HB283

J18CYNF-1

By Representatives Paschal, Robertson, Harrison, Oliver, Starnes

RFD: Ways and Means Education

First Read: 05-Mar-24

SYNOPSIS:

Under current law, compensation for active service members of the armed forces of the United States in a combat zone is not subject to state income tax.

This bill would expand this exemption to include certain compensation of members of the National Guard and Reserve and those members who are deployed to locations outside the United States or activated to support state or federal response to emergencies within or outside of the United States.

A BILL

TO BE ENTITLED

AN ACT

Relating to income tax; to amend Section 40-18-3, Code of Alabama 1975, to expand the current state income tax exemption for military pay to include certain compensation of members of the National Guard and Reserve and those members who are deployed to locations outside the United States or activated to support certain emergencies.

BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

Section 1. Section 40-18-3, Code of Alabama 1975, is

amended to read as follows:

"§40-18-3

The salaries, fees, commissions or other income of officers or agents of the United States or its agencies and instrumentalities or its contractees, received from the United States or from its agencies and instrumentalities, shall be subject to income taxes levied by the State of Alabama as other income is taxed, but without discrimination, and only to the same extent and in the same manner as other income is taxed, insofar as the State of Alabama may be constitutionally or legally authorized to tax such income; provided, that money paid by the United States to a person as compensation for active service as a member of the armed forces of the United States, including members of the National Guard and Reserve components, in a combat zone designated by executive order of the President of the United States, deployed to locations outside the United States, or activated by the Governor of the State of Alabama or the President of the United States to support state or federal response to emergencies within or outside of the United States shall not be subject to income taxes levied by the State of Alabama ~~for the calendar year 1965 or any subsequent year~~."

Section 2. This act shall become effective on January 1, 2025.