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INCOME TAX CREDIT FOR QUALIFIED VETERANS

House Bill 4578
Sponsor: Rep. Fran Amos
Committee: Tax Policy

Complete to 5-16-03

A SUMMARY OF HOUSE BILL 4578 AS INTRODUCED 4-29-03

The bill would amend the Income Tax Act to provide a \$500 refundable credit to a “qualified veteran” for one tax year only beginning with the 2003 tax year. A credit is a direct reduction in tax liability. When a credit is refundable, the taxpayer receives the full amount of the credit even if it exceeds tax liability.

A “qualified veteran” would be an individual who received any of the following:

- The southwest Asia service medal created by presidential executive order 12754 issued March 12, 1991. (This medal, generally speaking, is for service in specified parts of the Middle East in the campaigns commonly referred to as Desert Shield and Desert Storm.)
- The national defense service medal reinstated in a memorandum from the office of the deputy secretary of defense dated April 26, 2002 for honorable active service on or after September 11, 2001 until a date yet to be determined.
- The global war on terrorism expeditionary medal or the global war on terrorism service medal created by executive order signed on March 12, 2003.
- Any service or campaign medal for service authorized by the U.S. Congress in Public Law 107-243 on October 16, 2002 in the “Authorization for the Use of Military Force Against Iraq Resolution of 2002”.

The bill also contains a provision requiring the qualified veteran to attach to the annual return a copy of the discharge papers that reflect the awarding of the appropriate medal. A qualified veteran who is not required to file an annual state income tax return would be able to file a return for the sole purpose of claiming the new credit.

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