

54A:6-32
LEGISLATIVE HISTORY CHECKLIST

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LAWS OF: 2020 **CHAPTER:** 93

NJSA: 54A:6-32 (Excludes Armed Services combat zone pay from gross income taxation.)

BILL NO: S2050/2090 (Substituted for A2481)

SPONSOR(S) Shirley K. Turner and others

DATE INTRODUCED: 3/16/2020

COMMITTEE: **ASSEMBLY:** Budget

SENATE: Budget & Appropriations

AMENDED DURING PASSAGE: No

DATE OF PASSAGE: **ASSEMBLY:** 9/24/2020

SENATE: 9/24/2020

DATE OF APPROVAL: 9/28/2020

FOLLOWING ARE ATTACHED IF AVAILABLE:

FINAL TEXT OF BILL (Senate Committee Substitute for S2050 and 2090 enacted)	Yes
INTRODUCED BILL (INCLUDES SPONSOR'S STATEMENT): (Senate, no. 2050)	Yes
INTRODUCED BILL (INCLUDES SPONSOR'S STATEMENT): (Senate, no. 2090)	Yes
ASSEMBLY COMMITTEE STATEMENT: (Senate, nos. 2050 and 2090):	No
SENATE COMMITTEE STATEMENT: (Senate, nos. 2050 and 2090):	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)

FLOOR AMENDMENT STATEMENT:	No
LEGISLATIVE FISCAL ESTIMATE: (Senate, nos. 2050 and 2090)	Yes

A2481

INTRODUCED BILL (INCLUDES SPONSOR'S STATEMENT): (Assembly, no. 2481)	Yes
ASSEMBLY COMMITTEE STATEMENT: (Assembly, no. 2481)	Yes
SENATE COMMITTEE STATEMENT: (Assembly, no. 2481):	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)

FLOOR AMENDMENT STATEMENT:	No
LEGISLATIVE FISCAL ESTIMATE: (Assembly, no. 2481)	Yes

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:	Yes

"Residents in the military will no longer have to pay state income taxes on combat pay." The Jersey Journal,(Jersey City, NJ), September 29, 2020: 008.

"Murphy signs law exempting combat pay from NJ income tax." Associated Press State Wire: New Jersey (NJ), September 28, 2020.

RWH/CL

P.L. 2020, CHAPTER 93, *approved September 28, 2020*

Senate Committee Substitute for

Senate, Nos. 2050 and 2090

1 **AN ACT** excluding United States Armed Services combat zone pay
2 from gross income taxation, and supplementing Title 54A of the
3 New Jersey Statutes.

4

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

7

8 1. Gross income shall not include amounts received as combat
9 zone compensation by members of the Armed Forces of the United
10 States that is excluded from federal taxable income pursuant to
11 section 112 of the federal Internal Revenue Code of 1986, 26
12 U.S.C. s.112.

13

14 2. This act shall take effect immediately and apply to taxable
15 years beginning on or after January 1 next following the date of
16 enactment.

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21 Excludes Armed Services combat zone pay from gross income
22 taxation.

SENATE, No. 2050

STATE OF NEW JERSEY
219th LEGISLATURE

INTRODUCED MARCH 16, 2020

Sponsored by:

Senator SHIRLEY K. TURNER

District 15 (Hunterdon and Mercer)

SYNOPSIS

Excludes Armed Services combat zone pay from gross income taxation.

CURRENT VERSION OF TEXT

As introduced.



S2050 TURNER

2

1 **AN ACT** excluding United States Armed Services combat zone pay
2 from gross income taxation, and supplementing Title 54A of the
3 New Jersey Statutes.

4

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

7

8 1. Gross income shall not include amounts received as combat
9 zone compensation by members of the Armed Forces of the United
10 States that is excluded from federal taxable income pursuant to
11 section 112 of the federal Internal Revenue Code of 1986
12 (26 U.S.C. s.112).

