



**JOINT LEADERSHIP COUNCIL OF
VETERANS SERVICE ORGANIZATIONS**

CHAIRMAN'S 2018 ANNUAL REPORT

TO

COMMISSIONER JOHN L. NEWBY II

AND

THE BOARD OF VETERANS SERVICES

November 1, 2018

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Chairman's Message

The Joint Leadership Council of Veterans Service Organizations (JLC) lost one veterans service organization this year, as the National Association of Uniformed Services (NAUS) disbanded. JLC now stands at 25 veterans service organizations (VSOs) representing over 250,000 members and all 725,000 Virginia veterans.

JLC members remain committed to serving and advocating for Virginia's veterans, military community, National Guard and the Armed Forces Reserves, and their families. With veterans comprising almost 9% of the Commonwealth's population, Virginia has one of the highest per capita populations of individual veterans, and veterans still in the workforce in the country.

Our commitment to the Commonwealth of Virginia and supporting veterans and their families could not be stronger. JLC members are working on seven legislative initiatives for consideration during the 2019 General Assembly session. All seven position papers are published on our website had have been distributed to legislators for consideration.

Last year, we held one of our meetings at the National D-Day Memorial in Bedford and this year we held a meeting at the National Museum of the Marine Corps in Triangle. It has been a wonderful experience for our members to get out "in the field" around Virginia, supporting our many hallowed institutions that honor our veterans and educate the public about the sacrifices made.

We deeply value our partnership with the Department of Veterans Services, Board of Veterans Services, Veterans Services Foundation, Governor and General Assembly, as we work together to serve Virginia's veterans and their families. The General Assembly has supported many of the legislative initiatives the JLC proposed in the past few years. Our members visit the General Assembly every January at the start of session and enjoy talking to their Senators and Delegates about the merits of JLC-sponsored bills. It is important work and our members, all veterans, have the ability to convey to legislators this importance in a way few others could.

The JLC is proud to represent not only our member VSOs, but to serve as a voice for all of Virginia's veterans. The JLC looks forward to our continued involvement in the legislative process and promoting Virginia as the most veteran friendly state in the nation.

Respectfully,

Frank G. Wickersham, III
Chairman

The Joint Leadership Council of Veterans Service Organizations

The members of the Joint Leadership Council of Veterans Service Organizations (the JLC) represent 25 veterans service organizations (VSOs) in Virginia, that combined, represent over 250,000 members.

The JLC was created by Virginia statute in 2003 to be the voice for Virginia's VSOs, and by extension, for Virginia's veterans. JLC members are appointed by the Governor for three-year terms. The JLC typically meets five times a year. Meetings are open to the public.

Member Organizations

- Air Force Association
- American Legion
- AMVETS
- Association of the United States Army
- Disabled American Veterans
- Fifth Baptist Veterans Ministry
- Fleet Reserve Association
- Iraq & Afghanistan Veterans of America
- Korean War Veterans Association
- Legion of Valor of the US, Inc.
- Marine Corps League
- Military Officers Association of America
- Military Order of the Purple Heart
- Military Order of the World Wars
- Navy Mutual Aid Association
- Navy Seabee Veterans of America
- Non Commissioned Officers Association
- Paralyzed Veterans of America
- Reserve Officers Association of the United States
- Roanoke Valley Veterans Council
- Veterans of Foreign Wars of the United States
- Vietnam Veterans of America
- Virginia Army/Air National Guard Enlisted Association
- Virginia National Guard Association
- Women Marines Association

Mission Statement

The Council provides advice and assistance to the Governor, General Assembly and the Department of Veterans Services on matters of concern to the veterans community and provides a conduit of information to and from the veterans service organizations on policy and legislation, pending and enacted, as well as information on existing services.

