

MILITARY /VETERANS COALITION OF INDIANA
2013 Legislative GOALS

1. Securing full State Income tax exempt status for all military income.

Rationale: *IC6-3-2-4. Military service members are a major economic force bringing to the State over one billion dollars per year in disposable income. Every effort should be made and incentives developed to attract military personnel to Indiana. Indiana continues to lose qualified veterans because of the greatly enhanced benefits available in adjacent and other states. Indiana ranks in the bottom 20% is support of military service members. One needs to recognize that several Indiana residents leave our great state each year because their income reduced by Indiana State Income taxes.*

*States are generally free from federal control in deciding how to tax pensions, but some limits apply. State tax policy cannot discriminate against federal civil service pensions, according to the U.S. Supreme Court decision in Davis v. Michigan (1989), which ended the once common practice of more favorable state tax treatment for state pensions than for federal civil service pensions. In 1992 the U.S. Supreme Court further ruled, in Barker v. Kansas, that states cannot tax U.S. military pensions if they exempt state pensions from taxation. Over time these rulings have produced substantial conformity in the way each state taxes the three kinds of pensions, although differential treatment persists in **Indiana** and New Jersey.*

*Of the 50 states, seven – Alaska, Florida, Nevada, South Dakota, Texas, Washington and Wyoming – do not levy a personal income tax. New Hampshire and Tennessee collect income tax only on interest and dividend income. The District of Columbia and 41 states levy a broad-based personal income tax. Among the 41 states with a broad-based income tax, 36 offer exclusions for some amount of specifically identified type of state or federal pension income or both, a broad income exclusion or a tax credit targeted at the elderly. The District of Columbia provides a public pension exclusion. The five states that do not do so are California, **Indiana**, Nebraska, Rhode Island and Vermont. Some of those five states partially or fully exclude Social Security income from state taxation, and **no state collects income taxes on Railroad Retirement income.** (Source: NCSL Ronald Snell and Bert Waisanen article Jul 07)*

Looking at the economics surrounding this proposed amendment also support this change. The loss in income tax revenue is less than the gain from other taxes like sales, gasoline, car plates, property, and other taxes and fees the state would collect off the revenue spent that would have gone to income taxes. When you add the “saved” Indiana citizens and their families who will return to living in Indiana the tax revenue grows substantially. We believe that between 500 and 1000 people would be added to the tax rolls annually.

Additionally, this will help the brain drain in Indiana and will stimulate growth in business, services, and industry as these new residents and current residents will spend the Indiana income tax savings in Indiana. This is a win – win opportunity!

Lastly, and certainly most importantly, Indiana residents enjoy the many blessings being part of this great republic thanks to Hoosiers who will serve, are serving, and have served in the military. For this your, state representatives of your districts in Indiana should support the wishes of your citizens as amended by this proposal.

2. Expanding the eligibility to access the Military Family Relief Fund to all Indiana qualified veterans. Current documentation of a qualifying need to be aided by the Fund would remain the same.

Rationale: Existing qualified Veterans are limited to service since 2001 and only if need is requested within three years of service. Many veterans serving prior and since 2001 have needs which extend beyond the three year limitation for requesting this assistance. No time period should be required; only documentation of a qualifying need.

3. Increasing funding for the Veterans' Affairs Trust Fund (VATF) by adding:

- a. A check block and space to list an amount on State Income Tax forms to enable taxpayers to donate all or part of tax refunds.
- b. A check block to contribute \$1.00 to the VATF.
- c. A unique Lottery scratch off ticket with proceeds to benefit Indiana Veterans via the Trust Fund.

Rationale: More funds in the fund will enable more eligible military families to be assisted. The funds would be generated by voluntary contributions and purchases by Indiana residents or others.

4. Securing legislative approval for an Indiana State Resettlement/Service Bonus and/or Combat duty pay of \$ 1,000 for military members who are residents of Indiana and have served in a combat zone during the Gulf Wars.

Rationale: Indiana service members deserve recognition and compensation for their personal sacrifice and economic hardships caused by unit activation and family separation. This would be a continuation of the recognition granted by the State for previous wars. Similar recognition was provided to combat veterans or the Vietnam conflict, Korea, and WWII.

5. Instituting a \$2000 Private Enterprise Indiana Tax Credit for each documented veteran hired as a fulltime employee during their tax year.

Rationale: To encourage Indiana businesses to hire Veterans, this credit will be an incentive to put veterans to work in the State. The Federal Government currently offers a \$2000 Federal Tax Credit for this action. Indiana veteran and Reserve Forces unemployment is much higher than the national unemployment rate.

6. Restoring the property tax / excise tax deduction as was interpreted prior to 2012. The new interpretation requires veteran to own real property (land) to be eligible.

Rationale: IN 6-1.1-12-14 provides disabled veterans relief from property tax based having 90 days of service and being totally disabled or being 62 yrs of age and being at least 10% disabled. In 2012 auditors interpreted this regulation to mean the veteran MUST own real property. Many 100% disabled and 10% disabled 62+ yr old vets do not own real property but they do own a means of transportation and sometimes this transport must be modified to accommodate the vet. We believe the General Assembly intended that this tax relief apply.

7. Removing the \$143,160 property value limitation for a disabled vet to receive a property tax reduction.

Rationale: *IN 6-1.1-12-14 provides disabled veterans relief from property tax based having 90 days of service and being totally disabled or being 62 yrs of age and being at least 10% disabled. This amount continues to diminish in value with time as inflation and other economic pressures increase the value of real property. This change would eliminate revisiting this law and insure deserving disabled veterans would remain whole as we believe the General Assembly intended that this tax relief apply.*

8. Providing a veterans and Reserve Component hiring preference for state employment (exemption from this for positions that require registration with job service).

