LEGISLATIVE FISCAL ESTIMATE
SENATE, No. 1579
STATE OF NEW JERSEY
221st LEGISLATURE

DATED: MARCH 6, 2024

SUMMARY

Synopsis: Provides tax credits for hiring certain military spouses.

Type of Impact: Annual State revenue decrease to the General Fund and Property Tax Relief Fund.

Agencies Affected: Department of Labor and Workforce Development. Department of the Treasury. Department of Military and Veterans' Affairs.

Office of Legislative Services Estimate

Fiscal Impact	Annual
State Revenue Decrease	$4.5 million to $7.9 million

- The Office of Legislative Services (OLS) concludes that this bill will result in an annual decrease in State revenue that could range from $4.5 million to $7.9 million to provide tax credits to employers who employ certain nonresident military spouses.

BILL DESCRIPTION

This bill provides tax credits, to be awarded by the Department of Labor and Workforce Development, for the hiring of certain nonresident military spouses. Under the bill, an employer may claim a tax credit for hiring an employee who is a nonresident of New Jersey and is the spouse of an active duty member of the Armed Forces of the United States who has been transferred to the State in the course of the member's service, is legally domiciled in this State, or has moved to this State on a permanent change-of-station basis.

The final amount of the tax credit provided to an employer for hiring a nonresident military spouse employee is to equal:

(1) for a nonresident military spouse employee who works for an employer for at least 120 hours but less than 400 hours in a taxable year or privilege period, 15 percent of the wages provided by the employer to the nonresident military spouse employee; or

(2) for a nonresident military spouse employee who works for an employer for at least 400 hours in a taxable year or privilege period, 25 percent of the wages provided by the employer to the military spouse employee.

The bill limits the final amount of a tax credit to $2,400 in a tax year.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

The OLS concludes that this bill will result in an annual decrease in State revenue that could range from $4.5 million to $7.9 million to provide tax credits to employers who employ certain nonresident military spouses. The OLS provides for a range of costs, noting that while there is publicly available information concerning the total number of military spouses in the State, there does not appear to be information regarding the number of military spouses who are nonresidents. For purposes of estimating the potential revenue loss to the State, the OLS makes several assumptions concerning the number of nonresident military spouses in the State, the employment rate of military spouses, and the amount of tax credits claimed by employers in the State.

In reference to the number of military spouses in the State, a United States Department of Defense report entitled "2022 Demographics Profile of the Military Community" indicates that the number of military spouses at Joint Base McGuire-Dix-Lakehurst is 3,148. Meanwhile, information from the United States Department of Defense's Defense Manpower Data Center indicates a total of 3,763 active-duty spouses in the State. Given these numbers, and that the OLS does not have access to information concerning the residency status of military spouses in the State, the OLS first assumes that there are as few as 3,000 nonresident military spouses in the State and as many as 3,763 nonresident military spouses. The OLS then utilized military spouse unemployment information reported by the United States Chamber of Commerce to assume that the employment rate of military spouses ranges between 62 percent and 87 percent. Lastly, the OLS assumes that all employers of nonresident military spouses will claim the maximum $2,400 tax credit amount provided by the bill. The OLS' calculations are summarized in the table below.

Low Annual Estimate				
Number of Military Spouses	**Assumed Employment Rate**	**Estimated Number of Employed Military Spouses**	**Maximum Tax Credit Amount**	**Total Tax Credit Amount**
3,000	62%	1,860	$2,400	$4,464,000
3,763	62%	2,333	$2,400	$5,599,344
High Annual Estimate				
3,000	87%	2,610	$2,400	$6,264,000
3,763	87%	3,274	$2,400	$7,857,600

Section:	*Revenue, Finance, and Appropriations*
Analyst:	*Patrick Walsh* *Assistant Fiscal Analyst*
Approved:	*Thomas Koenig* *Legislative Budget and Finance Officer*

This legislative fiscal estimate has been produced by the Office of Legislative Services due to the failure of the Executive Branch to respond to our request for a fiscal note.

This fiscal estimate has been prepared pursuant to P.L.1980, c.67 (C.52:13B-6 et seq.).