



Representative Nino Vitale
85th Ohio House District

Representative Erica C. Crawley
26th Ohio House District

Sponsor Testimony on House Bill 18
February 19, 2019

Thank you Mr. Chair Schaffer, Vice Chair Lipps and Ranking Member Rogers,

Did you know that if you are an Ohio military veteran, honorably discharged due to an injury that occurred in the line of duty, and you receive a one-time veterans disability severance payment (DSP), this compensation will be taxed in the state of Ohio?

It's true. While most disabled veterans' severance payments are tax exempt*, comprehensive research from our offices, LSC and tax accounts has revealed that if a disabled veteran's DSP is computed based on years of service, rather than on their individual disability rating, then their one-time disability severance payment is taxed as ordinary retirement income. The Ohio Revised Code exempts veterans retirement income** but as of today, these one-time DPS payments are not exempt.

This Bill, "The Ohio Veteran's Exemption Payment Act" (OVEP) does the following two things, it:

- (1) Offers a one-time, refundable tax credit to veterans who have paid state income tax on disability severance payments going back to January 17, 1991, mirroring the federal statute. (The Veterans Tax Fairness Act)
- (2) Provides veterans a two-year period during which they can claim the retroactive credit.

Like me, I'm sure that you want to ensure that all veterans' disability severance and retirement pay is treated the same, regardless of whether the payment is received periodically or comes in the form of a one-time disability severance payment.

This issue was brought to our attention by Father Matt Lee. Fr. Lee grew up in Logan County and was not only an Air Force vet but also a member of the NSA. He is technologically savvy and cannot talk about many of his assignments, due to their sensitive nature.

Father Lee was injured while deployed in Germany after 12 years of service and had a large amount of money taken out of his disability severance. As you can tell by the title I have used, Father Lee is now a priest in my district, serving Ohioans in another way. This bill would accomplish a simple but important task. It would ensure that all of our honorably discharged, injured vets are treated the same, regardless of how their benefits are calculated.

This bill is supported by the Central Ohio Defense Group and well, every veteran I have talked with honestly. Please join my joint sponsor, Rep. Crawley, and I, and vote yes. Let's not have Ohio be a state that taxes veterans who were injured while serving our great state and our great nation.

Below is the very short and only wording to be added to ORC 5747.01 as written by LSC:

“Deduct, to the extent not otherwise deducted or excluded in computing federal or Ohio adjusted gross income for the taxable year, amounts received by the taxpayer as a disability severance payment, computed under 10 U.S.C. 1212, following discharge or release under honorable conditions from the armed forces. ‘Armed forces’ has the same meaning as in 10 U.S.C. 101.”