

Approved

March 19, 1991

Date

MINUTES OF THE HOUSE COMMITTEE ON TAXATION

The meeting was called to order by Joan Wagnon at \_\_\_\_\_  
Chairperson

9:10 a.m./p.m. on March 6, 1991 in room 519-S of the Capitol.

All members were present except:

Committee staff present:

Tom Severn & Chris Courtwright, Legislative Research;  
Don Hayward & Bill Edds, Revisors;  
Linda Frey, Committee Secretary & Douglas E. Johnston, aide

Conferees appearing before the committee:

Chairman Wagnon called the committee to order at 9:10 a.m. for hearings on HB 2122 and HB 2031.

A memorandum regarding Kansas Tax Treatment of Combatants and Combatant Pay was distributed to committee members from the Dept. of Revenue (attachment 1).

The following people testified in favor of HB 2122.

Rep. Rand Rock (attachment 2).  
Brigadier General James F. Rueger, Adjutant General of Kansas (attachment 3).

Hearings were closed on HB 2122.

The following people testified in favor of HB 2031.

Rep. Elizabeth Baker (attachment 4).  
Rep. Alex Scott (attachment 5).  
Rep. Kent Glasscock (attachment 6).  
Clay Comfort representing the Jayhawk Chapter of the Retired Officers Assoc. (attachment 7).  
Cletus J. Pottebaum Co-Chairman of the Kansas Coalition of Military Associations (attachment 8).  
James C. Trepoy, Command Sergeant Major, U.S. Army, retired, representing the Retired Military Enlisted Assoc. (attachment 9).  
Lynnie R. Samms (attachment 10).  
Mike Rohly, a retired veteran and Army Master Sergeant (attachment 11).  
Senator Lana Oleen  
Lieutenant-Coronel Stanley L. Smith, Immediate Past President and Legislative Chairman of the National Guard Assn. of Kansas  
Theodore Sanders, PAC Chairman of the Kansas Chapter of the Retired Sergeants Major Assoc. (attachment 12).  
Nancy Lindburg, Assistant to the Attorney General, presented testimony on behalf of the Attorney General (attachment 13).  
Charles Calvin Madeira, Commander U.S. Navy Retired  
Charles M. Yunker, State Adjutant for the American Legion of Kansas (attachment 14).

The meeting adjourned at 10:25 a.m.

GUEST LIST

COMMITTEE: \_\_\_\_\_

*Inflation*

DATE: \_\_\_\_\_

*3/6/91*

NAME (PLEASE PRINT)	ADDRESS	COMPANY/ORGANIZATION
Jim McBride	Topeka	OB & ...
Richard Shaunou	KCK	AARP
DAW STEVENS	TULSA, OK	TEXACO
HAROLD PITTS	Topoka	AARP
R ANDERSON	OTTAWA	MC CONT J & C
Norman Gaul	Highland	Retired Military TROA
James C. Jopoy	Salina, Ks	TREA, RET SGT MAJ FT RILEY
Fred Sanders	Junction City	Ret Sgtn = ASSO
D. Allen	JUNCTION	RET ENLISTED ASSO
Ray E. Withers	Millford	ret ENLISTED ASSO
LELAND L ROBINSON	JUNCTION CITY KS	RET SGM ASSOC
C. C. ...	Topeka	CDR USN RET
Nancy Lindberg	Topeka	At. Gen. office
MIKE ROHZY	1604 SPANCEWAY ST AND 10000, KS 67440	VFW POS 5279
ROBERT L. BOWDEN	351 W. REPUBLIC SALINA, KS 67401	CHAP 16 TREA
Drew Haid	2605 12 LIN DR TOPOKA KS 66605	Fleet Reserve Assoc.
Harold Cragan	9135 E. Haulburg Dr. Jop. Ks 66607	TREA (The Retired Gen. Serv.)
MARVIN DWIKEL	3637 SE Hwy 40 Topeka	USAF(RET) AARP; amwfy. TREA; AFSA.
Oscar Albrecht	Topeka, Ks	NARFF
John D McNeal	Topeka	TRIA
James P. Dunne	774 N CLINTON RAN OLATHE 66061	AMERICAN LEGION #153.
Basil Covey	Topeka	KRTA
Glenn Cheever	2300 W DENNIS #15 OLATHE, KANS	NAVY FLEET Reserve Assoc
Gordon B. Compton	1101 So. Paige Wichita, Kansas 67207	USAF Retired







## KANSAS DEPARTMENT OF REVENUE

*Division of Taxation*

Robert B. Docking State Office Building  
Topeka, Kansas 66625-0001

### KANSAS TAX TREATMENT OF COMBATANTS AND COMBAT PAY

This notice has been prepared to provide information regarding the Kansas tax treatment of armed forces personnel serving in the combat zone recently designated by the President on January 21, 1991.

**Exemption of Combat Pay** - Pursuant to K.S.A. 79-32,117, the Kansas adjusted gross income of an individual shall mean the individual's federal adjusted gross income for the taxable year with specific modifications. Therefore, the beginning point for computing Kansas income tax shall be the federal adjusted gross income. Thus, to the extent compensation earned in a combat zone is excluded from federal adjusted gross income, it shall also be excluded from Kansas adjusted gross income, and therefore shall be exempt from Kansas income tax.

**Extension of Time to File** - K.S.A. 79-3221(c) allows the Director of Taxation to grant a reasonable extension of time for filing a Kansas individual income tax return. The Department of Revenue shall recognize and accept as a properly approved extension of time a copy of federal form 4868, application for automatic extension of time for filing individual income tax returns; an approved copy of form 2688, application for additional extension of time for filing individual income tax returns; or form 7004, application for automatic extension of time to file corporate income tax returns. The appropriate extension shall be submitted with the Kansas return.

**Extensions While Serving In Combat Zone or Hospitalized** - K.S.A. 79-3221(d) provides that the time of service shall be disregarded in the case of an individual serving in the armed forces of the United States, in an area designated as a "combat zone" by the President of the United States, or the period of service plus the period of continuous hospitalization shall be disregarded in the case of an individual who has been hospitalized outside the states as a result of injury received while serving in such an area, and the next 180 days thereafter in calculating any tax liability (including any interest, penalty, additional amount, or addition to the tax) of such individual. This shall mean that an individual shall have 180 days after their return from the combat zone to file their Kansas income tax return, without incurring any interest or penalties.