13

14 2. This act shall take effect immediately and apply to taxable
15 years beginning on or after January 1 next following the date of
16 enactment.

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18

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STATEMENT

20

21 This bill excludes military pay for service in a combat zone or
22 for hospitalization as the result of injury while serving in a combat
23 zone from taxable gross income under the New Jersey gross income
24 tax.

25 The bill uses federal definitions of combat zone pay to exclude
26 from New Jersey taxation the same pay that is excluded from
27 federal income taxation. Under federal law, enlisted members and
28 warrant officers (commissioned and noncommissioned) may
29 exclude from taxable income all pay received for any month during
30 any part of which they served in a combat zone or were hospitalized
31 as a result of wounds, disease, or injury incurred while serving in a
32 combat zone. The same exclusion is allowed for commissioned
33 officers (other than warrant officers) but subject to a cap based on
34 the highest rate of basic pay that enlisted personnel may receive.

35 A combat zone is any area the President of the United States
36 designates by Executive Order as an area in which the U.S. Armed
37 Forces are engaging or have engaged in combat. An area usually
38 becomes a combat zone and ceases to be a combat zone on the dates
39 the President designates by Executive Order.

SENATE, No. 2090

STATE OF NEW JERSEY 219th LEGISLATURE

INTRODUCED MARCH 16, 2020

Sponsored by:

Senator MICHAEL L. TESTA, JR.

District 1 (Atlantic, Cape May and Cumberland)

Senator KRISTIN M. CORRADO

District 40 (Bergen, Essex, Morris and Passaic)

Co-Sponsored by:

Senators Brown, Oroho and Addiego

SYNOPSIS

Excludes Armed Services combat zone pay from gross income taxation.

CURRENT VERSION OF TEXT

As introduced.



(Sponsorship Updated As Of: 8/13/2020)

S2090 TESTA, CORRADO

2

1 AN ACT excluding United States Armed Services combat zone pay
2 from gross income taxation, and supplementing Title 54A of the
3 New Jersey Statutes.

4

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

7

8 1. Gross income shall not include amounts received as combat
9 zone compensation by members of the Armed Forces of the United
10 States that is excluded from federal taxable income pursuant to
11 section 112 of the federal Internal Revenue Code of 1986,
12 26 U.S.C. s.112.

13

14 2. This act shall take effect immediately and apply to taxable
15 years beginning on or after January 1 next following the date of
16 enactment.

17

18

19

STATEMENT

20

21 This bill excludes military pay for service in a combat zone or
22 for hospitalization as the result of injury while serving in a combat
23 zone from taxable gross income under the New Jersey gross income
24 tax.

25 The bill uses federal definitions of combat zone pay to exclude
26 from New Jersey taxation the same pay that is excluded from
27 federal income taxation. Under federal law, enlisted members and
28 warrant officers (commissioned and noncommissioned) may
29 exclude from taxable income all pay received for any month during
30 any part of which they served in a combat zone or were hospitalized
31 as a result of wounds, disease, or injury incurred while serving in a
32 combat zone. The same exclusion is allowed for commissioned
33 officers (other than warrant officers) subject to a cap based on the
34 highest rate of basic pay that enlisted personnel may receive.

35 A combat zone is any area the President of the United States
36 designates by Executive Order as an area in which the U.S. Armed
37 Forces are engaging or have engaged in combat. An area usually
38 becomes a combat zone and ceases to be a combat zone on the dates
39 the President designates by Executive Order.

SENATE BUDGET AND APPROPRIATIONS COMMITTEE

STATEMENT TO

SENATE COMMITTEE SUBSTITUTE FOR **SENATE, Nos. 2050 and 2090**

STATE OF NEW JERSEY

DATED: SEPTEMBER 22, 2020

The Senate Budget and Appropriations Committee reports favorably a committee substitute for Senate Bill No. 2050 and Senate Bill No. 2090.

