
Defense Report

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Another Bite on Military Shoppers

Early in the Nation's history, as military posts were established on the western frontier, a decision was made that these federal enclaves sprinkled through the newly established states would be exempt from taxation by those states. To do otherwise would have amounted to one governmental jurisdiction taxing another.

One of the manifestations of this decision was the exemption from state and local sales taxes for military commissaries and post exchanges, where service personnel and their families buy groceries and necessities. Another exemption is in evidence in the United States Capitol, where Congressmen and Senators buy meals, cigarettes and stationery items without paying the District of Columbia sales tax.

For several years there has been growing pressure from several states to overturn this tax exemption as they seek ways to increase revenues. The issue has gone to court several times but in each case the courts have upheld the continued exemption. Now a third party has entered the discussion. The General Accounting Office, the fiscal watchdog of Congress, is embarking on a study to determine whether the law should be changed so the exemption can be eliminated.

If this is done, of course, the net result will be an effective pay cut for all military personnel. Every trip to the commissary to buy groceries or to the post exchange to buy clothing, cosmetics, kitchenware—even toys for Christmas—will cost more. Perhaps the worst fallout from the loss of the exemption would be additional fuel to feed the fires of discontent over the continued loss of benefits associated with military service. With military pay lagging behind inflation since 1972, with the President announcing plans to put an arbitrary ceiling on military cost-of-living adjustments this year and with service personnel having to bear more and more of the financial impact of medical care this latest move to shrink their real income will not sit well.

The jurisdictions surrounding military installations get a bonus from the Federal government each year in the form of impact aid to their school systems to compensate for the presence of the children of military families. The military families pay local real estate and personal property taxes as well as state income tax where they are stationed or in their home state. When they buy items the exchanges and commissaries can't sell, like automobiles, furniture and major appliances, they pay the same sales tax as everyone else.

This continued nibbling at the special aspects of military life will have one certain long range effect—Military service will become just another job, with the concurrent loss of the esprit that makes it something worth doing.