HOUSE TAXATION  
Attachment #1  
03/06/91



TOPEKA

HOUSE OF  
REPRESENTATIVES

**RAND ROCK**

REPRESENTATIVE, 79TH DISTRICT  
COWLEY COUNTY  
P. O. BOX 307  
ARKANSAS CITY, KANSAS 67005-0307  
(316) 442-8618  
  
STATE CAPITOL, ROOM 273-W  
TOPEKA, KS 66612  
(913) 296-7648

COMMITTEE ASSIGNMENTS

MEMBER: AGRICULTURE  
FEDERAL AND STATE AFFAIRS  
JUDICIARY  
  
JOINT COMMITTEE ON RULES  
AND REGULATIONS  
  
COMPUTERS, COMMUNICATIONS,  
AND TECHNOLOGY

TESTIMONY

HOUSE TAXATION COMMITTEE

HOUSE BILL 2122

Amendments to House Bill 2122 change K.S.A. 79-3221 in three ways as follows:

1. Present law provides that an individual serving in the armed forces of the United States, or serving in support of such armed forces in an area designated by the President of the United States as a "combat zone" does not have to file a Kansas income tax return until 180 days after such combat duties cease or until such time as such individual is released from hospitalization outside the states of the union and the District of Columbia as a result of injury received while serving in such an area during such time, the period of service in such area, plus the period of continuous hospitalization attributable to such injury, and the next 180 days thereafter. This amendment deletes any reference to "outside the states of the union and the District of Columbia". Although some injuries may result in hospitalization overseas and subsequent release therefrom for return to duty or termination of service, the reality is that oftentimes soldiers injured in a war zone are eventually medivaced to military hospitals in the United States.

HOUSE TAXATION  
Attachment #2  
03/06/91

2. Present law speaks only to continuous hospitalization attributable to "injury". This amendment adds (sickness). Soldiers may be hospitalized due to sickness incurred in a combat zone and should receive the same extension of time as those hospitalized for injury.

3. The third amendment extends these considerations to the spouse of the individual serving in a combat zone or continuously hospitalized as a result of injury or sickness incurred while so engaged. The rationale is that husbands or wives of soldiers and sailors should be able to wait until their spouse is no longer in combat or hospitalized as a result of such service, before filing.

Thank you for your consideration of these amendments. While we now rely on fewer, all volunteer, military service men and women supported by reserve and National Guard units in times of war, there is an increased likelihood that a Kansas taxpaying citizen may find himself or herself in a civilian occupation part of the tax year and serving in a combat zone for the balance of that tax year. For this reason, and because I believe these amendments improve the present law and complement the original intent of the same, I request your immediate consideration so that this law may go into effect before the present filing deadline of April 15, 1991.

Please let me know if I can be of any further assistance or provide any additional information.

REP. RAND ROCK

STATE OF KANSAS  
THE ADJUTANT GENERAL  
P.O. BOX C-300  
TOPEKA, KANSAS 66601-0300

PRESENTATION  
FOR  
HOUSE TAXATION COMMITTEE  
WEDNESDAY, MARCH 6, 1991

MADAM CHAIRPERSON AND MEMBERS OF THE COMMITTEE:

I AM BRIGADIER GENERAL JAMES F. RUEGER, THE ADJUTANT GENERAL.

I SUPPORT THE ENACTMENT OF HOUSE BILL 2122 WHICH PROVIDES FOR A REASONABLE EXTENSION OF TIME FOR INCOME TAX PAYMENT AND TO DISREGARD FOR TAX PURPOSES INCOME MADE WHILE SERVING IN THE ARMED FORCES OR WHILE HOSPITALIZED AS THE RESULT OF SUCH SERVICE.

ASSISTING OUR SERVICE MEMBERS IN THIS MANNER IS ESPECIALLY IMPORTANT BECAUSE MANY OF OUR MEMBERS ARE IN A REDUCED FINANCIAL SITUATION AS THE RESULT OF THEIR ACTIVE DUTY STATUS. THEIR SPOUSES ARE ALSO ASSUMING MANY ADDITIONAL RESPONSIBILITIES DURING THIS TIME.

I FEEL IT IS APPROPRIATE TO EXTEND THESE BENEFITS TO MEMBERS OF THE ARMED FORCES WHO ARE SERVING IN OPERATION DESERT STORM.

THIS SUPPORT BY THE LEGISLATURE, STATE OF KANSAS AND THE CITIZENS IS VITAL TO THE MORALE OF OUR MEN AND WOMEN SERVING IN THE GULF.

I BELIEVE PASSAGE OF THIS BILL WILL HAVE A POSITIVE EFFECT ON THE SERVICE MEMBERS AND THE SPOUSES AT HOME.

HOUSE TAXATION  
Attachment #3  
03/06/91



**ELIZABETH BAKER**  
REPRESENTATIVE, EIGHTY-SECOND DISTRICT  
SEDGWICK COUNTY  
601 HONEYBROOK LANE  
DERBY, KANSAS 67037



TOPEKA  
—  
HOUSE OF  
REPRESENTATIVES

CHAIR: SEDGWICK COUNTY  
LEGISLATIVE DELEGATION  
MEMBER: BOARD OF TRUSTEES  
WICHITA STATE UNIVERSITY  
REGIONAL OMBUDSMAN: KANSAS  
COMMITTEE FOR EMPLOYEE  
SUPPORT OF THE GUARD AND  
RESERVE  
COMMITTEE ASSIGNMENTS  
RANKING MINORITY MEMBER: FEDERAL &  
STATE AFFAIRS  
MEMBER: ECONOMIC DEVELOPMENT  
ELECTIONS

**March 6, 1991**

**To: House Committee on Assessment and Taxation**

**Re: HB 2031**

**Chairperson Wagon and members of the Committee, I appreciate the opportunity to testify before you this morning. Since we have a number of proponents wanting to testify, I will be brief, but first, let me share with you why I believe this bill is of the utmost importance.**

**In this time of elation over our victory in the Gulf War it is very important that Kansans send a supportive message to our military and assure them their extraordinary services are recognized. Because of dissatisfaction with our involvement in Viet Nam, it became somewhat popular in our country to denigrate the value of military service, thus demeaning the lives of many individuals who had served our nation with great dignity and honor. Many of us tend to forget the bravery and devout patriotism that career military men and women must demonstrate in the performance of their duties after those duties have been completed. HB 2031 is the way Kansans can say, "you will not be forgotten".**

**We all understand the implications of this legislation and how important it is to our retired military. HB 2031 was recommended by the 1989 Interim Committee on Assessment and Taxation and there is a copy of that report attached. It is time to resolve this issue and that time is now. I urge your support of HB 2031.**

**Thank you.**

HOUSE TAXATION  
Attachment #4  
03/06/91



**RE: PROPOSAL NO. 10 -- TAXATION OF RETIRED MILITARY  
PERSONNEL\***

Proposal No. 10 -- Taxation of Retired Military Personnel directed the Special Committee on Assessment and Taxation to:

Monitor the status of legal and administrative proceedings in Kansas and other states regarding the taxation of military retirement income; examine state tax treatment of retired military personnel in general, including any changes in federal law necessary to permit taxation of on-base sales.

