



February 2, 2023

HOUSE BILL No. 1034

DIGEST OF HB 1034 (Updated February 1, 2023 2:46 pm - DI 140)

Citations Affected: IC 6-3.

Synopsis: Income tax exemption for military pay. Exempts military pay for drills, training, or state active duty for members of a reserve component of the armed forces of the United States or national guard from the individual income tax. (Current law provides an individual income tax exemption for members of a reserve component of the armed forces of the United States or national guard for the period the member is mobilized and deployed.) Exempts military pay earned by members of an active component of the armed forces of the United States from the individual income tax. Phases in the exemption over four years beginning in taxable year 2024. (Current law exempts from the individual income tax the military pay earned by members of the National Guard and reserve components of the armed forces of the United States while serving on active duty.)

Effective: July 1, 2023.

Frye R, Jeter, Judy, Haggard

January 9, 2023, read first time and referred to Committee on Veterans Affairs and Public Safety.

January 19, 2023, amended, reported — Do Pass. Referred to Committee on Ways and Means pursuant to Rule 127.

February 2, 2023, reported — Do Pass.

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February 2, 2023

First Regular Session of the 123rd General Assembly (2023)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2022 Regular Session of the General Assembly.

HOUSE BILL No. 1034

A BILL FOR AN ACT to amend the Indiana Code concerning taxation.

Be it enacted by the General Assembly of the State of Indiana:

1 SECTION 1. IC 6-3-1-34, AS ADDED BY P.L.144-2007,
2 SECTION 4, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
3 JULY 1, 2023]: Sec. 34. "Qualified military income" means ~~wages that~~
4 ~~are paid~~; **the following**:

5 (1) **Wages that are paid** to a member of

6 ~~(A)~~ a reserve component of the armed forces of the United
7 States or

8 ~~(B)~~ the National Guard ~~and~~

9 ~~(2)~~ for any of the following applicable periods, or any
10 combination of the following applicable periods, in a calendar
11 year:

12 (A) The member's full-time service on involuntary orders in:

13 (i) a reserve component of the armed forces of the United
14 States; or

15 (ii) the National Guard.

16 (B) The period during which the member **participates in**
17 **training, drills, or state active duty, or** is mobilized and

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- 1 deployed for full-time service in:
- 2 (i) a reserve component of the armed forces of the United
- 3 States; or
- 4 (ii) the National Guard.
- 5 (C) The period during which the member's National Guard
- 6 unit is federalized.
- 7 **(2) For a member of an active component of the armed forces**
- 8 **of the United States:**
- 9 **(A) twenty-five percent (25%) of wages that are paid to the**
- 10 **member for taxable years beginning in 2024 for service in**
- 11 **the active component;**
- 12 **(B) fifty percent (50%) of wages that are paid to the**
- 13 **member for taxable years beginning in 2025 for service in**
- 14 **the active component;**
- 15 **(C) seventy-five percent (75%) of wages that are paid to**
- 16 **the member for taxable years beginning in 2026 for service**
- 17 **in the active component; and**
- 18 **(D) one hundred percent (100%) of wages that are paid to**
- 19 **the member for taxable years beginning in 2027 and**
- 20 **thereafter for service in the active component.**



COMMITTEE REPORT

Mr. Speaker: Your Committee on Veterans Affairs and Public Safety, to which was referred House Bill 1034, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill be amended as follows:

Page 1, line 16, after "member" insert "**participates in training, drills, or state active duty, or**".

and when so amended that said bill do pass.

(Reference is to HB 1034 as introduced.)

FRYE R

Committee Vote: yeas 10, nays 0.

COMMITTEE REPORT

Mr. Speaker: Your Committee on Ways and Means, to which was referred House Bill 1034, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill do pass.

(Reference is to HB 1034 as printed January 19, 2023.)

THOMPSON

Committee Vote: Yeas 18, Nays 0

