

# Tax Incentives for Guardsmen & Employees

Fiscal Year 2024 Fact sheet



# NGAUS



Marcus Construction receives the Secretary of Defense's Employer Support Freedom Award for its outstanding support shown as an employer of members of the National Guard in Willmar, Minnesota.

## The Issue

Since 9/11, the role of the National Guard has exponentially increased and Guardsmen are devoting more time to their military careers than ever before. In addition to steady deployment rotations, more days have been added to the training schedule and state responses have also risen. As such, civilian employers have felt their absence. Businesses should be recognized for the role they play in supporting our military and incentives should be enacted to ensure members of the Reserve Component are able to secure and maintain gainful civilian employment.

## Background

National Guard service is inherently part-time and Guardsmen need to simultaneously maintain military and civilian careers. Civilian employers must provide a high level of flexibility and understanding to employees who serve and are often absent to respond to their military requirements. It is critical to support civilian employers through increased financial incentives.

Offering tax credits to employers who employ Reserve Component servicemembers is one way we can both show appreciation to the employer and ensure servicemembers are getting hired and staying employed. The RECRUIT Act would offer a \$1,000 tax credit for small businesses for each Reserve Component servicemember they employ, with an additional tax credit on a sliding scale based on the length of time the servicemember is activated or deployed during that given year.

Additionally, the Reservist Pay Equity Act would provide a tax credit for small businesses who offer differential pay to National Guard employees while they are away on deployment. Depending on profession and salary, a Reserve Component servicemember could potentially see a decrease in pay when activated. This bill would also reward and encourage employers to offer differential pay and see to it that no family faces financial burden due to military service.

Servicemembers, families, and employers all play important roles in our defense structure. A successful servicemember is one who is also gainfully employed on the civilian side. NGAUS advocates for policies that encourage robust hiring of National Guard members and that support them and their families while serving our country.

## Recommendation

- Reintroduce H.R.1854/S.1178, the RECRUIT ACT, to provide an annual tax credit to employers who employ Reserve Component servicemembers, plus an additional amount dependent on the number of days of military service each employee performed.
- Support H.R. 3253, the Reservist Pay Equity Act of 2023, introduced by Reps. Panetta (D-CA), Wenstrup (R-OH), Beyer (D-VA) and Moore (R-UT) to increase tax credits from 20% to 50% to for small businesses that provide differential pay while National Guard employees are deployed.
- Reduce the threshold Reserve Component servicemembers are able to deduct military travel-related expenses from 100 miles to 50 miles.



Learn more at  
[nga.us.org](https://nga.us.org)

NGAUS Contact **Julian Plamann**  
LEGISLATIVE AFFAIRS MANAGER, JOINT-PERSONNEL PROGRAMS  
[julian.plamann@nga.us.org](mailto:julian.plamann@nga.us.org)