## **Background**

### **Taxation of Retirement Income**

Computation of the Kansas income tax begins with federal adjusted gross income. Thus, whether income is taxed in Kansas is often determined by whether it is subject to federal tax. However, several modifications to federal adjusted gross income are made in calculating Kansas adjusted gross income (KAGI).

Private retirement incomes are taxable. However, taxpayers may recover free of tax the amounts which they contributed from after-tax income. If, for example, a taxpayer contributes to his employee retirement plan, the taxpayer is entitled to receive a portion of his annuity free of tax so as to prevent the double taxation of income. The proportion is determined at the time of retirement and is the ratio of employee contributions to the expected value of the annuity. K.S.A. 79-32,117 (c)(iv) operates at the state level by excluding from KAGI:

The amount necessary to prevent the taxation under this act of any annuity or other amount of income or gain which was properly included in income or gain and was taxed under the laws of this state for a [prior] taxable year . . . .

For those eligible (based on income), contributions to an Individual Retirement Account (IRA) are deductible from AGI when they are made; thus, the contributions are made from before-tax income. All payments from an IRA

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\* S.B. 423 accompanies this report.

(with the exception of roll-overs to new IRAs) are taxable when received by the taxpayer. Nondeductible payments to IRAs are now permitted and withdrawals of such amounts upon retirement will not be taxed.

Federal civil service annuities are deducted from federal AGI pursuant to K.S.A. 79-32,117 (c)(vii), which exempts "amounts received as annuities under the federal civil service retirement system, from the civil service retirement and disability fund."

Social Security and railroad retirement are included in federal AGI only when modified AGI exceeds \$25,000 for a single taxpayer, \$32,000 for a married couple filing a joint return, or zero for certain married couples who live together but do not file a joint return. "Modified AGI" in this context includes tax-free interest and certain overseas income. Kansas taxes the Social Security benefits which are included in federal AGI, but does not tax the railroad retirement income because 45 U.S.C. 231m bars state and local taxation of railroad retirement income.

Most state employees belong to the Kansas Public Employees Retirement System (KPERS). Annuities arising out of KPERS or the Police and Firemen's Retirement System are exempted from Kansas income tax by K.S.A. 74-4923. Within the KPERS law is a provision for the State Board of Regents to contract for retirement annuity contracts with the Teachers Insurance and Annuity Association (TIAA) (K.S.A. 74-4925 (1)(a) and 75-2935 (1)(f)). Pursuant to these sections and Revenue Ruling 12-88-1, TIAA annuity income of faculty and others employed by the Regents is exempt from Kansas income tax.

Other state and local employees are exempted by other statutes. Judicial retirement incomes are exempt under K.S.A. 20-2618. Court reporters are exempt under K.S.A. 74-49,105. Retirement income from local units in Kansas is exempt pursuant to K.S.A. 79-32,117 (c)(ix). Highway Patrol retirement is exempt under K.S.A. 74-4978g.

### **Taxation of Military Retired in Kansas**

In 1973 the Legislature amended K.S.A. 79-32,117 to exempt \$2,000 of military retirement benefits of taxpayers aged 65 or older.

As a result of a 1980 interim study, a bill was introduced to increase the exemption amount to \$3,000 and lower the qualifying age to 55. The Senate Committee on Assessment and Taxation amended the bill to lower the qualifying age to 62 and change the \$3,000 exemption to a \$120 credit -- an equivalent benefit at the 4 percent average marginal rate which then prevailed. The bill passed the Legislature and became effective in 1982. The credit was codified at K.S.A. 79-32,111b.

## Davis v. Michigan

On March 28, 1989, the U.S. Supreme Court announced its decision in the case Davis v. Michigan Department of Treasury (109 S. Ct. 1500). The decision held that under 4 U.S.C. 111, part of the Public Salary Tax Act of 1939, income tax exemptions for state employees are discriminatory if similar exemptions are not available to federal employees. The Court rejected the state's argument that the statute applied only to current income and not to retirement benefits. Since the state had conceded the issue in this case, the Court did not decide whether other federal retirees were due a refund.

Potentially large fiscal effects on some states are estimated to total \$500 million annually although the bulk of that represents taxes on federal civil service. Refunds could amount to four times the annual amount.

### Committee Activity

The Committee devoted part of each meeting to this proposal. Staff prepared a background memorandum and briefed the Committee on the Advisory Commission on Governmental Relations Report A-50, dated July, 1976, which recommended that state and local sales and excise taxes be extended to on-base commissary and exchange sales. The Committee also was briefed on the Department of Defense Directory 1330.9 (Armed Forces Exchange Regulations) which extends access to such exchanges and commissaries to retired personnel, their unremarried spouses, and dependents.

The Department of Revenue briefed the Committee at each of its meetings on the status of the District Court case filed by several retired military personnel asking for refunds back to tax year (TY) 1984. The Department also informed the Committee on the progress and nature of the administrative appeals process, and provided a summary of legislative responses of other states. The Department also provided fiscal notes for several possibilities. The estimated annual cost of an exemption for military retirement pay is approximately \$7.5 million, according to the Department, and the fiscal note for allowing refunds back to TY 1984 would be approximately \$45-\$50 million. Finally, the Department provided a preliminary estimate that exempting only the first \$8,100 of public retirement income would be approximately revenue-neutral.

The Committee received public testimony at its August meeting, and received limited additional testimony at its October meeting. Retired military conferees uniformly appealed for a prospective exemption of their income on the basis of fairness -- that all public retirees should be treated alike. Some conferees requested refunds back to TY 1984, but others expressed a willingness

to forgo refund claims if a prospective exemption could be enacted. All expressed support for enacting legislation to achieve the exemption.

A representative of the Kansas Association of Public Employees opposed the taxation of Kansas state and local retirement incomes.

### Committee Conclusions and Recommendations

The Committee recommends that military retirement income should be exempted from state income tax beginning with TY 1989. The Committee considered, but does not recommend, that refunds be allowed for taxes paid in prior years. Also, the Committee considered but does not recommend that a portion of other public salaries be taxed. Enactment of S.B. 423 will implement these recommendations.

