax Relief Fund will not

be affected. They stated that although currently housing and subsistence allowances received by the New Jersey National Guard are not exempt under the gross income tax statutes, they are treated as exempt by the Division when properly substantiated on the tax return. This bill will put into law what is already in practice.

OFFICE OF LEGISLATIVE SERVICES

The Office of Legislative Services concurs with the Executive estimate, but notes, however, the administrative offices of the New Jersey National Guard must better administer payroll records in order to show housing and subsistence allowances paid to the National Guard members so that the members can properly exclude these amounts from their income.

Section: *Revenue, Finance and Appropriations*

Analyst: *Michael J. Basarab*
Senior Fiscal Analyst

Approved: *David J. Rosen*
Legislative Budget and Finance Officer

This fiscal note has been prepared pursuant to P.L.1980, c.67.

PO BOX 004
TRENTON, NJ 08625

Contact: Kelley Heck
609-777-2600

RELEASE: April 07, 2005

Codey Stands up for Veterans, National Guard Members

Acting Governor Signs Bills Providing and Extending Benefits

(TRENTON) – Acting Governor Richard J. Codey today signed S1139 and S250, which provide and extend benefits for New Jersey’s servicemen and women.

“This is the least we can do for the men and women who put their lives on the line to keep us safe and protect our freedom,” Codey said. “We recognize the enormous sacrifices they make and are committed to making life easier for them.”

S1139 extends veterans’ benefits to members of the Armed Forces who participated in operations Northern and Southern Iraq. The measure allows veterans of Operations Northern and Southern Watch – the military’s imposition of “no fly zones” over Iraq following the first Gulf War – to take advantage of benefits bestowed on other veterans.

Under the new law, veterans of the two operations would receive a property tax deduction or exemption and qualify for civil-service hiring preferences. Eligible veterans also would be able to purchase service credit for the Public Employees Retirement System, Teachers’ Pension and Annuity Fund, and the Police and Fireman’s Retirement System.

The bill’s sponsors include Senators Joseph Coniglio and Robert E. Littell, Assemblyman Jack Conners, and Assemblywomen Linda R. Greenstein and Alison Littell McHose.

“These soldiers risked their lives out on the battlefield so that we could continue to enjoy the many freedoms we have here at home,” said Coniglio, (D-Bergen). “Easing the job search and retirement benefit application process for these veterans is the least we can do to help those men and women who fought to make life easier for the rest of us.”

Approximately 1,500 additional veterans would be eligible for the property tax benefits under the new law, while 125 veterans would be eligible for the pension benefits.

“There is nothing we can ever do as legislators that would match the sacrifices our Armed Forces make for our country,” Littell (R-Hunterdon, Morris and Sussex) said. “They refuse to turn their backs on their country, we will not turn our backs on them. Our servicemen and women can be sure their contributions will live on in the legacy of freedom they leave behind.”

Conners (D-Camden) said: "Enhanced property tax and pension benefits are a small price to pay for the sacrifice these men and women made serving over the Iraqi 'no-fly zones,'" said Conners (D-Camden). "The increased benefits are just a small token of our appreciation to the New Jerseyans who served after the Gulf War."

Greenstein (D- Middlesex) agreed.

"Many New Jerseyans put their lives on hold to serve in Iraq after the Gulf War," Greenstein said. "It is only right that we provide Iraqi no-fly zone personnel the same benefits other veterans enjoy."

McHose (R- Hunterdon, Morris and Sussex) added: "Extending these benefits to the service men and women who fought in Operation Northern and Southern Watch is a small way to honor their bravery and dedication. We as a nation have an obligation to provide for our courageous soldiers who so valiantly defend the values of freedom and liberty."

S250 makes tax exempt the compensation New Jersey National Guard members receive to cover living expenses while serving on state active duty. The new law provides a New Jersey gross income tax exclusion for housing and food allowances received by guard members who are called up by the governor for emergencies. Stipends for cost-of-living expenses are provided to military personnel on duty away from their home base.

The bill's sponsors include Senators Coniglio and John A. Girgenti, and Assemblymen Douglas H. Fisher and Neil M. Cohen.

"The New Jersey National Guard is the state's first line of defense against any threats to safety," said Coniglio. "Income taxes are one of the last things these soldiers should have to worry about while they are working to defend the State's residents and historic landmarks."

Under current law, housing and food subsidies are not taxable when received by guard members serving by order of the U.S. Department of Defense or the President.

"We need to show our National Guard volunteers that New Jersey appreciates their service, whether they are serving under orders of the Governor or the President of the United States," said Girgenti, (D-Bergen and Passaic) "There is a difference in the benefits for federal and state active duty soldiers, but National Guard members provide the same services, and should be granted the same benefits."

Girgenti serves as the Chairman of the Senate Law, Public Safety and Veterans' Affairs Committee.

Of the more than 8,500 New Jersey National Guard members, approximately 2,000 are currently serving in under federal command in Iraq, Europe and Guantanamo Bay in Cuba.

"When called to active duty during a state emergency, guard members put their lives on hold to ensure our safety and to help New Jerseyans in need," said Fisher (D-Cumberland).

“In the interest of fairness and gratitude, living expenses should be exempted from state taxes.”

Cohen (D-Union) added: “Whether serving in New Jersey or overseas, National Guard personnel on active duty should not have their living expenses subjected to state tax. New Jersey's National Guard personnel are ready to serve their state and country at any time. Their tax status shouldn't depend on the physical location of their service.”