Rationale: *Veterans and Reservists have sacrificed by serving in our military and deserve special consideration when state government seeks to fill vacancies.*

9. Providing Job Training Priority for all Active Component and Reserve Component Service Members who have served for at least 30 days.

Rationale: *IC22-4. 1-4-3 only provides priority for National Guard. This discriminates against the thousands of Reservists who serve in the Army Reserve, Navy Reserve, Marine Reserve, Air Force Reserve, and Coast Guard Reserve. Hoosiers who are on Active Duty and transitioning to civilian or reserve should also be afforded this.*

10. Exempting ALL Active Component and Reserve Component Service Members from jury duty if they are on orders.

Rationale: *IC10-16-16-1 only exempts National Guard. This discriminates against the thousands of Active Component and Reservists who serve in the Army Reserve, Navy Reserve, Marine Reserve, Air Force Reserve, and Coast Guard Reserve.*

11. Requiring Indiana Department of Veterans Affairs (IDVA) and every county have at least one “accredited” service officer (SO). State to fund up to \$500 for training expenses for new SOs and up to \$200 for training expenses to maintain already “accredited” SO’s per year. The State Veteran’s Assistance Office would be the designated support and enforcement entity of this policy.

Rationale: *Indiana veterans are not being adequately served today as there is a significant shortage of accredited individuals to process and support veterans with their claims to the Veteran’s Administration. The current Veteran Service Organizations are not staffed adequately to provide this service and this expanded “accreditation” will rectify this situation. A adjunct benefit of this action could be a significant increase in income to Hoosier Veteran’s which means increased tax revenue to the state as these veteran’s are highly likely to spend this additional income on goods and services.*

12. Requiring a veteran business set-aside (or goal) of 3 percent for products and services being procured by state government. Fostering Veteran Business Growth and Reducing Veteran Unemployment.

Rationale: *All across the country, veteran business enterprises are being created—often with the direct help of state and local governments. The veteran unemployment rate on average runs 2-3 points above the non-veteran unemployment rate. Unemployment rates for young veterans sometimes run into the 20-30 percent range. Female vets suffer twice the unemployment rate of their non-veteran counterparts. A veteran business set-aside (or goal) of 3 percent for products and services being procured by state government would be a tremendous boost to Hoosier VBEs. Other states, such as Illinois, mandate a 3 percent goal for VBEs; other states have similar programs and even more states have legislation pending. Veteran businesses will do all they can to hire veterans and positively impact the state’s veteran unemployment rate. Indiana has numerous veteran organizations and business associations that would participate in a drive to help veterans start a business and/or find work.*

13. Promoting Education Benefits for Military Personnel and Veterans

Rationale: *Thousands of Hoosier veterans are returning from overseas, our colleges and universities are going to witness a massive influx of students who want to use and/or are able to use military education benefits. We propose to create a Veterans Education Center of Excellence (VECE) that will serve as a clearinghouse of ideas and assist our veterans as they seek to use their G.I. Bill education benefits. This Veterans Education Center should be co-located on campuses in Indiana. The VECE must work together with the Indiana National Guard and Reserve units on an outreach campaign to help identify personnel who are attending our colleges and universities. The VECE must partner with education institutions to make sure our military students are getting the support they need and are fully briefed on all options available to them. An investment in a VECE and in a broad-based education campaign has the potential to translate into millions of dollars. Veterans using the Post 9/11 GI Bill brings an average of \$21K per Veteran in federal funds per year. IUPUI veterans alone receive \$11 million in educational benefits.*

14. Promoting Health Care Benefits for Military Personnel and Veterans

Rationale: *Thousands of Hoosier veterans suffer from Post-Traumatic Stress Disorder (PTSD) and/or Traumatic Brain Injury (TBI). These veterans desperately need our help. Indiana provides no additional benefits for general or mental health coverage. Federal programs seem to be largely ineffective because veterans (especially in rural areas) are generally unaware of federal health benefits. Additionally, some federal programs send Hoosiers for treatment to brain injury facilities outside of our state. A statewide program is needed to provide Hoosier veterans treatment for TBI and PTSD and to return treatment back to Indiana facilities. The CBO reports that only half of those eligible for VA care actually receive it. Again, like other veteran programs, education and outreach to the persons eligible for assistance are critical.*

15. Promoting a Drug Free National Guard and Reserve.

Rationale: *In recent banned substances tests, Indiana Reserve Components service members were among the worst. This negatively reflects on the state, reduces readiness and costs the state significant revenues out processing the offender plus recruiting and training their replacement. Ephedra is the key ingredient in the production of meth and is readily available as a behind the counter drug. Other states experiencing similar problems and have reduced this problem significantly by requiring a medical prescription to obtain ephedra medications (ie Sudafed, Actifed) thereby dramatically reducing the supply. We propose similar legislation for Indiana. This deterrent will also reduce drug use in the general population and is supported by the Indiana State Police.*

16. Promoting a Disabled Veterans vehicle Registration with 50% disability.

Rationale: *Other states like Colorado provide free registration on your vehicle when individual has a disability rating of 50% or higher. Currently, IC-9-18-18-1(a)(5) requires a 100% disability rating to qualify for a free Disabled Veteran Plate. Hoosier Veterans have earned and deserve the best of benefits available as in other states. Recommend a change in legislation to reduce disability rating to 50% or more Permanent Service-Connected Disabled to qualify for a free first plate. The free plate should be **Available For:** Passenger cars, trucks that do not exceed 16,000 pounds empty weight, noncommercial or recreation vehicles, motor homes, motorcycles.*