



COMMONWEALTH OF VIRGINIA
JOINT LEADERSHIP COUNCIL OF
VETERANS SERVICE ORGANIZATIONS

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

Air Force Association
Air Force Sergeants Association
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Navy Mutual Aid Association
Paralyzed Veterans of America
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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
Wounded Warrior Project

Position Paper 2023-06

Tax Exemption for National Guard

OBJECTIVE: To adjust Virginia's current income tax deduction for National Guard Pay from \$3,000 to \$6,000.

BACKGROUND:

1. Virginia exempts the first 3,000 of National Guard pay from State Income Taxes.
2. The state eliminates this deduction once a Soldier reaches Captain (O3 pay grade).

DISCUSSION:

1. The current exemption of \$3000 has been in place for two decades.
2. If this benefit were indexed to inflation the amount would now equal \$5,000.
3. We consistently compete with our neighboring states to retain and maintain our National Guard forces. Virginia also competes with the compo 1 (Active Duty) for much of the qualified recruits in the state.
4. The role and requirements for the National Guard have steadily increased in the last 20 years resulting in the Commonwealth's greatest OPTEMPO since the second WW for our National Guard Forces.
5. The original exemption dates back to 1994 which was passed by a Democratic house and senate and signed by Republican Governor George Allen.

RECOMMENDATION: That the Governor and General Assembly adjust increase the amount of income excluded from State Income Tax from \$3,000 to \$6,000 and increase the pay grade eligibility to LTC (O5 pay grade).

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JLC Contact

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Guard Association**

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