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Position Paper 2017-03 **Increase State Tax Subtraction for National Guard to \$5,000**

1. **OBJECTIVE:** Increase the state tax subtraction for members of the Virginia National Guard from \$3,000 to \$5,000 per year.
2. **BACKGROUND:**
 - a. The Code of Virginia, §58.1-322(C)(11) provides for a subtraction of “*The wages or salaries received by any person for active and inactive service in the National Guard of the Commonwealth of Virginia, not to exceed the amount of income derived from 39 calendar days of such service or \$3,000, whichever amount is less; however, only those persons in the ranks of O3 and below shall be entitled to the deductions specified herein.*”
 - b. The subtraction level has remained at \$3,000 since at least 1994.
3. **DISCUSSION:**
 - a. Soldiers and Airmen of the Virginia National Guard endure higher level of stressors in their service to the Commonwealth than do many citizens.
 - b. Economic factors place additional stressors on Guardsmen and their families.
 - c. Virginia Guardsmen work many hours in the performance of their Guard duties, making sacrifices of time, money, and family togetherness.
 - d. To have the same buying power as \$3,000 did in 1994, the tax subtraction would have to be increased to \$4,875.57 in 2016 (source: http://www.bls.gov/data/inflation_calculator.htm).
 - e. Increasing the state income tax subtraction from \$3,000 to \$5,000 would help balance and compensate for financial shortfalls incurred through Guard service and the necessity to balance their civilian jobs, family life, and service as a citizen-soldier.
4. **RECOMMENDATION:** 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.