

HOUSE BILL No. 1422

DIGEST OF INTRODUCED BILL

Citations Affected: IC 6-3-1-34; IC 6-3-1-34.1; IC 21-14-12.2-4.

Synopsis: Income tax exemption for military pay. Exempts military pay earned by members of an active component of the armed forces of the United States from the individual income tax. (Current law exempts from the individual income tax 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.) Repeals the provision that defines qualified military income for purposes of calculating an individual's adjusted gross income. Adds additional means of proof that a veteran has acquired Indiana residency for purposes of resident tuition at state educational institutions.

Effective: January 1, 2014 (retroactive); July 1, 2014.

Austin, Truitt

January 16, 2014, read first time and referred to Committee on Ways and Means.



Second Regular Session 118th General Assembly (2014)

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 *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2013 Regular Session and 2013 First Regular Technical Session of the General Assembly.

HOUSE BILL No. 1422

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 IC 6-3-1-34 IS REPEALED [EFFECTIVE JANUARY
2 1, 2014 (RETROACTIVE)]. Sec. 34. "Qualified military income"
3 means wages that are paid:
4 (1) to a member of:
5 (A) a reserve component of the armed forces of the United
6 States; or
7 (B) the National Guard; and
8 (2) for any of the following applicable periods, or any
9 combination of the following applicable periods, in a calendar
10 year:
11 (A) The member's full-time service on involuntary orders in:
12 (i) a reserve component of the armed forces of the United
13 States; or
14 (ii) the National Guard.
15 (B) The period during which the member is mobilized and
16 deployed for full-time service in:



- 1 (i) a reserve component of the armed forces of the United
 2 States; or
 3 (ii) the National Guard:
 4 (E) The period during which the member's National Guard
 5 unit is federalized:

6 SECTION 2. IC 6-3-1-34.1 IS ADDED TO THE INDIANA CODE
 7 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE
 8 JANUARY 1, 2014 (RETROACTIVE)]: **Sec. 34.1. "Qualified
 9 military income" means wages that are paid to a member of:**

- 10 (1) an active component of the armed forces of the United
 11 States; or
 12 (2) a reserve component of the armed forces of the United
 13 States or the National Guard for any of the following
 14 applicable periods, or any combination of the following
 15 applicable periods, in a calendar year:
 16 (A) The member's full-time service on involuntary orders
 17 in:
 18 (i) a reserve component of the armed forces of the United
 19 States; or
 20 (ii) the National Guard.
 21 (B) The period during which the member is mobilized and
 22 deployed for full-time service in:
 23 (i) a reserve component of the armed forces of the United
 24 States; or
 25 (ii) the National Guard.
 26 (C) The period during which the member's National Guard
 27 unit is federalized.

28 SECTION 3. IC 21-14-12.2-4, AS ADDED BY P.L.137-2013,
 29 SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 30 JULY 1, 2014]: Sec. 4. (a) Subject to subsection (b), a qualified veteran
 31 is eligible to pay a resident tuition rate for a qualified course:

- 32 (1) regardless of whether the qualified veteran has resided in
 33 Indiana long enough after receiving a discharge or separation
 34 from the armed forces of the United States or the Indiana National
 35 Guard to establish Indiana residency under the otherwise
 36 applicable policies of the state educational institution; and
 37 (2) regardless of whether the qualified veteran has returned to
 38 Indiana for the primary purpose of attending the state educational
 39 institution.
 40 (b) A qualified veteran must provide to the state educational
 41 institution, not later than twelve (12) months after the date the qualified
 42 veteran enrolls in the state educational institution:



- 1 (1) proof that the qualified veteran has registered to vote in
 2 Indiana;
 3 (2) proof that the qualified veteran has:
 4 (A) obtained an Indiana driver's license or a state identification
 5 card under IC 9-24; or
 6 (B) registered the qualified veteran's motor vehicle in Indiana;
 7 or
 8 **(3) proof that the qualified veteran has obtained employment**
 9 **in Indiana;**
 10 **(4) proof that the qualified veteran has one (1) or more bank**
 11 **accounts at a financial institution located in Indiana; or**
 12 ~~(3)~~ **(5) any other proof of residency as approved by the**
 13 **commission.**

14 If a qualified veteran fails to comply with this subsection, the qualified
 15 veteran is subject to the tuition policies determined by the state
 16 educational institution. The state educational institution may charge the
 17 qualified veteran an amount that equals the difference between the
 18 nonresident tuition rate and the tuition charged to the qualified veteran
 19 for qualified courses in which the qualified veteran enrolled during the
 20 first twelve (12) months of enrollment at the state educational
 21 institution.

- 22 SECTION 4. [EFFECTIVE JANUARY 1, 2014 (RETROACTIVE)]
 23 **(a) IC 6-3-1-34.1, as added by this act, applies to taxable years**
 24 **beginning after December 31, 2013.**
 25 **(b) This SECTION expires January 1, 2016.**
 26 SECTION 5. **An emergency is declared for this act.**

