

ACT #2022 - 294

1 HB162

2 217551-5

3 By Representatives Greer, Mooney, Whitt, Clouse, Lee, Marques,

4 Faust, Ingram, Wilcox, Ball, Sorrell, Smith and Lipscomb

5 RFD: Ways and Means Education

6 First Read: 18-JAN-22



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ENROLLED, An Act,

To amend Section 40-18-19, Code of Alabama 1975, relating to exemptions from state income taxation; to provide that up to \$6,000 of taxable retirement income is exempt from state income tax for individuals who are 65 years of age or older.

BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

Section 1. This act shall be known and may be cited as the Lynn Greer Retirement Income Tax Cut Act of 2022.

Section 2. Section 40-18-19, Code of Alabama 1975, is amended to read as follows:

"§40-18-19.

"(a) The following exemptions from income taxation shall be allowed to every individual resident taxpayer:

"(1) Retirement allowances, pensions and annuities, or optional allowances, approved by the Board of Control of the Teachers' Retirement System of Alabama, which exempt status is set out in Section 16-25-23.

"(2) Retirement allowances, pensions and annuities, or optional allowances, approved by the Board of Control of the Employees' Retirement System of Alabama, which exempt status is set out in Section 36-27-28.

"(3) The first eight thousand dollars (\$8,000) of any retirement compensation, retirement allowances, pensions

1 and annuities, or optional allowances, received by any
 2 eligible firefighter, as defined in Sections 36-32-1 and
 3 36-32-2, or his or her designated beneficiary, from any
 4 firefighting agency established in the State of Alabama, but
 5 only if such retirement compensation, retirement allowances,
 6 pensions and annuities, or optional allowances as are awarded
 7 as a result of fire protection services rendered. This
 8 subdivision shall become effective for the taxable years
 9 beginning January 1, 1987, and thereafter following its
 10 passage and approval by the Governor, or upon its otherwise
 11 becoming a law; provided, that for the taxable years beginning
 12 on or after January 1, 1991, all of the pension and retirement
 13 payments shall be exempt from taxation.

14 "(4) The first eight thousand dollars (\$8,000) of
 15 any retirement compensation, retirement allowances, pensions
 16 and annuities, or optional allowances received by any eligible
 17 peace officer, as defined in subdivision (11) of Section
 18 36-21-60, or his or her designated beneficiary, from any
 19 police retirement system established in the State of Alabama,
 20 but only if the retirement compensation, retirement
 21 allowances, pensions and annuities, or optional allowances are
 22 awarded as a result of police services rendered. This
 23 subdivision shall become effective for taxable years beginning
 24 January 1, 1984, and thereafter; provided, that for the
 25 taxable years beginning on or after January 1, 1991, all of

1 the pension and retirement payments shall be exempt from
2 taxation.

3 "(5) Income received as annuities under the United
4 States Retirement System from the United States Government
5 Civil Service Retirement and Disability Fund, including income
6 received from the Tennessee Valley Authority's pension system,
7 income received as annuities under the United States Foreign
8 Service Retirement and Disability Fund, or income received
9 from any other United States government retirement and
10 disability fund.

11 "(6) Beginning January 1, 1991, all payments made on
12 or after such date to a retiree or his designated beneficiary
13 under a "defined benefit plan," as defined under Section
14 414(j) of the Internal Revenue Code of 1986, as amended from
15 time to time, to the extent such payment would be taxable for
16 federal income tax purposes.

17 "(7) Net income realized by individuals and
18 partnerships from time to time in the business of conducting a
19 financial business employing ~~moneyed~~ monied capital coming
20 into competition with the business of national banks, but only
21 if such individuals and partnerships are subject to an excise
22 tax imposed by this state on or with respect to such income.

23 "(8) In the case of a single person or a married
24 person not living with husband or wife, a personal exemption
25 of one thousand five hundred dollars (\$1,500) or, in the case

1 of a head of a family or a married person living with husband
 2 or wife, a personal exemption of three thousand dollars
 3 (\$3,000), but a husband and wife living together shall receive
 4 only one personal exemption of three thousand dollars (\$3,000)
 5 against their aggregate income, and in case they make separate
 6 returns each must claim a personal exemption of one thousand
 7 five hundred dollars (\$1,500).

8 " (9) a. Three hundred dollars (\$300) for each
 9 person, other than husband or wife, dependent upon the
 10 taxpayer, and over half of whose support, for the calendar
 11 year in which the taxable year for the taxpayer begins, was
 12 received from the taxpayer.

13 "b. For tax years beginning after December 31, 2006,
 14 for taxpayers with adjusted gross income equal to or less than
 15 ~~\$20,000~~ twenty thousand dollars (\$20,000), one thousand
 16 dollars (\$1,000) for each person other than husband or wife,
 17 dependent upon the taxpayer, and over half of whose support,
 18 for the calendar year in which the taxable year for the
 19 taxpayer begins, was received from the taxpayer.

20 "c. For tax years beginning after December 31, 2006,
 21 for taxpayers with adjusted gross income in excess of ~~\$20,000~~
 22 twenty thousand dollars (\$20,000) and equal to or less than
 23 ~~\$100,000~~ one hundred thousand dollars (\$100,000), five hundred
 24 dollars (\$500) for each person other than husband and wife,
 25 dependent upon the taxpayer, and over half of whose support,

1 for the calendar year in which the taxable year for the
2 taxpayer begins, was received from the taxpayer.