Respectfully submitted,

December 4, 1989

Rep. Keith Roe, Chairperson  
Special Committee on Assess-  
ment and Taxation

Sen. Dan Thiessen,  
Vice-Chairperson  
Sen. Jim Francisco  
Sen. Audrey Langworthy  
Sen. Phil Martin\*  
Sen. Don Montgomery  
Sen. Lana Oleen  
Sen. Marge Petty

Rep. Jayne Aylward  
Rep. Rex Crowell  
Rep. Cindy Empson  
Rep. LeRoy Fry  
Rep. Bill Roy  
Rep. Michael Sawyer  
Rep. Gene Shore  
Rep. Marvin Smith  
Rep. Joan Wagnon

\* Ranking minority member.





FOUNDED 1963

## KANSAS COALITION OF MILITARY ASSOCIATIONS

1 Sept. 1989

The Kansas Coalition of Military Associations is patterned after The Military Coalition that is formed in Washington D. C., by the Military Association National Headquarter's Offices. It is a unique coalition of organizations that strives to protect its varied constituents from the recurrent assaults upon the privileges and benefits they have earned through dedicated service to their country. The Kansas Coalition represents a group of members from each of the 21 military-related associations as follows:

1. AIR FORCE ASSOCIATION (AFA)
2. AIR FORCE SERGEANTS ASSOCIATION (AFSA)
3. AMERICAN EX-POWS
4. AMERICAN LEGION
5. AMVETS
6. DISABLED AMERICAN VETERANS (DAV)
7. FLEET RESERVE ASSOCIATION (FRA)
8. MARINE CORPS LEAGUE (MCA)
9. NON COMMISSIONED OFFICERS ASSOCIATION (NCOA)
10. RESERVE OFFICERS ASSOCIATION (ROA)
11. SERGEANT MAJOR ASSOCIATION (SMA)
12. SOCIETY OF MILITARY WIDOWS/NAUS (SUNFLOWER CHAPTER IN WICHITA)
13. SUBMARINE VETERANS OF WW II
14. THE RETIRED ENLISTED ASSOCIATION (TREA)
15. THE RETIRED OFFICERS ASSOCIATION (TROA)
16. U. S. ARMY ASSOCIATION (USAA)
17. VETERANS OF FOREIGN WARS (VFW)
18. NAVY LEAGUE
19. MILITARY ORDER OF THE WORLD WARS
- CO-ORDINATING AGENCIES:
20. NATIONAL GUARD ASSOCIATION
21. KANSAS VETERANS COMMISSION

The Co-chairmen for the coalition are;

Cletus J. Pottebaum, Col. USAF (ret)  
President of the AFA, Kansas  
6503 E. Murdock, Wichita, KS, 67206 (Tel. 316-683-3963)

Martin W. Laue, Lt. Col. USA (ret)  
President of the Council of Chapters TROA  
631 W.Vine, Junction City, KS, 66441 (Tel. 913-238-7964)

Membership on Coalition: Each of the above listed Associations have nominated a principal and alternate to serve on the Committee. Normally attempts are made to have at least one of the two members living in the Topeka area, which permits their attending legislative meetings when Military Retiree issues are discussed.

Note: Inquiries on memberships in any of the above associations should be directed to the Co-Chairmen.

INCLOSURE 1.

Page 4 of 20

Attachment 4-6

TESTIMONY PRESENTED TO  
HOUSE TAXATION COMMITTEE

HB 2031

Representative Alex Scott

The significant change in this act as opposed to current law is found in the statement that for the taxable years commencing after December 31, 1990 the amounts received as retirement benefits for service in the armed forces of the United States will no longer be subject to income taxes. This has been sought by retirees from the military services to establish equity with civil service and other retired government employees.

Service in the armed forces has traditionally paid less than comparable positions in civil service or other government agencies that are devoted to public service. In former times the pay differential was almost extreme, however some corrections have been made in this over the last decade and the services have become much more professional and much more technical.

Nevertheless, there are problems in serving in the military with frequent disruptions of family life, enforced moves, sometimes on an annual basis and overseas duty without the family being able to accompany the serviceperson.

Efforts have been made over time to correct some of these inequities through the provision of free medical care, not only during the time in service but as a provision of retirement. In addition, there have been commissary privileges granted and certain opportunities to make purchases at reduced rates. Yet, overall, military service has meant sacrifices not only on the part of the serviceperson but also the attached family. For these reasons military personnel have not felt that their pay was equal to that of their civilian counterparts. In addition to this there was always the possibility of war with resultant death or disability.

Now let us turn to the benefits of retired personnel staying within the state of Kansas. Retired military personnel usually are officers or high ranking enlisted people since there is promotion throughout the minimum 20 years of service required to retire. Subsequently, those who retire have certain skill levels and education levels which make them very valuable as employees, particularly in supervisory positions. I could cite many of the retirees who settled in the Junction City-Manhattan area who supervised substantial businesses or developed businesses of their own and increased employment in the communities substantially.

Testimony-HB 2031  
March 6, 1991

I do not mean to be repetitive as I know many of the people who appear here today will expand on some of the statements that I have touched on. I would like the committee to bear in mind that retired military personnel are an economic resource just as industry that would be attracted from out of state would be an economic resource. The fact that a very good community/military relationship has existed for years in the Fort Riley-Junction City-Manhattan area, in addition to the natural beauty, pleasant climate and presence of recreational activities, make Fort Riley a sought after assignment. It is no wonder that our retired military personnel have been very active, enthusiastic supporters of all measures that would keep Fort Riley an active post and home of the First Infantry Division, a Division which, incidentally, acquitted itself very well in the recent Mid-East conflict.

Other states where military personnel are stationed frequently do not have state income taxes or have other tax forgiveness which make them havens of retired veterans. Most of us are aware that San Antonio, Texas has been this kind of location and it has helped make that city one of the fastest growing metropolitan areas in the United States in the last decade.

As with all tax measures, I ask the Committee to look at the pluses and minuses and I would suggest that overall the long-term pluses, particularly as it impacts on maintaining a very large industry in the Junction City-Manhattan area, be viewed favorably. I speak in support of HB 2031.