This committee substitute excludes military pay for service in a combat zone or for hospitalization as the result of injury while serving in a combat zone from taxable gross income under the New Jersey gross income tax.

The substitute uses federal definitions of combat zone pay to exclude from New Jersey taxation the same pay that is excluded from federal income taxation. Under federal law, enlisted members and warrant officers (commissioned and noncommissioned) may exclude from taxable income all pay received for any month during any part of which they served in a combat zone or were hospitalized as a result of wounds, disease, or injury incurred while serving in a combat zone. The same exclusion is allowed for commissioned officers (other than warrant officers), subject to a cap based on the highest rate of basic pay that enlisted personnel may receive.

A combat zone is any area the President of the United States designates by Executive Order as an area in which the U.S. Armed Forces are engaging or have engaged in combat. An area usually becomes a combat zone and ceases to be a combat zone on the dates the President designates by Executive Order.

FISCAL IMPACT:

The Office of Legislative Services (OLS) estimates that the bill will result in an indeterminate loss of revenue to the Property Tax Relief Fund. The magnitude of the impact on State revenues would vary annually and fluctuate according to future U.S. military deployments.

The OLS cannot quantify the fiscal impact of the bill because of variations in compensation paid to members of the Armed Forces, National Guard, and Reserves and the variation in compensation based on pay grade. Additionally, the OLS does not have data on the number of New Jersey residents deployed to combat zones.

The Internal Revenue Code provides an exclusion for active duty pay and combat pay earned by a member of the Armed Forces and

others for each month the member served in a combat zone. This bill excludes the same amount of income earned by a member of the Armed Forces from State gross income tax.

LEGISLATIVE FISCAL ESTIMATE
SENATE COMMITTEE SUBSTITUTE FOR
SENATE, Nos. 2050 and 2090
STATE OF NEW JERSEY
219th LEGISLATURE

DATED: SEPTEMBER 28, 2020

SUMMARY

- Synopsis:** Excludes Armed Services combat zone pay from gross income taxation.
- Type of Impact:** Annual State revenue loss to the Property Tax Relief Fund.
- Agencies Affected:** Department of the Treasury, Division of Taxation

Office of Legislative Services Estimate

Fiscal Impact	<u>Annual</u>
State Revenue Loss	Indeterminate

- The Office of Legislative Services (OLS) estimates that the bill will result in an indeterminate loss of revenue to the Property Tax Relief Fund. The magnitude of the impact on State revenues would vary annually and fluctuate according to future U.S. military deployments.
- The OLS cannot quantify the fiscal impact of the bill because of variations in compensation paid to members of the Armed Forces, National Guard, and Reserves and the variation in compensation based on pay grade. Additionally, the OLS does not have data on the number of New Jersey residents deployed to combat zones.
- The Internal Revenue Code provides an exclusion for active duty pay and combat pay earned by a member of the Armed Forces and others for each month the member served in a combat zone. This bill excludes the same amount of income earned by a member of the Armed Forces from State gross income tax.

BILL DESCRIPTION

This bill excludes military pay for service in a combat zone or hospitalization that occurred as a result of injury while serving in a combat zone from gross income under the New Jersey gross income tax. The bill uses the federal definitions of combat zone pay to exclude from New Jersey

taxation the same pay that is excluded from federal income taxation. A combat zone is any area the President of the United States designates as an area in which the U.S. Armed Forces are engaging or have engaged in combat. An area usually becomes a combat zone and ceases to be a combat zone on the dates the President designates by Executive Order.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

