

# Department of Finance and Administration

## Legislative Impact Statement

**Bill: SB463**

**As Engrossed: 2/28/2013**

**Bill Subtitle: TO CREATE AN EXEMPTION FROM THE INCOME TAX FOR SERVICE PAY OR ALLOWANCES RECEIVED BY ACTIVE DUTY MEMBERS OF THE ARMED SERVICES.**

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### **Basic Change :**

Senators J. Hendren

The bill provides an income tax exemption for the service pay or allowance received by an active duty member of the armed services. The 2/28/13 engrossment clarifies that an active duty member of the armed services includes National Guard and Reserve units. Effective for tax years beginning January 1, 2013

### **Revenue Impact :**

FYE 2014 - \$7.2 Million Loss

FYE 2015 - \$7.2 Million Loss

### **Taxpayer Impact :**

Taxpayers would need to document the amount of active duty pay received.

### **Resources Required :**

Computer program and forms updated - \$1,000

### **Time Required :**

Adequate time is provided.

### **Procedural Changes :**

Computer programs, tax forms and instructions, return processing and training procedures would need to be modified.

### **Other Comments :**

None

### **Legal Analysis :**

This amendment clarifies that the exemption applies to all members of the armed forces, including the National Guard and Reserve units. The bill applies to tax years beginning on or after January 1, 2013 and would become effective 90 days after adjournment.