3 "For the purposes of this section, "dependent" shall
4 mean: A son or daughter of the taxpayer or a descendant of
5 either; a stepson or stepdaughter of the taxpayer; a brother,
6 sister, stepbrother, or stepsister of the taxpayer; the father
7 or mother of the taxpayer or an ancestor of either; a
8 stepfather or stepmother of the taxpayer; a son or daughter of
9 a brother or sister of the taxpayer; a brother or sister of
10 the father or mother of the taxpayer; a son-in-law,
11 daughter-in-law, father-in-law, mother-in-law, brother-in-law,
12 or sister-in-law of the taxpayer. As used in this paragraph
13 the terms "brother" and "sister" include a brother or sister
14 by the half blood. For the purpose of determining whether any
15 of the foregoing relationships exist, a legally adopted child
16 of a person shall be considered a child of such a person by
17 blood.

18 "(10) Beginning January 1, 1998, all income,
19 interest, dividends, gains, or benefits of any kind received
20 from savings accounts or prepaid tuition contracts
21 administered under Title 16, Chapter 33C, are exempt from all
22 income taxation by the state and by all of its political
23 subdivisions to the extent that the amounts remain on deposit
24 in the PACT Trust Fund or the ACES Trust Fund, or are used to
25 pay the designated beneficiary's qualified higher education

1 expenses as defined in Section 529 of the Internal Revenue
2 Code of 1986, as amended, or are refunded under such terms as
3 would not carry a penalty under Section 529 of the Internal
4 Revenue Code of 1986, as amended.

5 "(11) Beginning January 1, 2016, all income,
6 interest, dividends, gains, or benefits of any kind received
7 from ABLE savings accounts administered under Title 16,
8 Chapter 33C, are exempt from all income taxation by the state
9 and by all of its political subdivisions to the extent that
10 the amounts remain on deposit in the ABLE Trust Fund, or are
11 used to pay the designated beneficiary's qualified disability
12 expenses as defined in Section 529A of the Internal Revenue
13 Code of 1986, as amended, or are refunded under such terms as
14 would not carry a penalty under Section 529A of the Internal
15 Revenue Code of 1986, as amended, or other applicable federal
16 law.

17 "(12) Beginning January 1, 2018, amounts received by
18 an individual from sources within a foreign country or
19 countries which constitute a housing allowance, and earned
20 income attributable to services performed by such individual
21 received during the tax period are exempt from all income
22 taxation by the state and by all of its political subdivisions
23 to the extent such income is exempt from federal income tax
24 pursuant to 26 U.S.C. Section 911.

1 "(13) a. Beginning January 1, 2023, the first six
2 thousand dollars (\$6,000) of taxable retirement income.

3 "b. This exemption may only be claimed by individual
4 taxpayers who are 65 years of age or older.

5 "(b) Of the following personal exemptions allowed
6 resident taxpayers, each nonresident individual taxpayer shall
7 be allowed that proportion thereof that the adjusted gross
8 income received by said nonresident individual taxpayer from
9 sources within the State of Alabama bears to his or her
10 adjusted gross income received from sources within and without
11 the State of Alabama: In the case of a single person or a
12 married person not living with husband or wife, a personal
13 exemption of one thousand five hundred dollars (\$1,500) or, in
14 the case of a head of a family or a married person living with
15 husband or wife, a personal exemption of three thousand
16 dollars (\$3,000), a husband and wife living together shall
17 receive but one personal exemption of three thousand dollars
18 (\$3,000) against their aggregate income; and, in case they
19 make separate returns, each must claim a personal exemption of
20 one thousand five hundred dollars (\$1,500); and the amount in
21 subdivision (9) of subsection (a) for each person, other than
22 husband or wife, dependent upon and receiving his or her chief
23 support from the taxpayer."

1 Section 3. The Department of Revenue may enact rules
2 as necessary to implement and administer the provisions of
3 this act.

4 Section 4. This act shall become effective on the
5 first day of the third month following its passage and
6 approval by the Governor, or its otherwise becoming law.

Mac McCutchen

Speaker of the House of Representatives

[Signature]

President and Presiding Officer of the Senate

House of Representatives

I hereby certify that the within Act originated in and was passed by the House 09-MAR-22, as amended.

Jeff Woodard
Clerk

Senate

05-APR-22

Amended and Passed

House

06-APR-22

Concurred in Senate Amendment

APPROVED

4-11-2022

TIME

2:15 pm

Kay Ivey
GOVERNOR

Alabama Secretary Of State

Act Num....: 2022-294
Bill Num...: H-162

Recv'd 04/11/22 04:03pmSLF

CO-SPONSORS

- Mooney
- Whitt
- Clouse
- Lee
- Marques
- Faust
- Ingram
- Wilcox
- Ball
- Sorrell
- Smith
- Lipscomb

I HEREBY CERTIFY THAT THE RESOLUTION AS REQUIRED IN SECTION C OF ACT NO. 81-889 WAS ADOPTED AND IS ATTACHED TO THE BILL, H.B. 162

YEAS 101 NAYS 0

JEFF WOODARD, Clerk

I HEREBY CERTIFY THAT THE NOTICE & PROOF IS ATTACHED TO THE BILL, H.B. _____ AS REQUIRED IN THE GENERAL ACTS OF ALABAMA, 1975 ACT NO. 919.

JEFF WOODARD, Clerk

CONFERENCE COMMITTEE

House Conferees _____

RD 1 RFD F. 72

This Bill was referred to the Standing Committee of the Senate on FEB 16 and was acted upon by such Committee in session and is by order of the Committee returned therefrom with a favorable report w/amend(s) 1 w/sub _____ by a vote of years 12 nays 0 abstain 0 this 29th day of March 2022, Chairperson _____

DATE: 3-29

RF F-AU AMND (1) RD: _____

DATE: _____

RE-REFERRED RE-COMMITTED

Committee _____

I hereby certify that the Resolution as required in Section C of Act No. 81-889 was adopted and is attached to the Bill

HB 162

YEAS 26 NAYS 3

PATRICK HARRIS
Secretary

FURTHER SENATE ACTION (COVER)