The OLS estimates that the bill will result in an indeterminate loss of revenue to the Property Tax Relief Fund. The magnitude of the impact on State revenues would vary annually and fluctuate according to future U.S. military deployments. The OLS cannot quantify the fiscal impact of the bill because of variations in compensation paid to members of the Armed Forces, National Guard, and Reserves and the variation in compensation based on pay grade. Additionally, the OLS does not have data on the number of New Jersey residents deployed to combat zones. The countries identified as combat zones based on Internal Revenue Service (IRS) information were Afghanistan, Bahrain, Djibouti, Egypt, Iraq, Israel, Jordan, Kosovo, Kuwait, Kyrgyzstan, Lebanon, Montenegro, Oman, Pakistan, Qatar, Saudi Arabia, Serbia, Somalia, Syria, Tajikistan, United Arab Emirates, Uzbekistan, and Yemen. A report titled Eleventh Quadrennial Review of Military Compensation stated that the average combat zone pay is \$225 per month and a report by the National Academy of Sciences stated that the average length of time in a combat zone is approximately eight months. Based on this information, the OLS estimates average total combat zone pay to be \$1,800. There are several paygrades among military personnel such as enlisted personnel, commissioned officers, and warrant officers. Although the OLS cannot estimate the cost of this bill, the following are examples of how the bill would work.

According to a report titled 2018 Demographics Profile of the Military Community, approximately 62.5 percent of active duty personnel are in pay grades E3 to E6. Based on salary information from the Defense Financing and Accounting Service (DFAS), the pay in that range can be from \$2,233.50 per month (E3) to \$3,254.10 per month (E6). The OLS estimated an average pay of \$2,788.28 per month for personnel in the E3 to E6 pay grade. The OLS then multiplied that number by 12 months to arrive at an estimated salary of \$33,459.30. If OLS assumes that an enlisted person also served the full eight months in a combat zone, then the individual would have a salary of \$35,259.30, and could exclude approximately \$23,506.20 from taxation. The remaining would be subject to State gross income tax. If this individual claims only the personal exemption, the individual's State gross income tax liability prior to the combat zone exclusion is \$529.54. The individual's State gross income tax liability after the combat zone exclusion would be \$150.54.

In a similar method, OLS estimated a salary of approximately \$77,354.60 for commissioned officers. If OLS assumes that the commissioned officer served the full eight months in a combat zone, then the commissioned officer would have a salary of \$79,154.60, and could exclude approximately \$52,769.73 from taxation. The remaining would be subject to State gross income tax. If the individual claims only the personal exemption, the individual's State gross income tax liability prior to the combat zone exclusion is \$2,852.20. The individual's State gross income tax liability after the combat zone exclusion is \$374.24.

The examples provided above only included military base pay and estimated combat zone pay. Members of the Armed Forces may receive other types of compensation such as “Hardship Pay”, “Hostile Fire Pay”, “Imminent Danger Pay”, and allowances (basic housing allowance and clothing allowance) that will affect total compensation and the liability for the State gross income tax. This varies by individual members of the Armed Forces and thus would affect the estimate of foregone revenue.

Section: Revenue, Finance, and Appropriations

*Analyst: Parag Shende
Associate Fiscal Analyst*

*Approved: Frank W. Haines III
Legislative Budget and Finance Officer*

This legislative fiscal estimate has been produced by the Office of Legislative Services due to the failure of the Executive Branch to respond to our request for a fiscal note.

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

ASSEMBLY, No. 2481

STATE OF NEW JERSEY 219th LEGISLATURE

INTRODUCED FEBRUARY 3, 2020

Sponsored by:

Assemblywoman ANNETTE QUIJANO

District 20 (Union)

Assemblywoman CLEOPATRA G. TUCKER

District 28 (Essex)

Assemblyman WAYNE P. DEANGELO

District 14 (Mercer and Middlesex)

Co-Sponsored by:

**Assemblymen Thomson, Peters, Wirths, Space, Danielsen,
Assemblywomen Murphy, Pinkin, Assemblymen Armato, Mazzeo,
Webber, Scharfenberger, Zwicker, Assemblywomen Swain and Mosquera**

SYNOPSIS

Excludes Armed Services combat zone pay from gross income taxation.

CURRENT VERSION OF TEXT

As introduced.