Vision

The Council will:

- *Give the Department of Veterans Services a broader understanding of the services needed by veterans.*
- *Give veterans a broader understanding of the services available to them as citizens of Virginia.*
- *Help veterans and veterans' organizations achieve legislation or policy changes needed to improve veterans' services.*
- *Enhance communications between the public, the state government, and the state's veterans.*
- *Help the Governor and the Department of Veterans Services develop policies that improve services for Virginia's veterans.*
- *Help the General Assembly develop and pass laws that more clearly respond to veterans' needs.*

Issue Identification, Development, and Advocacy

As the voice of Virginia's veterans, the JLC identifies issues of concern to veterans, their spouses, orphans, and dependents and serves in an advisory capacity to the Virginia Department of Veterans Services. Each year, the JLC presents a list of key initiatives for consideration by the Governor and General Assembly. So, when you ask, "What are Virginia's veterans' issues?" the answer is clear – *these* are the top issues.

Communication

The JLC supports DVS by communicating information to veterans about their benefits, events, and issues. JLC members promptly relay information to the members of their respective organizations, amplifying the effectiveness of DVS' communications and initiatives. Additionally, cross-sharing of information has resulted in partnerships and cooperative efforts among the various veterans service organizations.

2018 Meetings

The JLC typically holds four business meetings and one conference each year. However, due to the legislature's move to the Pocahontas building, there was no JLC Conference Day at the Legislature in 2018. Minutes of JLC meetings are provided to the Board of Veterans Services (BVS) Chairman and Vice Chairman, and are posted on the Commonwealth Calendar and on the JLC page on the DVS website: <http://www.dvs.virginia.gov/dvs/joint-leadership-council-veterans-service-organizations>.

The 2018 meeting schedule was as follows:

- May 2: Business Meeting
- July 25: Business Meeting
- October 17: Business Meeting, *at the National Museum of the Marine Corps, Triangle*
- December 19: Business Meeting (scheduled)

The JLC also submits a report at each Board of Veterans Services (BVS) and Veterans Service Foundation (VSF) meeting throughout the year.

2017-2018 Officers

Elected Officers

- Chairman: Marie G. Juliano*
- Vice Chairman: Frank G. Wickersham, III*

Appointed Officers

- Legislative Chair: Dave Sitler
 - Assistant Legislative Officer: Robert A. Sempek
- Chaplain: L.T. Whitmore
- Constitution & By-Laws Committee:
 - Chairman: Richard Mansfield
 - Members: Perry Taylor and Adam Provost
- Nominating Committee:
 - Chairman: Dan Boyer
 - Members: John Clickener, Jon Ostrowski
- JLC Representative to the Virginia Military Advisory Council (VMAC):
 - Primary: William Barrett, Jr.
- JLC Representative to Board of Veteran Services (BVS)
 - Primary: Harold H. ("Bart") Barton, Jr.
 - Alternate: Marie G. Juliano
- JLC Representative to Veterans Services Foundation (VSF)
 - Primary: William B. Ashton
- JLC Representative to the Virginia War Memorial Board (VWMB)
 - Primary: Marie G. Juliano

- JLC Representative to the State Board of Elections Electronic Ballot Return Work Group:
Primary: Frank Wickersham
- JLC Representative to the Hampton Drug Court Veterans Tract Advisory Council
Primary: Rick Mansfield
Alternate: John Cooper
- JLC Representative Fairfax Veteran Treatment Docket
Primary: Dan Dennison
Alternate: Lauren Augustine

**Due to term limits, Chairman Juliano stepped down as chair one meeting early, and Vice Chair Frank Wickersham was elected chairman at the July 25 meeting. Perry "Ace" Taylor was elected Vice Chair.*

For More Information

Please visit the JLC page on the DVS website:

<http://www.dvs.virginia.gov/dvs/joint-leadership-council-veterans-service-organizations/>

Or Contact:

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Chairman

MOAA Rep to the JLC

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2018 Initiatives - Status
as of March 10, 2018

