



March 8, 2023

ENGROSSED HOUSE BILL No. 1034

DIGEST OF HB 1034 (Updated March 7, 2023 12:18 pm - DI 151)

Citations Affected: IC 6-3.

Synopsis: Income tax exemption for military pay. Exempts military pay for members of a reserve component of the armed forces of the United States or the 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 the
(Continued next page)

Effective: July 1, 2023.

**Frye R, Jeter, Judy, Haggard, Abbott, Andrade,
Aylesworth, Baird, Barrett, Bauer M, Boy, Cherry,
Criswell, Clere, Culp, Davis, Engleman,
Garcia Wilburn, Goodrich, Gore, Hamilton, Hatcher,
Hatfield, Heaton, Jackson, Lauer, Ledbetter,
Lehman, Lucas, May, McNamara, Miller K, Pfaff,
Rowray, Slager, Soliday, Steuerwald, Sweet, Teshka,
Zent, Cash, Morris, Campbell, Harris**
(SENATE SPONSORS — BALDWIN, GARTEN, CRIDER, BECKER)

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.

February 6, 2023, read second time, ordered engrossed.

February 7, 2023, engrossed. Read third time, passed. Yeas 97, nays 0.

SENATE ACTION

February 23, 2023, read first time and referred to Committee on Veterans Affairs and The Military.

March 7, 2023, amended, reported favorably — Do Pass; reassigned to Committee on Tax and Fiscal Policy.

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Digest Continued

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.)



March 8, 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.

ENGROSSED 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 **for the member's service in the**
9 **reserve component or National Guard. and**

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

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

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

16 (ii) the National Guard;

17 (B) The period during which the member 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

COMMITTEE REPORT

Madam President: The Senate Committee on Veterans Affairs and The Military, to which was referred House Bill No. 1034, has had the same under consideration and begs leave to report the same back to the Senate with the recommendation that said bill be AMENDED as follows:

Page 1, line 8, after "Guard" insert "**for the member's service in the reserve component or National Guard.**".

Page 1, line 9, strike "for any of the following applicable periods, or any".

Page 1, strike lines 10 through 15.

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Page 1, line 16, strike "(B) The period during which the member".

Page 1, line 16, delete "participates in".

Page 1, line 17, delete "training, drills, or state active duty, or".

Page 1, line 17, strike "is mobilized and".

Page 2, strike lines 1 through 6.

and when so amended that said bill do pass and be reassigned to the Senate Committee on Tax and Fiscal Policy.

(Reference is to HB 1034 as printed February 2, 2023.)

TOMES, Chairperson

Committee Vote: Yeas 8, Nays 0.