(Sponsorship Updated As Of: 9/24/2020)

1 AN ACT excluding United States Armed Services combat zone pay
2 from gross income taxation, and supplementing Title 54A of the
3 New Jersey Statutes.

4
5 **BE IT ENACTED** *by the Senate and General Assembly of the State*
6 *of New Jersey:*

7
8 1. Gross income shall not include amounts received as combat
9 zone compensation by members of the Armed Forces of the United
10 States that is excluded from federal taxable income pursuant to
11 section 112 of the federal Internal Revenue Code of 1986,
12 26 U.S.C. s.112.

13
14 2. This act shall take effect immediately and apply to taxable
15 years beginning on or after January 1 next following the date of
16 enactment.

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19 STATEMENT

20
21 This bill excludes military pay for service in a combat zone or
22 for hospitalization as the result of injury while serving in a combat
23 zone from taxable gross income under the New Jersey gross income
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25 The bill uses federal definitions of combat zone pay to exclude
26 from New Jersey taxation the same pay that is excluded from
27 federal income taxation. Under federal law, enlisted members and
28 warrant officers (commissioned and noncommissioned) may
29 exclude from taxable income all pay received for any month during
30 any part of which they served in a combat zone or were hospitalized
31 as a result of wounds, disease, or injury incurred while serving in a
32 combat zone. The same exclusion is allowed for commissioned
33 officers (other than warrant officers) subject to a cap based on the
34 highest rate of basic pay that enlisted personnel may receive.

35 A combat zone is any area the President of the United States
36 designates by Executive Order as an area in which the U.S. Armed
37 Forces are engaging or have engaged in combat. An area usually
38 becomes a combat zone and ceases to be a combat zone on the dates
39 the President designates by Executive Order.

ASSEMBLY BUDGET COMMITTEE

STATEMENT TO

ASSEMBLY, No. 2481

STATE OF NEW JERSEY

DATED: SEPTEMBER 22, 2020

The Assembly Budget Committee reports favorably Assembly Bill No. 2481.

This bill excludes military pay for service in a combat zone or for hospitalization as the result of injury while serving in a combat zone from taxable gross income under the New Jersey gross income tax.

The bill uses federal definitions of combat zone pay to exclude from New Jersey taxation the same pay that is excluded from federal income taxation. Under federal law, enlisted members and warrant officers (commissioned and noncommissioned) may exclude from taxable income all pay received for any month during any part of which they served in a combat zone or were hospitalized as a result of wounds, disease, or injury incurred while serving in a combat zone. The same exclusion is allowed for commissioned officers (other than warrant officers) subject to a cap based on the highest rate of basic pay that enlisted personnel may receive.

A combat zone is any area the President of the United States designates by Executive Order as an area in which the U.S. Armed Forces are engaging or have engaged in combat. An area usually becomes a combat zone and ceases to be a combat zone on the dates the President designates by Executive Order.

FISCAL IMPACT:

The Office of Legislative Services (OLS) estimates that the bill will result in an indeterminate loss of revenue to the Property Tax Relief Fund. The magnitude of the impact on State revenues would vary annually and fluctuate according to future U.S. military deployments.

The OLS cannot quantify the fiscal impact of the bill because of the variations in compensation paid to members of the Armed Forces, National Guard, and Reserves and the variation in compensation based pay grade. Additionally, the OLS does not have data on the number of New Jersey residents deployed to combat zones.

The Internal Revenue Code provides an exclusion for active duty pay and combat pay earned by a member of the Armed Forces and others for each month the member served in a combat zone. The bill excludes the same amount of income earned by a member of the Armed Forces from the State gross income tax.

LEGISLATIVE FISCAL ESTIMATE
ASSEMBLY, No. 2481
STATE OF NEW JERSEY
219th LEGISLATURE

DATED: SEPTEMBER 25, 2020

SUMMARY

Synopsis: Excludes Armed Services combat zone pay from gross income taxation.

