

SENATE BUDGET AND APPROPRIATIONS COMMITTEE

STATEMENT TO

SENATE COMMITTEE SUBSTITUTE FOR **SENATE, Nos. 129 and 1025**

STATE OF NEW JERSEY

DATED: MARCH 5, 2018

The Senate Budget and Appropriations Committee reports favorably Senate Bill No. 129 and 1025 SCS.

This bill excludes certain military compensation for those members of the Armed Forces of the United States domiciled in New Jersey but stationed outside of the State from gross income taxation.

The 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 gross income taxation. 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) concludes that the bill will result in an indeterminate revenue loss to the State's Property Tax Relief Fund. The annual revenue loss during future years is highly dependent on U.S. military engagements and the deployment of members of the Armed Forces and New Jersey National Guard or Reserve, who are also New Jersey gross income tax filers, to combat zones and other areas outside of New Jersey. The OLS' inability to quantify the fiscal impact of the bill is rooted in variations in compensation paid to members of the Armed Forces, National Guard and Reserve, and the number of New Jersey residents deployed to combat zones or stationed outside of New Jersey. The total amount of compensation paid to military servicepersons will differ based on individual circumstances.