INITIATIVE	RECOMMENDATION	STATUS
JLC 2018-01 <i>Residency Requirement, Constitutional Amendment, 2nd Resolution</i>	That the 2018 General Assembly pass resolutions identical to the one passed by the 2017 General Assembly (HJ562), thereby continuing the process to amend Virginia's Constitution to provide parity for surviving spouses of 100% disabled veterans and those Killed in Action.	Budget Amendment: Item 83 #8h (Del. Mirayres) FY19: \$100,000 FY20: \$0 <i>To fund informational advertising for a voter referendum to pursuant to the passage of the HB/HJ.</i> Legislation: HB71/HJ6 (Miyares) – 2/7: Passed House (98-0); 3/1: Passed Senate (40-0) SB900/SJ76 (Stuart) – 2/12: Passed Senate (40-0); 2/28: Passed House (98-0) Governor signed both 3/23
JLC 2018-02 <i>Electronic Return of Voted Ballots by Overseas Military</i>	That the Governor and General Assembly enact legislation and provide budget support of a pilot program for the electronic return of absentee ballots by Virginia's deployed military service members to enfranchise their voting privileges.	Budget Amendment: Item 83 #2h (Del. Landes) FY19: \$1,452,757; FY20: \$622,757; Item 83 #3h (Del. Tran) FY19: \$500,000 FY20: \$500,000; Item 83 #3s (Sen. DeSteph) FY19: \$100,000 FY20: \$0 Legislation: HB1058 (Del. Tran) – 2/7: Laid on the Table HB1139 (Del. Landes) – 2/7: Laid on the Table SB559 (Sen. DeSteph) – 2/12: Passed Senate (31-9); 3/6 Left in House Appropriations
JLC 2018-03 <i>Veteran Entrepreneur Capital Resources Program (VECRP)</i>	That the Governor and General Assembly enact legislation and provide budget support, in the amount of \$1,000,000 in FY19 and \$1,000,000 in FY20, to establish a Veteran Entrepreneur Capital Resources Program.	Budget Amendment: Item 120 #4h (Del. Keam & Del. Hodges) FY19: \$1,100,000; FY20: \$1,100,000; Item 120 #1s (Sen. McPike & Sen. Barker) FY19: \$1,000,000; FY20: \$1,000,000 2/18: Budget amendments not included in House or Senate budget Legislation: None needed
JLC 2018-04 <i>Income Tax Subtraction for Certain Low-Income 100% Disabled Veterans</i>	That the Governor and General Assembly approve an individual income tax subtraction for 100% service-connected disabled veterans with a federally adjusted gross income, not exceeding 250% of the federal poverty level for a four-person household, who have not already claimed another exemption.	Budget Amendment: Item #5s (Sen. Reeves) Language Only Legislation: HB792 (Del. Miyares) – 2/5: Continued to 2019 SB473 (Sen. Reeves) – 1/31: Passed By Indefinitely
JLC 2018-05 <i>Removing Combat Requirement for VMSDEP</i>	That the Governor and General Assembly remove the requirement that a veteran's disability rating be combat related. Instead, a permanent service-connected disability rating of at least 90%, plus satisfaction of the other requirements currently in the Code, would qualify a veteran's spouse or child for VMSDEP benefits.	Budget Amendment: Item 141 #2h (Del. Leftwich) FY19: \$900,000; FY20: \$900,000; Item 466 #1s (Sen. Stuart) FY19: \$900,000; FY20: \$900,000 Legislation: HB748 (Del. Leftwich) – 2/5: Laid on the Table HB1332 (Del. Torian) – 2/13: Left In Committee SB259 (Sen. Stuart) – 2/7: Continued to 2019
JLC 2018-06 <i>Increase State Tax Subtraction for National Guard to \$5,000</i>	That the Governor and General Assembly increase the state income tax subtraction level for members of the Virginia National Guard from \$3,000 to \$5,000 per year.	Budget Amendment: None Legislation: None

2019 Initiatives

The following initiatives were adopted by the JLC on October 17, 2018:

<i>Initiative</i>	<i>Recommendation</i>
JLC 2019-01 Increased State Active Duty (SAD) Pay	That the Governor and General Assembly appropriate \$50,000 to ensure that all Virginia National Guardsmen are paid at least at the E6 rate.
JLC 2019-02 <i>Income Tax Subtraction for Certain Low-Income 100% Disabled Veterans</i>	That the Governor and General Assembly approve an individual income tax subtraction for 100% service-connected disabled veterans with a federally adjusted gross income, not exceeding 150% of the federal poverty level for a four-person household, who have not already claimed another exemption.
JLC 2019-03 <i>Electronic Ballot Return</i>	That the Governor and General Assembly enact legislation and provide budget support of a pilot program at the Virginia State Board of Elections for \$100,000 and funding for one FTE, for a limited pilot program for the electronic return of absentee ballots by Virginia's deployed military service members.
JLC 2019-04 Personal Property Tax Relief for Certain Disabled Veterans	That the Governor and General Assembly approve legislation creating a standardized, statewide personal property tax exemption for one vehicle for 100% service-connected, total and permanent disabled veterans.
JLC 2019-05 Free Tuition for Virginia National Guardsmen	That the Governor and General Assembly provide budget support of approximately a \$1 million increase in the annual State Tuition Assistance program for a pilot program to cover the estimated 3.5% of Guardsmen seeking a degree who are not currently completely covered by federal and state tuition assistance.
JLC 2019-06 <i>VMSDEP</i>	That the Governor and General Assembly remove the requirement that a veteran's disability rating be combat related. Instead, a permanent service-connected disability rating of at least 90%, plus satisfaction of the other requirements currently in the Code, would qualify a veteran's spouse or child for VMSDEP benefits.
JLC 2019-07 Phased-in System for Partial State Tax Exemption for Military Retirement Income	That the Governor and General Assembly support changes to the current Virginia tax laws for a phased in system to reduce state tax on military retirement income up to \$40,000.



COMMONWEALTH OF VIRGINIA
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Virginia National Guard Association
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**Position Paper 2019-01
Increased State Active Duty (SAD) Pay**

OBJECTIVE: To raise minimum State Active Duty (SAD) pay for all Guardsmen to the equivalent of a service member with the rank of E-6 (Staff Sergeant) with 18 years of service, which is currently just over \$125 per day.

BACKGROUND:

- a. During state emergencies, Guardsmen are brought onto SAD as temporary state employees at a very low pay band.
- b. Other state employees involved in emergency response work overtime and go home or to a hotel, however, Guardsmen on SAD are not eligible for overtime pay, put in 12-18 hours per day, and are typically quartered in austere conditions such as an armory or tent.
- c. Since January 2014, the VNG has mobilized nearly 2,570 personnel on state active duty to respond to hurricanes, winter storms and flooding. Guardsmen are often given only 12 hours to report for SAD.

DISCUSSION:

- a. During the Charlottesville “Unite the Right” Protests in August 2017, Guardsmen stood side-by-side to Virginia State Police in extremely stressful and challenging conditions, however, compared to the state police pay of about \$147.63/day, VNG E-3s were paid about \$95.82 per day before taxes, which on a 12-hour shift is .48 cents above the federal minimum wage. E-1s earn about \$89.75 per day, before taxes, which on a 12-hour shift is less than the federal minimum wage (\$7.50/hour).
- b. Guardsmen often lose pay while on state active duty, and are forced to use vacation time or take leave without pay. Most employers do not supplement the pay difference.
- c. It is essential that Guardsmen are compensated at a reasonable rate, at least comparable to minimum wage, with a set pay floor. SAD pay amounts are determined by DOD pay tables.
- d. It is essential to promote a positive work environment when conducting SAD missions to send the message to Guardsmen that their efforts are valued equally to other emergency response agencies.

RECOMMENDATION: That the Governor and General Assembly appropriate \$50,000 to ensure that all Virginia National Guardsmen fairly compensated.

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Position Paper 2019-02

Income Tax Subtraction for Certain Low-Income 100% Disabled Veterans

OBJECTIVE: To allow individual income tax subtraction for the amount of annual retirement compensation received for service as a member of the U.S. Armed Forces, or the Virginia National Guard, for 100% service-connected disabled veterans with a federal adjusted gross income not exceeding 150% of the federal poverty level for a four-person household. No subtraction would be permitted if another Virginia subtraction or deduction for such service has been claimed.