Type of Impact: Annual State revenue loss to the Property Tax Relief Fund.

Agencies Affected: Department of the Treasury, Division of Taxation.

Office of Legislative Services Estimate

Fiscal Impact	<u>Annual</u>
State Revenue Loss	Indeterminate

- The Office of Legislative Services (OLS) estimates that the bill will result in an indeterminate loss of revenue to the Property Tax Relief Fund. The magnitude of the impact on State revenues would vary annually and fluctuate according to future U.S. military deployments.
- The OLS cannot quantify the fiscal impact of the bill because of variations in compensation paid to members of the Armed Forces, National Guard, and Reserves and the variation in compensation based on pay grade. Additionally, the OLS does not have data on the number of New Jersey residents deployed to combat zones.
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BILL DESCRIPTION

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engaging or have engaged in combat. An area usually becomes a combat zone and ceases to be a combat zone on the dates the President designates by Executive Order.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

The OLS estimates that the bill will result in an indeterminate loss of revenue to the Property Tax Relief Fund. The magnitude of the impact on State revenues would vary annually and fluctuate according to future U.S. military deployments. The OLS cannot quantify the fiscal impact of the bill because of variations in compensation paid to members of the Armed Forces, National Guard, and Reserves and the variation in compensation based on pay grade. Additionally, the OLS does not have data on the number of New Jersey residents deployed to combat zones. The countries identified as combat zones based on Internal Revenue Service (IRS) information were Afghanistan, Bahrain, Djibouti, Egypt, Iraq, Israel, Jordan, Kosovo, Kuwait, Kyrgyzstan, Lebanon, Montenegro, Oman, Pakistan, Qatar, Saudi Arabia, Serbia, Somalia, Syria, Tajikistan, United Arab Emirates, Uzbekistan, and Yemen. A report titled Eleventh Quadrennial Review of Military Compensation stated that the average combat zone pay is \$225 per month and a report by the National Academy of Sciences stated that the average length of time in a combat zone is approximately eight months. Based on this information, the OLS estimates average total combat zone pay to be \$1,800. There are several paygrades among military personnel such as enlisted personnel, commissioned officers, and warrant officers. Although the OLS cannot estimate the cost of this bill, the following are examples of how the bill would work.

According to a report titled 2018 Demographics Profile of the Military Community, approximately 62.5 percent of active duty personnel are in pay grades E3 to E6. Based on salary information from the Defense Financing and Accounting Service (DFAS), the pay in that range can be from \$2,233.50 per month (E3) to \$3,254.10 per month (E6). The OLS estimated an average pay of \$2,788.28 per month for personnel in the E3 to E6 pay grade. The OLS then multiplied that number by 12 months to arrive at an estimated salary of \$33,459.30. If OLS assumes that an enlisted personnel also served the full eight months in a combat zone, then the individual would have a salary of \$35,259.30, and could exclude approximately \$23,506.20 from taxation. The remaining would be subject to State gross income tax. If this individual claims only the personal exemption, the individual's State gross income tax liability prior to the combat zone exclusion is \$529.54. The individual's State gross income tax liability after the combat zone exclusion would be \$150.54.

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The examples provided above only included military base pay and estimated combat zone pay. Members of the Armed Forces may receive other types of compensation such as "Hardship Pay",

“Hostile Fire Pay”, “Imminent Danger Pay”, and allowances (basic housing allowance and clothing allowance) that will affect total compensation and the liability for the State gross income tax. This varies by individual members of the Armed Forces and thus would affect the estimate of foregone revenue.

Section: Revenue, Finance, and Appropriations

*Analyst: Parag Shende
Associate Fiscal Analyst*

*Approved: Frank W. Haines III
Legislative Budget and Finance Officer*

This legislative fiscal estimate has been produced by the Office of Legislative Services due to the failure of the Executive Branch to respond to our request for a fiscal note.

