

1 SB351
2 212139-1
3 By Senator Chesteen
4 RFD: Finance and Taxation Education
5 First Read: 18-MAR-21

8 SYNOPSIS: Under existing law, Alabama taxpayers not
9 currently residing in the state, and who serve as
10 active duty members of the United States Army,
11 United States Navy, United States Air Force, United
12 States Marine Corps, or United States Coast Guard,
13 or who serve in any of the reserve components of
14 the United States Armed Forces, or who serve in the
15 Alabama Army National Guard or Alabama Air National
16 Guard, do not have an option for deducting military
17 pay and allowances on Alabama individual income tax
18 returns while stationed outside of the State of
19 Alabama.

20 This bill would grant a state income tax
21 deduction for military pay and allowances to
22 Alabama taxpayers not currently residing in the
23 state, and who serve as active duty members of the
24 United States Army, United States Navy, United
25 States Air Force, United States Marine Corps,
26 United States Space Force, or United States Coast
27 Guard, or who serve in any of the reserve

1 components of the United States Armed Forces, or
2 who serve in the Alabama Army National Guard or
3 Alabama Air National Guard.

4 This bill also would require military
5 service members claiming deductions for military
6 pay and allowances to annually certify current
7 residence status to the Alabama Department of
8 Revenue.

9 This bill would also require the Alabama
10 Department of Revenue to adopt rules for
11 implementation and enforcement of the bill.

12
13 A BILL
14 TO BE ENTITLED
15 AN ACT
16

17 Relating to military service members; to provide for
18 a state income tax deduction for military pay and allowances
19 for Alabama taxpayers serving as active duty members of the
20 United States Army, United States Navy, United States Air
21 Force, United States Marine Corps, United States Space Force,
22 or United States Coast Guard, or serving in any of the reserve
23 components of the United States Armed Forces, or serving in
24 the Alabama Army National Guard or Alabama Air National Guard,
25 while stationed outside the state; to require military service
26 members claiming deductions for military pay and allowances to
27 annually certify current residence status to the Alabama

1 Department of Revenue; and to require the Department of
2 Revenue to adopt rules to implement and enforce the provision
3 of the deduction.

4 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

5 Section 1. (a) An Alabama taxpayer not currently
6 residing in the state, and who serves as an active duty member
7 of the United States Army, United States Navy, United States
8 Air Force, United States Marine Corps, United States Space
9 Force, or United States Coast Guard, or who serves in any of
10 the reserve components of the United States Armed Forces, or
11 who serves in the Alabama Army National Guard or Alabama Air
12 National Guard, may claim a deduction on his or her Alabama
13 income tax return for military pay and allowances received
14 during the taxable year which are not otherwise deductible or
15 excludable from adjusted gross income for state income tax
16 purposes for the taxable year. The deduction may not be
17 claimed for military pay and allowances received by the
18 taxpayer while the taxpayer is stationed in this state.

19 (b) The taxpayer shall certify annually his or her
20 residence status, on forms provided by the Alabama Department
21 of Revenue, in order to claim the deduction provided for in
22 this section.

23 Section 2. The Department of Revenue shall adopt
24 rules to implement and enforce this act.

25 Section 3. This act shall become effective for the
26 taxable years beginning after December 31, 2021, following its

1 passage and approval by the Governor, or its otherwise
2 becoming law.