KENT GLASSCOCK  
REPRESENTATIVE, 62ND DISTRICT  
RILEY COUNTY  
1921 CRESCENT  
MANHATTAN, KANSAS 66502  
(913) 537-9156  
STATE CAPITOL, ROOM 155-E  
TOPEKA, KS 66612  
(913) 296-7646



TOPEKA

HOUSE OF  
REPRESENTATIVES

March 6, 1991

COMMITTEE ASSIGNMENTS  
MEMBER: TAXATION  
ENERGY & NATURAL RESOURCES  
RULES & REGULATIONS

HOUSE TAXATION COMMITTEE

HOUSE BILL 2031

Thank you Madam Chairman and members of the Committee for the opportunity today to testify in support of HB 2031.

At a time when we in the Kansas Legislature are faced with so many issues the right of which is so unclear, confusing, and seemingly indeterminable, I am delighted to be able to speak in behalf of an issue that has such over-riding clarity.

That issue is the one before us today: that of the fairness of conforming the tax treatment of Kansas' military retirees to that of other federal and state retirees.

The arguments of equity and fairness with regard to the tax treatment of our military retirees seems to me to be compelling. How can we justify as a state continuing to single out for such harsh treatment a solitary class of federal retirees? I think we cannot.

As a practical matter, by conforming our tax treatment to a broader sense of fairness with regard to military retirees, we will be encouraging these outstanding people - who constitute a highly trained and proven work force - to stay in Kansas. By staying, they will enrich our state not only with their federal retirement dollars, but with their outstanding civic and vocational contributions as well.

I encourage the committee to carefully consider and to strongly support HB 2031. It's the right thing to do.

Thank you Madam Chairman.

Kent Glasscock  
State Representative  
62nd District

HOUSE TAXATION  
Attachment #6  
03/06/91



Statement of Clay Comfort, President of the Jayhawk Chapter, Retired Officers Association, Lawrence, before the House Committee on Taxation on HB 2031, March 6, 1991.

I want to thank the Committee for this opportunity to appear in support of HB 2031 this morning. On behalf of the many retired servicemen and women and their spouses in the Lawrence area who are members of the Retired Officers Association, I can convey to you our strongest support for this bill and its companion bill in the other chamber.

As a group we have closely observed the reform of the various state income tax laws in the 25 states affected by the U.S. Supreme Court's Davis vs. Michigan decision of March 1989. It is distressing to know that as of this date, of the States affected by Davis vs. Michigan, only Kansas has yet to recognize the High Court's mandate for fairness and equity in the taxation of military retirees' pensions. But we are reassured by and most appreciative of the effort Representative Baker and her Co-sponsors have taken to initiate relief from this unfair tax burden now carried by military retirees.

The many retirees with whom I have discussed this matter during the past year understand clearly the fiscal constraints faced by Kansas; they want to carry their share of the burden but they believe, as do I, that presently they are being treated unfairly and taxed in an unconstitutional manner by the State of Kansas. We are also aware of the cost projections associated with HB 2031. I would respectfully submit that reflection upon the State's fiscal condition in 1989 and 1990, and the missed opportunities to solve this problem in one of those years supports most strongly the familiar military adage that "bad news never gets better with age."

HOUSE TAXATION  
Attachment #7  
03/06/91

KANSAS COALITION OF MILITARY ASSOCIATIONS

6503 E. Murdock  
Wichita, KS, 67206  
6 March 1991

Subject: Taxation of Retired Military Income in Kansas

To: Honorable Joan Wagnon  
Chairperson, House Assessment  
and Taxation Committee  
The State Capitol  
Topeka, KS, 66612

Dear Representative Wagnon:

In behalf of the military retirees in the state of Kansas, we wish to express our thanks for being invited to join your committee today, to present our appeal for equal taxation of retirement income.

Since 1974, the military retirees in Kansas have made appeals for equal taxation. In the 1981 time period, the state had granted a \$120 tax credit for retirees of the U. S. armed services who are 62 or older. This exemption is not equal to that granted to other federal retirees, living in the state of Kansas.

Since April 1989, we have renewed our appeals. This action was taken as the U. S. Supreme Court, in the case of Davis vs Michigan Department of Treasury, struck down a Michigan tax law that exempted from state income taxation, retirement benefits paid by the state. The court ruled that the taxation of certain federal retirement benefits while exempting similiar state benefits violates the "doctrine of intergovernmental tax immunity".

In the past year and one half, twenty-five states have been taking steps to comply with the Supreme Court ruling on the Davis vs Michigan case. The majority of them have made changes to assure equality in taxation of retirement income. It is our hope that the state of Kansas, through legislative action will grant exemptions to the taxation of military retirement income, such as that now being done for other federal retirees.

The objectives of the military retirees in Kansas are:

1. Seek equality in taxation of military retiree income.
2. Request exemptions on taxation of military retiree income consistent with those policies now extended to other federal retired personnel in the state of Kansas.

The proposed bill number 2031 is recommended for approval and adoption.

Thank you very much.

Sincerely,

*Cletus J. Pottebaum*  
Cletus J. Pottebaum  
Co-Chairman

Kansas Coalition of Military Associaitons

HOUSE TAXATION  
Attachment #8  
03/06/91

March 6, 1991

SUBJECT: Taxation of Retired Military Pensions

To: Chairman, Assessment and Taxation Committee

FROM: James C. Trepoy, 734 Max Ave., Salina, Kansas  
Command Sergeant Major, US Army, Retired

In behalf of the many military retirees and widows of military retirees in the State of Kansas, I wish to express our thanks for the opportunity to present our appeal for equal taxation of retirement income.

The Public Salary Tax Act of 1939, copy attached, provides that a duly constituted tax authority having jurisdiction to tax compensation for personnel services of an officer or employee of the United States or any agency or instrumentality may be taxed if such taxation does not discriminate against such officer or employee because of the source of such compensation.

The State of Kansas does not tax Federal Civil Service retirement benefits, nor does the State of Kansas tax state retirement benefits such as KPERS , and other similar programs.

The Supreme Court ruled in 1989, that it is unconstitutional if state laws tax the retired pay of federal and military retirees while allowing retirees of state and local governments to shield all or part of their pensions from the state income tax. The State of Kansas exempts both the federal civil service and state retiree pensions but not the military pension. Is the State of Kansas showing discrimination?

Of the 26 states affected by the Supreme Court ruling, most states have amended their income tax laws to exempt a part or all, of Federal retired pay, including military retired pay, from state income taxes. Surely, we don't want to be known as the last state to abide by the Supreme Court ruling.

As most of the retired military live in the areas surrounding a military installation, there are members of the House and Senate that do not have retirees living in their districts. We in the military served and represented all the people of the United States and not just certain districts of a state, so we ask that each and every one of you pass this information on to your colleagues.

