

41-480

Reps. Petelos, Curry, Haynes

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H. 420

RECEIVED
MAY 18 1991
GOVERNOR'S OFFICE

8

9 Enrolled, An Act,

10 To amend Section 40-18-19(6), Code of Alabama 1975,
11 relating to exemptions from state income taxes, so as to
12 exempt all payments made to a retiree or beneficiary of a
13 "defined benefit plan"; and to provide retroactive effect for
14 the provisions hereof to January 1, 1991.

15 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

16 Section 1. Section 40-18-19, Code of Alabama 1975,
17 is hereby amended to read as follows:

18 "\$40-18-19.

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

21 "(1) Retirement allowances, pensions and annuities,
22 or optional allowances, approved by the board of control of
23 the teachers' retirement system of Alabama, which exempt
24 status is set out in section 16-25-23;

25 "(2) Retirement allowances, pensions and annuities
26 or optional allowances, approved by the board of control of
27 the employees' retirement system of Alabama, which exempt
28 status is set out in section 36-27-28;

29 "(3) The first \$8,000.00 of any retirement
30 compensation, retirement allowances, pensions and annuities,
31 or optional allowances, received by any eligible fire fighter,
32 as defined in sections 36-32-1 and 36-32-2, or his designated
33 beneficiary, from any firefighting agency established in the
34 state of Alabama, but only if such retirement compensation,
35 retirement allowances, pensions and annuities, or optional
36 allowances as are awarded as a result of fire protection

1 services rendered. This subdivision shall become effective
2 for the taxable years beginning January 1, 1987, and
3 thereafter following its passage and approval by the governor,
4 or upon its otherwise becoming a law; provided, that for the
5 taxable years beginning on or after January 1, 1991, all of
6 such pension and retirement payments shall be exempt from
7 taxation;

8 "(4) The first \$8,000.00 of any retirement
9 compensation, retirement allowances, pensions and annuities,
10 or optional allowances received by any eligible peace officer,
11 as defined in section 36-21-60(10), or his designated
12 beneficiary, from any police retirement system established in
13 the state of Alabama, but only if such retirement
14 compensation, retirement allowances, pensions and annuities,
15 or optional allowances are awarded as a result of police
16 services rendered. This subdivision shall become effective
17 for taxable years beginning January 1, 1984, and thereafter;
18 provided, that for the taxable years beginning on or after
19 January 1, 1991, all of such pension and retirement payments
20 shall be exempt from taxation;

21 "(5) Income received as annuities under the United
22 States retirement system from the United States government
23 civil service retirement and disability fund including income
24 received from the Tennessee valley authority's pension system,
25 income received as annuities under the United States foreign
26 service retirement and disability fund or income received from
27 any other United States government retirement and disability
28 fund;

29 "(6) Beginning January 1, 1991, all payments made
30 on or after such date to a retiree or his designated
31 beneficiary under a ~~any public or private~~ a "defined benefit
32 plan," as defined under section 414(j) of the Internal Revenue
33 Code of 1986, as amended from time to time, to the extent such
34 payment would be taxable for federal income tax purposes;

1 "(7) Net income realized by individuals and
2 partnerships from time to time in the business of conducting a
3 financial business employing moneyed capital coming into
4 competition with the business of national banks, but only if
5 such individuals and partnerships are subject to an excise tax
6 imposed by this state on or with respect to such income;

7 "(8) In the case of a single person or a married
8 person not living with husband or wife, a personal exemption
9 of \$1,500.00 or, in the case of a head of a family or a
10 married person living with husband or wife, a personal
11 exemption of \$3,000.00, but a husband and wife living together
12 shall receive only one personal exemption of \$3,000.00 against
13 their aggregate income, and in case they make separate returns
14 each must claim a personal exemption of \$1,500.00; and

15 "(9) Three hundred dollars for each person, other
16 than husband or wife, dependent upon the taxpayer, and over
17 half of whose support, for the calendar year in which the
18 taxable year for the taxpayer begins, was received from the
19 taxpayer. For the purposes of this section, "dependent" shall
20 mean: a son or daughter of the taxpayer or a descendant of
21 either; a stepson or stepdaughter of the taxpayer; a brother,
22 sister, stepbrother or stepsister of the taxpayer; the father
23 or mother of the taxpayer or an ancestor of either; a
24 stepfather or stepmother of the taxpayer; a son or daughter of
25 a brother or sister of the taxpayer; a brother or sister of
26 the father or mother of the taxpayer; a son-in-law,
27 daughter-in-law, father-in-law, mother-in-law, brother-in-law
28 or sister-in-law of the taxpayer. As used in this paragraph
29 the terms 'brother' and 'sister' include a brother or sister
30 by the half blood. For the purpose of determining whether any
31 of the foregoing relationships exist, a legally adopted child
32 of a person shall be considered a child of such a person by
33 blood.

1 "(b) Of the following personal exemptions allowed
2 resident taxpayers, each nonresident individual taxpayer shall
3 be allowed that proportion thereof that the adjusted gross
4 income received by said nonresident individual taxpayer from
5 sources within the state of Alabama bears to his or her
6 adjusted gross income received from sources within and without
7 the state of Alabama: In the case of a single person or a
8 married person not living with husband or wife, a personal
9 exemption of \$1,500.00 or, in the case of a head of a family
10 or a married person living with husband or wife, a personal
11 exemption of \$3,000.00, a husband and wife living together
12 shall receive but one personal exemption of \$3,000.00 against
13 their aggregate income; and, in case they make separate
14 returns, each must claim a personal exemption of \$1,500.00;
15 and \$300.00 for each person, other than husband or wife,
16 dependent upon and receiving his chief support from the
17 taxpayer."

18 Section 2. The provisions of this amendatory act
19 shall be retroactively effective to January 1, 1991.

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James M. Campbell

Speaker of the House of Representatives

John Tallon

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 July 9, 1991, as amended.

Greg Pappas
Clerk

Senate

Passed

31-480
JUL 29 1991
RECEIVED
SECRETARY

7-29-91
5:16 pm
Guy Hunt

CLERK