BACKGROUND:

- Virginia currently allows qualifying taxpayers to claim a subtraction for up to \$20,000 of disability income. Any disabled veterans who already claim this subtraction would not qualify for the new program, or would have to drop this subtraction and claim the new one.
- 14 states with an income tax exempt military retirement pay. Virginia's neighbors:
 - D.C. and Maryland offer exemptions ranging from \$3,000 to \$5,000.
 - North Carolina offers a full exemption for retirees with five years of service as of August 12, 1989; otherwise, retirees may claim a deduction of up to \$4,000.
 - Kentucky offers exemptions of \$41,110 and West Virginia \$20,000.

DISCUSSION:

- While Combat-Related Special Compensation (CRSC) is not subject to federal or Virginia taxation, Concurrent Retirement and Disability Payments (CRDP) are generally subject to both federal and Virginia taxation.
- Available reports do not provide specific data on the exact number of 100% service-connected disabled veterans in Virginia, however, the VA has given a reasonable estimate of **1,371** disabled Virginia veterans who would qualify for this benefit.
- Department of Taxation considers implementation of this bill as routine, and does not require additional funding.

RECOMMENDATION: That the Governor and General Assembly approve an individual income tax subtraction for 100% service-connected disabled veterans with a federal adjusted gross income, not exceeding 150% of the federal poverty level for a four-person household, who have not already claimed another exemption.

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Position Paper 2019-03
Electronic Return of Voted Ballots by Overseas Military

OBJECTIVE: Enfranchise Virginia's Overseas Uniformed Service Personnel's votes by enacting Electronic Return of Voted Absentee Ballots by encrypted means or through special secure web access portal, as a pilot program.

BACKGROUND:

- a. Currently an overseas voter can electronically register and receive an absentee ballot per the Uniformed and Overseas Citizens Absentee Voting Act (UOCAVA). By current Virginia Code the ballot must be returned via "snail" mail.
- b. Mail from overseas is subject to delays when returned by "snail" mail. Many votes are not counted due to ballots reaching local registrars after Election Day, if at all.
- c. For 2010-2014 general elections, deployed Virginians requested 5,050 ballots, of which 2,231 (44%) were returned by mail or in person in time to be counted, 134 ballots were rejected and not counted, and 2,675 (53%) were not returned.
- d. In 2018, Senate Bill 559 passed the Senate, but was tabled in the House.

DISCUSSION:

- a. Virginia is one of only 19 states that do not offer any kind of electronic return for its resident military members deployed overseas.
- b. In 2018, Everyone Counts a U.S. founded and owned encrypted voting software company provided a Rough Order of Magnitude Cost Projection to install a secure pilot test program statewide for \$400,000 if run state-wide, but a limited pilot can be done for \$100,000. The company's software is platform independent and encrypted to secure the integrity of the submitted ballots.
- c. As indicated by the National Association of Counties, the Fiscal Year 2018 Federal Omnibus Spending bill 2018 allocated millions of dollars in grants to states for election cybersecurity.

RECOMMENDATION: That the Governor and General Assembly enact legislation and provide budget support of a pilot program at the Virginia State Board of Elections for \$100,000 and funding for one FTE, for a limited pilot program for the electronic return of absentee ballots by Virginia's deployed military service members.

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Position Paper 2019-04
Personal Property Tax Relief for Certain Disabled Veterans

OBJECTIVE: To create a unified, cohesive, system for personal property tax relief to certain disabled veterans in the Commonwealth of Virginia.

BACKGROUND:

- Virginia's Counties and Independent Cities currently have a patchwork system of personal property tax relief for veterans. Most offer no exemption, but among those that do, which veterans qualify and how much relief – partial or full – the veteran can receive varies widely.
- This creates confusion and distress among veterans who move from a locality with personal property tax relief to a new locality that does not.
- The Disabled American Veterans (DAV), Department of Virginia has passed resolutions at the past two state conferences (Res 10, Res 19) calling for personal property tax exemption for one vehicle for veterans who qualify for the real property tax exemption.