We know the state of Kansas has a law on the book to tax military pensions, and I exhibit a pencil with an eraser on one end. The eraser is put on pencils so an error can be corrected. Now is the time to correct this discrimination.

We military retirees are not asking for relief of paying taxes, but asking for equity in the taxation of retiree pensions.

Thank you.

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1939

[Public No. 32—76th Congress]

[CHAPTER 59—1ST SESSION]

[H. R. 3700]

AN ACT

Relating to the taxation of the compensation of public officers and employees.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Public Salary Tax Act of 1939".

TITLE I

SECTION 1. Section 22 (a) of the Internal Revenue Code (relating to the definition of "gross income") is amended by inserting after the words "compensation for personal service" the following: ("including personal service as an officer or employee of a State, or any political subdivision thereof, or any agency or instrumentality of any one or more of the foregoing").

SEC. 2. Section 116 (b) of the Internal Revenue Code (exempting compensation of teachers in Alaska and Hawaii from income tax) is repealed.

SEC. 3. Section 22 (a) of the Internal Revenue Code is amended by adding at the end thereof a new sentence to read as follows: "In the case of judges of courts of the United States who took office on or before June 6, 1932, the compensation received as such shall be included in gross income".

~~SECTION 4. The United States hereby consents to the taxation of compensation, received after December 31, 1938, for personal service as an officer or employee of the United States, any Territory or possession or political subdivision thereof, the District of Columbia, or any agency or instrumentality of any one or more of the foregoing, by any duly constituted taxing authority having jurisdiction to tax such compensation, if such taxation does not discriminate against such officer or employee because of the source of such compensation.~~

TITLE II

SEC. 201. Any amount of income tax (including interest, additions to tax, and additional amounts) for any taxable year beginning prior to January 1, 1938, to the extent attributable to compensation for personal service as an officer or employee of a State, or any political subdivision thereof, or any agency or instrumentality of any one or more of the foregoing—

(a) shall not be assessed, and no proceeding in court for the collection thereof shall be begun or prosecuted (unless pursuant to an assessment made prior to January 1, 1939);

(b) if assessed after December 31, 1939, the assessment shall be abated, and any amount collected in pursuance of such assessment

VINSON ACT SECTIONS

1st — 1940

2nd — 1940

SOCIAL SECURITY ACT



6 MARCH 1991

TO: Honorable Joan Wagnon, Chairperson of the House  
Assessment and Taxation Committee.

Subject: House Bill 2081 Regarding the Stoppage of State  
Taxes on Military Income.

1. I am Lynn R. Samms, a holder of the combat inf badge with two stars and served 30 years in the armed forces and proud to have served my country and my state of Kansas. A past president of T.R.E.A. The Retired Enlisted Association chapter #4 in Junction City, Kansas.

2. First I want to Thank this Committee for hearing us to day and to REPRESENTATIVE ELIZABETH BAKER for the Dedication and Confidence she has in her Elected position and is working for the betterment of the people of Kansas.

3. I Would like to publicly recognize those that has placed their name in support of HB 2081 as co-sponsors and thank them for believing in this bill.

4. We the Military Retirees since 1974 have made repeated appeals to the Governor and State Legislators Pleading for Equal taxation and that is all that we the retired military is asking, that you give favorable consideration to this bill, which would place military retirees on an equal footing with the tax treatment presently accorded to federal, state, and local government civil service retirees.

5. While realizing the constraints imposed on this body by the states financial situation, we desire that this bill be passed in its present form with no amendments, if at all possible.

6. I would like to point out that there will be a number of active military that once again has placed their selves in harms way for the right for you and me and all freedom loving persons to have the right of choice and to live under the flag of freedom, will be looking for a place that has the best reasons as to where they should make their permanent home upon retirement from the military.

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7. We feel that HB 2031 will encourage more military retirees to settle here in our state and there by improve the financial situation of the state.

8. I would like to point out the fact that no retiree was called back in to the service under the State tax dept interpretation that kansas has the right to tax the retired military pay because we were drawing retainer pay and not retirement pay.

9. I submit to you a copy of my w-2p from the goverment to give proof that I am not receiving what the state says that it has the right to tax my retired pay because we are being paid a retainer pay, as you can see the goverment is paying me under retired pay.

10. My chapter members are asking that you give favorable consideration to this bill, which would place the retired military on an EQUAL footing with the tax treatment presently accorded to federal, state, and local government retirees.

11. Are there any questions?

12.

Form W-2P Statement for Recipients of  
**ANNUITIES, PENSIONS, RETIRED PAY,  
OR IRA PAYMENTS**

RETIRED PAY OPERATIONS  
DEPT. ARMY RETIRED PAY 6349  
INDIANAPOLIS, INDIANA 46249-1536  
35-600 5339W  
OMB No. 1545-0008

COPY B - FILE WITH RECIPIENT'S  
FEDERAL TAX RETURN

FEDERAL INCOME TAX INFORMATION			STATE INCOME TAX INFORMATION		
Annuity, Pension or Retired Pay			4 State code	5 State income tax withheld	6 State
9 Gross amount 18876.00	10 Taxable amount 17574.63	11 Federal income tax withheld 2126.82		NONE	

LYNNIE R SAMMS  
336 W 1ST  
JUNCTION CITY KS 66441-3026

511 14 9740

1990 FORM W-2P DEPT. OF THE TREASURY - INTERNAL REVENUE SERVICE

THANK YOU AGAIN

SFC RET LYNNIE R. SAMMS

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**A Prepared Statement by Michael E. Rohly  
For Presentation to the Special Committee on Assessment and Taxation  
On the Taxation of Retired Military Personnel**

Good morning/afternoon/evening ladies, gentlemen. I'd like to thank the Chairman and each of the committee members for providing me and these other folks with the opportunity to speak before this committee. I'm here as the Commander of Abilene's Veterans of Foreign Wars Post #3279, Ike's Home Post, representing my 213 members and any military retiree who is unable to be here today. For those of you who weren't here for my previous presentation some eighteen months ago, I am Michael E. Rohly, a retired veteran and Army Master Sergeant of nearly twenty-seven years of service. I retired in 1984. Like you, in your profession, I've considered myself a *professional*, since my first reenlistment. Attached as Enclosure 1 is a copy of that prepared statement without its enclosures, you may read it at your leisure.

First and foremost I appreciate being invited to this hearing. But I'm frustrated when people want me *not* to be too vocal and impassioned about what I'm here to speak about today. I feel, that being a nice guy has gotten military retirees nowhere, and in my work with the V.F.W., I've appealed to our state leadership, the Department of Kansas, of two administrations for their support, soon a third, and all I've been told is that Kansas legislators are tired of hearing how military retirees are getting the short end of the stick, regardless of how unfairly and illegally we're being treated, or that we're being discriminated against.

