

ASSEMBLY, No. 1237

STATE OF NEW JERSEY

Introduced Pending Technical Review by Legislative Counsel

PRE-FILED FOR INTRODUCTION IN THE 1996 SESSION

By Assemblyman AZZOLINA and Assemblywoman J. SMITH

1 AN ACT exempting certain income of members of the Armed Forces  
2 of the United States from the New Jersey gross income tax and  
3 amending N.J.S.54A:6-7.

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. Compensation paid to resident taxpayers by the United States  
17 for services performed while on active service in the Armed Forces of  
18 the United States and stationed outside the United States.

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

20

21 2. This act shall take effect immediately.

22

23

24

STATEMENT

25

26 This bill exempts from New Jersey gross income tax the  
27 compensation paid to resident taxpayers by the United States for  
28 services performed while on active service in the Armed Forces and  
29 stationed outside the United States.

30 Four states exempt all military pay earned either while stationed  
31 here in the U.S. or abroad from their income taxes: Illinois, Michigan,  
32 Montana, and Oregon. Three states exempt combat zone pay only

**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.**

1 from income taxes: Alabama, Pennsylvania, and Virginia. Seven states  
2 do not have a personal income tax at all: Alaska, Florida, Nevada,  
3 South Dakota, Texas, Washington, and Wyoming. Many members of  
4 the Armed Forces then change their state of residency just for tax  
5 purposes.

6 This bill will offer N.J. residents serving our country on the seas  
7 and overseas at least this income tax exemption.

8

9

10

---

11

12 Exempts United States military compensation paid to resident  
13 taxpayers stationed outside the United States from gross income tax.