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

Governor Murphy Signs Legislation Excluding Combat Pay from Gross Income Taxation

09/28/2020

TRENTON – Governor Phil Murphy today signed legislation (S2050) to exclude combat pay from gross taxable income under the New Jersey income tax. New Jersey is the only state currently taxing combat pay, which is also untaxed by the federal government.

“Members of the military put everything on the line for our state and our country,” **said Governor Murphy**. “I am happy and proud that, even in the midst of our state’s most serious fiscal crisis, we were able to find a way to make life easier for our troops and provide some long-overdue relief to the bravest among us.”

“All distractions when deployed reduce combat effectiveness. This is a positive action that will pay dividends for our women and men in combat,” **said Maj. Gen. Jemal J. Beale, The Adjutant General of New Jersey and Commissioner of the New Jersey Department of Military and Veterans Affairs**.

Primary sponsors of S2050 include Senators Shirley K. Turner, Michael L. Testa, Jr., and Kristin M. Corrado, and Assemblymembers Annette Quijano, Cleopatra G. Tucker, and Wayne P. DeAngelo.

“I would like to thank Governor Murphy. This is a big salute to our military personnel, especially those serving in combat zones,” **said Senator Shirley Turner**. “Our military members are putting their lives at risk while their pay is below or at the poverty line. Their families are also making enormous personal sacrifices. New Jersey should be honoring military service, not taxing it. I first introduced this bill 19 years ago, and I am elated that New Jersey will now join the rest of the nation to become the 50th state to exempt combat zone pay from taxation.”

“Previous versions of this important bill have languished in the Legislature for 10 years. When I was sworn into the Senate in January, I made this one of my priorities and began advocating for its passing and enactment on behalf of American servicemen and women,” **said Senator Michael Testa**. “I am proud that working with colleagues on both sides of the aisle, we are finally reversing the insensitive policy, and I thank the Governor for his support.”

“The military men and women who put their lives on the line to fight for our freedoms in war zones are under-paid heroes,” **said Senator Kristin Corrado**. “The military provides a combat zone stipend of \$225 per week, and this new law allows our soldiers to hold onto more of it, exempting the bonus from state income tax. As a nation, we ask more than enough from our U.S. military members. Taxing their combat pay is unnecessary and insensitive, and that flawed practice ends today.”

“Members of our military courageously face increased risks and immediate threats while serving within combat zones, and because of these risks, they receive a combat pay bonus,” **said Senator Dawn Marie Addiego**. “New Jersey is currently the only state in the nation taxing combat zone pay. This legislation rights this wrong and would benefit the husbands and wives, and sons and daughters of our military personnel back home.”

“Every year, New Jersey residents are deployed to countries throughout the world to fight on behalf of America. Those military members serving in combat zones risk their lives in defense of our country,” **said Assemblywoman Annette Quijano, Assemblywoman Cleopatra Tucker, and Assemblyman Wayne DeAngelo in a joint statement**. “It is only right we honor their courage and sacrifice by exempting the pay they earn during that time period as well as any time spent in a hospital for injuries sustained in combat from state income taxes. Here in New Jersey, we value the service of our military members and veterans.”

“I am proud today of Gov. Murphy and the State of New Jersey for adopting the combat zone state tax exemption. It must have been a difficult decision to make in challenging financial times,” **said Lt. Col. Peter Lupo**,

Vice President of Legislative Affairs, New Jersey Veterans Chamber of Commerce. For that reason, New Jersey soldiers will be deeply appreciative. I can personally attest to that."

S2050 excludes military pay for service in a combat zone, or for hospitalization as the result of injury while serving in a combat zone, from gross taxable income under the New Jersey income tax. The bill excludes combat pay in the same manner as federal taxation does. A combat zone is defined as any area the President of the United States designates by Executive Order as an area in which the U.S. Armed Forces are engaging or have engaged in combat.