Since my last appearance before this committee I've read and listened to a lot of rhetoric on whether the U.S. Supreme Court ruling of Davis vs. Michigan really pertains to military personnel, because that ruling was for "federal employees." On just that basis, I believe our legislature has a relatively simple decision to make, because our nation's constitution allows only our federal government to employ a standing armed force. I've also asked in letters I've written to Editors; "Why can't our Governor or our legislature, contact the United States Supreme Court and request documentation attesting that the intent of their ruling was for *all* federal employees, or, that it was just for civil servants?" I now ask this august committee: If this is *such* a problem, then why hasn't this Special Committee or Kansas' Speaker of the House, contacted the U.S. Supreme Court for a more complete delineation of that ruling?

Again, of all the rhetoric I've read and listened to, regarding the taxation of military retirees in Kansas, all too many people are concerned with whether we've contributed to our pension or not. To these people, I still say: "*So what if we don't contribute any money, to our retirement benefits!*" Of all the Kansas Statutes that I've read, including their history and notes, several references are made to tax exempt pension plans receiving contributions from the employee. But in all these same laws, nowhere does it state, that *only* pensions or retirement plans that employees contribute to, are to be considered for tax exempt status. And, as I listen to and consider all these things, this seems to be a major problem for our legislative body. I, as do others, feel there is *too much* concern, placed on tax revenues that would be lost, IF military retirees were no longer taxed, and, *too little* concern, for the multi-millions or billions, of state tax revenues that have already been lost, from our federal and state civil service retirees in the last thirty years.

As I have also written in letters to Editors, the problem as I see it, is that the Kansas Legislature is passing the buck to the Judicial Branch to solve *their* problem. I see this as a major obstacle, because Kansas' Supreme Court, and lower

Courts, are expected to rule on what our legislators apparently refuses to do -- right or wrong -- deliver legislation that is fair and equitable to Kansas under the ruling of Davis vs. Michigan. Neither I nor any military retiree who's here to speak before you, would complain, if you taxed everyone fully, fairly and equally. But when you do enact laws, treat us fairly and equally. Do no less for the military retiree, than what you've done for state and federal civil service retirees who've been exempt for these past thirty years, I think that would be very fair. It seems to me that Kansas' Legislators wants our Judiciary body to enact our laws. Isn't this contrary to Kansas' Constitution? But all military retirees want, is equality and refunds for the tax years due us, which is a very small compensation for being treated as second, third or fourth class citizens for our faithful service.

Last October, United States Senator Nancy Kassebaum called me, and in our conversation I asked if she was aware that when she left her seat in the U.S. Senate, that her retirement benefits would be tax exempt in Kansas. Well, she wasn't aware of her future exemption and I referred her to Senator Lana Oleen. Ladies and gentlemen, Senator Kassebaum was under the assumption that she *would* be paying tax to Kansas, on all of her federal retirement benefits, and was very adamant about it. About Kansas' apathetic attitude toward military retirees, I've written to my Kansas Senator, the Honorable Mr. Ross O. Doyen, who's supposed to be representing me before Kansas' legislature, by certified mail, regarding this issue, and I have yet to receive a response. Yet people still feel, that military retirees shouldn't make waves when they appear before a committee like this one. If our legislators cannot help us, then who should we turn to, PACs and lobbyists, and pay to have laws enacted?

My solution is still a simple one: Exempt military pensions as fairly as you are exempting civil service pensions, or tax civil service pensions as fairly as you are taxing military pensions. But stop Kansas' illegal and discriminatory taxation of its military retirees. By the way, these tax exemptions includes your future retirement benefits when each of you are no longer our Senators and Representatives. In conclusion I ask you committee members the same question I asked you eighteen months ago: *What did military retirees DO, to receive such shabby treatment???* And further: *How long will it be, before the veterans and military retirees from Operation Desert Storm, will be standing here before a similar committee, asking the same questions, that I am asking you now?????*

Ladies and gentlemen I stand before you pleading for the fair and equal legislation, in taxing Kansas' military retirees. If you have any questions on my presentation, I'll be glad to answer them. Thank you.

  
Michael E. Rohly  
U.S. Army Retired

1 Enclosure  
as stated

A Prepared Statement by Michael E. Rohly  
for presentation to the  
Special Committee on Assessment and Taxation  
on  
Proposal No. 10 -- Taxation of Retired Military Personnel

Good afternoon ladies, gentlemen. I am Michael E. Rohly, a retired Army Veteran of nearly twenty-seven years. I retired as a Master Sergeant in 1984; and so you understand -- since my first reenlistment in the Army, I've considered myself a *professional*, like each of you, a *professional*. I am a combat veteran and I understand the hazards of military duty. Since my retirement, I've lived in Abilene and now I have a vested interest in what happens to military retirees, and more personally, to our income. And so we understand each other, both military and civil service employees are employees of a government. So regardless of how some of you may feel, military retirement pay *is considered a government pension* by the federal government and the IRS.

For your reading leisure, at Enclosure 1 is a copy of the Salina Journal's article, of the comments made by Kansas' Secretary of Revenue, Mr. Ed C. Rolfs, causing me to write letters to the Editors of the Abilene Reflector-Chronicle, the Junction City Daily Union, the Salina Journal, and The Wichita Eagle-Beacon. At Enclosure 2 is the letter printed by the Salina Journal on July 12. At Enclosure 3 is Secretary Rolfs' reply to me through his Director of Taxation, Mr. John R. Luttjohann, and my reply to him.

For Mr. Rolfs to say that military retirees contribute nothing to our pensions is ludicrous; I think he really meant that we don't contribute any money and he's correct. And yes it's true, federal and KPERS civil service employees do contribute to their pensions, I'll not argue these points. But it seems it's conveniently forgotten that civil service retirees are allowed to reduce the taxable amount of their pensions, by the amount they've paid into their pensions, when they file their federal tax returns. And I respond to Mr. Rolfs' comments by saying: "*So what if we don't contribute any money to our pensions!;*" they are still valid pensions, in fact they are *defined fixed benefit pension plans*, and whether they're pensions for military or civil service is *irrelevant*.

