

HOUSE BILL No. 1015

DIGEST OF INTRODUCED BILL

Citations Affected: IC 6-3-1-34.

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. 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, 2022.

Frye R, Jeter

January 4, 2022, read first time and referred to Committee on Ways and Means.



Second Regular Session of the 122nd General Assembly (2022)

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 2021 Regular Session of the General Assembly.

HOUSE BILL No. 1015

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, 2022]: 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 is mobilized and
17 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 (C) The period during which the member's National Guard
- 5 unit is federalized.
- 6 **(2) For a member of an active component of the armed forces**
- 7 **of the United States:**
- 8 **(A) twenty-five percent (25%) of wages that are paid to the**
- 9 **member for taxable years beginning in 2024 for service in**
- 10 **the active component;**
- 11 **(B) fifty percent (50%) of wages that are paid to the**
- 12 **member for taxable years beginning in 2025 for service in**
- 13 **the active component;**
- 14 **(C) seventy-five percent (75%) of wages that are paid to**
- 15 **the member for taxable years beginning in 2026 for service**
- 16 **in the active component; and**
- 17 **(D) one hundred percent (100%) of wages that are paid to**
- 18 **the member for taxable years beginning after 2026 for**
- 19 **service in the active component.**

