

SENATE MILITARY AND VETERANS' AFFAIRS
COMMITTEE

STATEMENT TO

SENATE, No. 4289

STATE OF NEW JERSEY

DATED: JUNE 11, 2026

The Senate Military and Veterans' Affairs Committee reports favorably Senate Bill No. 4289.

This bill increases the gross income tax deduction available to veterans from \$6,000 to \$9,000 and indexes the amount of the deduction for inflation.

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 \$6,000 from their income for purposes of calculating their State gross income tax liability. This bill increases the deduction to \$9,000 and, beginning in tax year 2026, subject to an annual inflationary adjustment.

Specifically, the amount of the exemption would be adjusted annually beginning on tax year 2027 based on the percentage increase in the Chained Consumer Price Index for all Urban Consumers (C-CPI-U) for the 12-month period ending August 31 of the previous tax year. The C-CPI-U is the index currently used by the federal government to adjust federal income tax brackets for inflation. If there is no increase in that index, the amount of the exemption would remain unchanged for the applicable tax year.