As examples of what I mean: Suppose instead of retiring as I did, I got out of the Army after ten years of service, applied for and was hired into a job at the Eisenhower Center in Abilene; I would then be working as a civil servant. And just suppose, I worked for ten more years, and I decided to retire from civil service; I could do that too, and with twenty years of *civil service*. At this point *none* of my retirement is taxed in the State of Kansas, but a military pension *IS*. *Would someone, please, explain the difference to me!*

In the past, Kansas let its KPERS employees claim the funds they've contributed to their pensions. like federal retirees have, but in the first three years of their retirement; and now it's based solely on life expectancies. Federal employees have the options of getting all the funds they paid into their pension, in their first two years of retirement, in sixty and

forty-percent increments, in cash with interest; **OR**, over the rest of their life, again, by reducing their taxable pension based on life expectancies. However, we members of the armed forces are expected to give life, limbs, and body parts, plus unspecified absences from our families, just to be discriminated against in regard to our taxes, for our service. But yes indeed, we do get a tax break, **if**, we are disabled while in service, but as a *reduction* of our pension, whereas most other disability payments are paid like monthly insurance annuities.

You should also consider -- that it's possible for a military person to serve twenty, thirty or more years, pay income tax to Kansas all these years, not live in kansas, not be able to use any of the benefits or services they've paid for, then have their government pension taxed when they retire. *Such a deal.*

My solution is simple, tax military pensions as fairly as you tax civil service pensions, **OR**, tax civil service pensions as fairly as you tax military pensions; plus, this gives Kansas a way to stop discriminating towards its military retirees. But regardless of whether we are retired city, county, state ,or federal civil service employees or retired from the military, we *were* employees of our government; and our pensions come from a government treasury, they just come from treasuries at different levels. In conclusion I have one question: *What did military retirees DO to receive this shabby treatment???*

Thank you all.

*[original signed]*  
Michael E. Rohly  
U.S. Army Retired

3 Enclosures  
as stated

Enclosure 1.



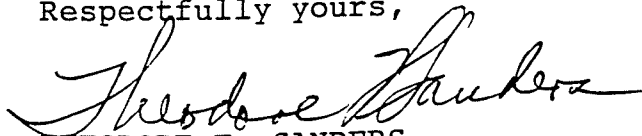
A PREPARED STATEMENT BY THEODORE F. SANDERS  
FOR PRESENTATION TO THE  
HOUSE OF REPRESENTATIVE COMMITTEE ON HOUSE BILL #2031

I am a military retiree and a member of the Retired Sergeants Major Association.

The military community and I, through the Kansas Coalition of Military Associations and the Retired Sergeants Major Association of Kansas, have made our appeals to the Special Joint Assessment and Taxation Committee in August and October 1989. We are strongly recommending that the House of Representatives review **SENATE BILL #46** before making any alternate approach to solving the problem of equal taxation of State and Federal retirement pay as directed by the U.S. Supreme Court to comply with the decisions made on the Davis vs. Michigan case. We understand that the proposed **SENATE BILL #43** and **HOUSE BILL #2031** will be on the agenda some time soon. We hope you will give the bill favorable consideration when it reaches the House

If and when future hearings are scheduled reference military retiree pay taxation we would appreciate being notified in advance of time and place of such hearings.

Respectfully yours,



THEODORE F. SANDERS

PAC Chairman

Kansas Chapter, RSMA

HOUSE TAXATION

Attachment #12

03/06/91



STATE OF KANSAS

OFFICE OF THE ATTORNEY GENERAL

2ND FLOOR, KANSAS JUDICIAL CENTER, TOPEKA 66612-1597

ROBERT T. STEPHAN  
ATTORNEY GENERAL

MAIN PHONE: (913) 296-2215  
CONSUMER PROTECTION: 296-3751  
TELECOPIER: 296-6296

March 6, 1991

Representative Joan Wagnon, Chairperson  
House Taxation Committee  
State Capitol, 272-W  
Topeka, KS 66612

RE: House Bill 2031

Dear Chairperson Wagnon:

I am sorry I am unable to testify before your committee today. I do want to express my support for House Bill 2031.

Any plan of taxation even if constitutionally proper should be fair. Fair taxation demands that we not tax one segment of our state while allowing others' main source of income to be tax free.

Various governmental employee groups have been exempted from paying income tax on pensions. The military has been excluded from this benefit. I believe the State of Kansas should end this discrimination against military retirees and exempt them from taxation.

I ask for you to pass House Bill 2031. Thank you.

Sincerely,

A handwritten signature in cursive script that reads "Robert T. Stephan".

Robert T. Stephan  
Attorney General

HOUSE TAXATION  
Attachment #13  
03/06/91

D

AMERICAN LEGION STATEMENT ON HB 2031  
Presented March 6, 1991 by  
Charles M. Yunker, State Adjutant

Thank you for allowing me the opportunity to appear before you today in support of HB 2031 which if enacted into law would effectively eliminate inequities in how Kansas taxes Federal retirees and certain other government retirees. Today is my first opportunity to convey to the Legislature that The American Legion passed a resolution calling for equal taxation of military retirees.

Granted military retirees do not directly contribute to their retirement program but they do so indirectly through lower pay as compared to their civilian counterparts many of whom perform the same duties, sometimes side by side. Further regarding the direct vs indirect contributions towards retirement; military pay raises have always and continue to lag behind civil service pay increases.

Military personnel are on call 24 hours a day in the event of an emergency often living in substandard housing. In my four plus years in the military I never once was housed in anything more than a "temporary" World War II barracks. Actually my time aboard ship in cramped quarters was more liveable than the available barracks. Yes, military housing is changing for the better, but even the best is still like living in a college dorm. Their civilian counterparts get to go home every night, many military people do not.

Military personnel undergo periodic transfers straining their family life. Their civilian counterparts by and large are not transferred. Federal and other civil service workers receive paid Holidays; the military doesn't shut down, someone must be on duty 24 hours a day.

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Military personnel are placed in harms way during war; their civilian counterparts are not, or rarely are.

I have heard testimony stating the "great" benefits that retirees receive by shopping at military installations. Yes, there are some savings, about 10% over and above civilian discount houses. However unless the retiree lives very near a military installation it is not worth the time, effort and expense to drive to Ft. Riley or Ft. Leavenworth, Wichita, etc.

Retired military pay is spent in Kansas and by not passing HB 2031 you may drive retirees out of the state. By approving HB 2031 you will indirectly improve the states economy by increasing the military retirees disposable income.

The American Legion's resolution calls for equal taxation of all retired Federal Employees. When considering HB 2031 please remember the word "job" in the Army's advertisements "It's not a job it's an adventure." The Army may consider putting your life on the line an adventure; veterans call it serving our country and our state. But above all it is a job just like every other Federal job. We ask you to support HB 2031.