

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)

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.

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

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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.

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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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STATEMENT

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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.