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3 HOUSE WAYS AND MEANS EDUCATION SUBSTITUTE FOR HB41
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8 SYNOPSIS: Under existing law, active duty members of
9 the United States Marine Corps, Navy, Air Force,
10 Army, Coast Guard, Reserved Armed Forces, or
11 Alabama National Guard do not have an option for
12 deducting their active duty military pay and
13 allowances on their Alabama individual income tax
14 returns while stationed or deployed outside of the
15 United States.

16 This bill would grant a deduction to active
17 duty members of the U.S. Armed Forces on their
18 Alabama individual income tax return for active
19 duty military pay and allowances in which the
20 taxpayer was stationed or deployed outside of the
21 United States.

22 This bill also would require the service
23 member to certify annually to the Department of
24 Revenue his or her current residence status and
25 would require the Department of Revenue to adopt
26 rules necessary for the enforcement of the act.
27

1 A BILL
2 TO BE ENTITLED
3 AN ACT
4

5 To provide for a deduction on the Alabama
6 individual income tax return for active duty military pay and
7 allowances for residents stationed or deployed outside of the
8 50 States of the United States and the District of Columbia;
9 and to require the Department of Revenue to adopt rules.

10 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

11 Section 1. (a) Active duty Alabama residents
12 stationed or deployed outside the 50 States of the United
13 States and the District of Columbia may deduct military pay
14 and allowances received by them during the taxable year for
15 active duty service in the United States Marine Corps, Navy,
16 Air Force, Army, Coast Guard, Reserved Armed Forces, or
17 Alabama National Guard which is not otherwise allowable as a
18 deduction or exclusion from Alabama adjusted gross income for
19 the taxable year. The deduction may not be claimed for
20 military pay and allowances received by the taxpayer while the
21 taxpayer is stationed in the 50 States of the United States
22 and the District of Columbia.

23 (b) The deduction shall be taken in the tax year
24 that the eligible income is earned.

25 (c) In order to claim the deduction provided for in
26 subsection (a), the taxpayer must:

1 (1) Annually submit to the Department of Revenue
2 confirmation of his or her residence status as certified by
3 the Defense Finance and Accounting Service.

4 (2) Provide documentation of deployment or duty
5 station in a manner as prescribed by the Department of
6 Revenue.

7 (d) The Department of Revenue shall adopt rules
8 necessary for the enforcement of this act.

9 Section 2. This act shall become effective for the
10 taxable years beginning after December 31, 2020, and following
11 its passage and approval by the Governor, or its otherwise
12 becoming law.