DISCUSSION:

- As a Commonwealth, there is supposed to be uniform policies and tax exemptions.
- The Commissioners of the Revenue and other assessing officials are supportive of personal property tax exemption on one vehicle with the same requirements as the real property tax exemption.
- The requirements then would be for eligible veterans if they are 100% service-connected, total and permanently disabled veterans, as rated by the U.S. Dept. of Veterans Affairs.
- This is another way to support low-income veterans, many of whom often risk losing their vehicle due to late payments and fines.
- The legislation would need to supercede current regulations passed at the county and city level to create one systematic policy for personal property tax exemptions in the Commonwealth of Virginia.

RECOMMENDATION: That the Governor and General Assembly approve legislation creating a standardized, statewide personal property tax exemption for one vehicle for 100% service-connected, total and permanent disabled veterans.

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Position Paper 2019-05
Free Tuition for Virginia National Guardsmen

OBJECTIVE: To offer Virginia National Guardsmen free tuition at accredited Virginia colleges and universities, including community colleges, trade schools, and for-profit certification programs.

BACKGROUND:

- a. The Virginia National Guard (VNG) may miss end strength goals for the first time in more than a decade. National Guard leadership in Washington, D.C. made it clear that states who fail to meet strength goals will begin to lose force structure.
- b. VNG is losing recruits and current Virginia Guardsmen to surrounding states who offer free college tuition, including North Carolina, Tennessee, and Pennsylvania.
- c. Current VNG tuition assistance benefit comes with a 2-year service obligation and the benefit is only \$8,000 in state tuition assistance.

DISCUSSION:

- a. VNG has a significant presence and economic impact to Virginia, with facilities in over 40 communities valued at \$253M, and brings in more than \$250M in annual income, not including benefits.
- b. VNG maintains \$1.8B in equipment for state emergency response and federal training.
- c. Loss of force structure means loss of equipment, facilities, and personnel dollars to the Commonwealth, and lost opportunity to pursue increased force structure, which is a current priority for The Adjutant General.
- d. VNG is the tip of the spear with regard to cutting edge weapons systems and force structure, and are positioned to grow even more, but cannot do so without meeting end strength goals.
- e. The additional money spent on state tuition assistance comes back to Virginia through additional funds spent at Virginia's colleges, universities, and other continuing education courses, increased salaries (higher tax brackets), and most importantly not only skilled soldiers but skilled workers participating in Virginia's economy.
- f. Free tuition serves as a strong recruiting and retention incentive. Since Guardsmen are less transient than active duty, they are much more likely to go to school, work, live, shop, and enjoy leisure activities within the Commonwealth. Most settle permanently in Virginia.

RECOMMENDATION: That the Governor and General Assembly provide budget support of approximately a \$1 million increase in the annual State Tuition Assistance program for a pilot program to cover the estimated 3.5% of Guardsmen seeking a degree who are not currently completely covered by federal and state tuition assistance.

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Position Paper 2019-06

Removing the Combat Requirement for the Virginia Military Survivors and Dependents Education Program [VMSDEP]

OBJECTIVE: To change eligibility for higher education benefits under the Virginia Military Survivors and Dependents Education Program (VMSDEP).

BACKGROUND:

- a. The VMSDEP, formally known as the War Orphans Education Program, provides education benefits to spouses and children of military service members killed, missing in action, taken prisoner, or who became at least 90 percent disabled as a result of military service in an armed conflict.
- b. Military service includes service in the United States Armed Forces, United States Armed Forces Reserves, and the Virginia National Guard.
- c. Armed conflict includes military operations against terrorism or as the result of a terrorist act, a peace-keeping mission, or any armed conflict after Dec. 6, 1941.
- d. Under VMSDEP, tuition and required fees are waived at Virginia public colleges and universities.
- e. Students may also receive a stipend of up to \$1,800 per year toward the cost of room, board, books, and supplies. The amount of the stipend is dependent on the amount of funding appropriated (\$1,930,000 in FY16), the number of enrolled students, and their enrollment status.
- f. Benefits are available for up to four years or the equivalent.

