

1 SB5
2 202628-1
3 By Senator Elliott
4 RFD: Finance and Taxation Education
5 First Read: 04-FEB-20
6 PFD: 07/24/2019

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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, or
26 United States Coast Guard, or who serve in any of
27 the reserve components of the United States Armed

1 Forces, or who serve in the Alabama Army National
2 Guard or Alabama Air National Guard.

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

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

11
12 A BILL
13 TO BE ENTITLED
14 AN ACT
15

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

1 Revenue to adopt rules to implement and enforce the provision
2 of the deduction.

3 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

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

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

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

24 Section 3. This act shall become effective for the
25 taxable years beginning after December 31, 2020, following its
26 passage and approval by the Governor, or its otherwise
27 becoming law.

