

Governor Phil Murphy

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 underpaid 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**

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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.

Governor Phil Murphy

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