DISCUSSION:

- a. Under current law, the veteran's 90% disability rating must have incurred during military operations against terrorism, on a peacekeeping mission, as a result of a terrorist act, or in any armed conflict.
- b. In 2015, DVS denied 502 applicants due to the combat requirement.
- c. The 2016 FIS for SB528 estimated the proposed legislation would result in a system-wide loss of tuition revenue of \$2,182,454 in FY17 and \$2,520,734 in FY18.
- d. This is a potentially significant fiscal impact on higher education institutions, and additional general fund support may need to be appropriated to offset this loss of revenue. Evaluation may show whether funding from other programs such as the Virginia Tuition Assistance Grant Program and the Virginia Community College Tuition Grant for Foster Care could potentially offset the increased cost to VMSDEP.

RECOMMENDATION: That the Governor and General Assembly remove the requirement that a veteran's disability rating be combat related and within an armed conflict. Instead, a permanent, service-connected disability rating of at least 90%, plus satisfaction of the other requirements currently in the Code, would qualify a veteran's spouse or child for VMSDEP benefits.

THE 25 ORGANIZATIONS OF THE JOINT LEADERSHIP COUNCIL HAVE MORE THAN 250,000 MEMBERS



COMMONWEALTH OF VIRGINIA
JOINT LEADERSHIP COUNCIL OF
VETERANS SERVICE ORGANIZATIONS

101 N. 14TH ST., 17TH FLOOR
RICHMOND, VA 23219

Air Force Association
American Legion
AMVETS
Association of the United States Army
Disabled American Veterans
Fifth Baptist Veterans Ministry
Fleet Reserve Association
Iraq & Afghanistan Veterans of America
Korean War Veterans Association
Legion of Valor of the U.S., Inc.
Marine Corps League
Military Order of the Purple Heart
Military Officers Association of America
Military Order of the World Wars
Navy Mutual Aid Association
Navy Seabee Veterans of America
Non-Commissioned Officers Association
Paralyzed Veterans of America
Reserve Officers Association
Roanoke Valley Veterans Council
Veterans of Foreign Wars
Vietnam Veterans of America
Virginia Army/Air National Guard Enlisted Association
Virginia National Guard Association
Women Marines Association

Dec. 20, 2017

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Position Paper 2019-07

Phased-in System for Partial State Tax Exemption for Military Retirement Income

OBJECTIVE: To reform the Virginia state tax law, creating a phased in system to exempt a portion of military retirement income beginning in 2019.

BACKGROUND:

- Currently Virginia does not exempt military retirement income, while three of Virginia's neighbors (NC, WV, MD) have some level of state tax exemption on military retirement income.
- The personal income tax laws of over half the states provides various exclusions from gross income in determining tax liability, including an exclusion for combat-related special compensation and death benefit payments received by a surviving spouse or other beneficiary designated by a military veteran.

DISCUSSION:

- Non-military income, including all income derived from federal or military contracts, consulting or full-time employment will be taxed at the full gross income percentages.
- The qualifying retirement income must be received as a result of an honorable discharge and retirement from full-time, active-duty service in the armed forces of the United States, or reserve components thereof, including the National Guard.
- For each taxable year beginning on or after January 1, 2019 gross income shall not include a percentage of qualified military retirement income for retirees who are 65 years of age or older and qualified taxpayers. The phased in system would:
- Beginning in 2019: A military retiree may subtract \$10,000 of their military retirement income from federally adjusted gross income before determining Virginia tax.
- Beginning in 2021: A military retiree may subtract \$20,000 of their military retirement income from federally adjusted gross income before determining Virginia tax.
- Beginning in 2023: A military retiree may subtract \$30,000 of their military retirement income from federally adjusted gross income before determining Virginia tax.
- Beginning in 2025: A military retiree may subtract \$40,000 of their military retirement income from federally adjusted gross income before determining Virginia tax.

RECOMMENDATION: That the Governor and General Assembly support changes to the current Virginia tax laws for a phased in system to reduce state tax on military retirement income up to \$40,000.

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