

2
3 HOUSE WAYS AND MEANS EDUCATION COMMITTEE AMENDMENT TO HB262
4
5
6
7

8 On page 1, after line 15 insert:

9 "This bill would also exempt from income tax any
10 amounts received by an individual from sources within a
11 foreign country, which constitutes housing allowance, and
12 earned income attributable to services performed to the extent
13 such income is exempt from federal income tax."

14 On page 1, delete lines 21 through 23 in their
15 entirety and insert:

16 "To amend Sections 40-18-15 and 40-18-19, Code of
17 Alabama 1975, to expand the adjusted gross income range
18 allowable for a maximum standard deduction; and to exempt
19 certain foreign income from income taxes to the extent such
20 income is exempt from federal income tax."

21 On page 1, line 25 delete "40-18-15, Code of Alabama
22 1975, is" and insert "Sections 40-18-15 and 40-18-19, Code of
23 Alabama 1975, are"

24 On Page 13, after line 16, insert the following:

25 "§40-18-19.

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

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

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

9 "(3) The first eight thousand dollars (\$8,000) of
10 any retirement compensation, retirement allowances, pensions
11 and annuities, or optional allowances, received by any
12 eligible firefighter, as defined in Sections 36-32-1 and
13 36-32-2, or his or her designated beneficiary, from any
14 firefighting agency established in the State of Alabama, but
15 only if such retirement compensation, retirement allowances,
16 pensions and annuities, or optional allowances as are awarded
17 as a result of fire protection services rendered. This
18 subdivision shall become effective for the taxable years
19 beginning January 1, 1987, and thereafter following its
20 passage and approval by the Governor, or upon its otherwise
21 becoming a law; provided, that for the taxable years beginning
22 on or after January 1, 1991, all of the pension and retirement
23 payments shall be exempt from taxation.

24 "(4) The first eight thousand dollars (\$8,000) of
25 any retirement compensation, retirement allowances, pensions
26 and annuities, or optional allowances received by any eligible
27 peace officer, as defined in subsection (11) of Section

1 36-21-60, or his or her designated beneficiary, from any
2 police retirement system established in the State of Alabama,
3 but only if the retirement compensation, retirement
4 allowances, pensions and annuities, or optional allowances are
5 awarded as a result of police services rendered. This
6 subdivision shall become effective for taxable years beginning
7 January 1, 1984, and thereafter; provided, that for the
8 taxable years beginning on or after January 1, 1991, all of
9 the pension and retirement payments shall be exempt from
10 taxation.

11 "(5) Income received as annuities under the United
12 States Retirement System from the United States Government
13 Civil Service Retirement and Disability Fund including income
14 received from the Tennessee Valley Authority's pension system,
15 income received as annuities under the United States Foreign
16 Service Retirement and Disability Fund or income received from
17 any other United States government retirement and disability
18 fund.

19 "(6) Beginning January 1, 1991, all payments made on
20 or after such date to a retiree or his designated beneficiary
21 under a "defined benefit plan," as defined under Section
22 414(j) of the Internal Revenue Code of 1986, as amended from
23 time to time, to the extent such payment would be taxable for
24 federal income tax purposes.

25 "(7) Net income realized by individuals and
26 partnerships from time to time in the business of conducting a
27 financial business employing moneyed capital coming into

1 competition with the business of national banks, but only if
2 such individuals and partnerships are subject to an excise tax
3 imposed by this state on or with respect to such income.

4 "(8) In the case of a single person or a married
5 person not living with husband or wife, a personal exemption
6 of one thousand five hundred dollars (\$1,500) or, in the case
7 of a head of a family or a married person living with husband
8 or wife, a personal exemption of three thousand dollars
9 (\$3,000), but a husband and wife living together shall receive
10 only one personal exemption of three thousand dollars (\$3,000)
11 against their aggregate income, and in case they make separate
12 returns each must claim a personal exemption of one thousand
13 five hundred dollars (\$1,500).

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

19 "b. For tax years beginning after December 31, 2006,
20 for taxpayers with adjusted gross income equal to or less than
21 \$20,000, one thousand dollars for each person other than
22 husband or wife, dependent upon the taxpayer, and over half of
23 whose support, for the calendar year in which the taxable year
24 for the taxpayer begins, was received from the taxpayer.

25 "c. For tax years beginning after December 31, 2006,
26 for taxpayers with adjusted gross income in excess of \$20,000
27 and equal to or less than \$100,000, five hundred dollars for

1 each person other than husband and wife, dependent upon the
2 taxpayer, and over half of whose support, for the calendar
3 year in which the taxable year for the taxpayer begins, was
4 received from the taxpayer.

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

20 "(10) Beginning January 1, 1998, all income,
21 interest, dividends, gains, or benefits of any kind received
22 from savings accounts or prepaid tuition contracts
23 administered under Title 16, Chapter 33C, are exempt from all
24 income taxation by the state and by all of its political
25 subdivisions to the extent that the amounts remain on deposit
26 in the PACT Trust Fund or the ACES Trust Fund, or are used to
27 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 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.

25 "(b) Of the following personal exemptions allowed
26 resident taxpayers, each nonresident individual taxpayer shall
27 be allowed that proportion thereof that the adjusted gross

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