

IN THE HOUSE OF REPRESENTATIVES

HOUSE BILL NO. 484

BY GIDDINGS

AN ACT

RELATING TO INCOME TAX; AMENDING SECTION 63-3022A, IDAHO CODE, TO REVISE PROVISIONS REGARDING THE DEDUCTION OF MILITARY RETIREMENT PAY FROM TAXABLE INCOME AND TO MAKE TECHNICAL CORRECTIONS; AND DECLARING AN EMERGENCY AND PROVIDING RETROACTIVE APPLICATION.

Be It Enacted by the Legislature of the State of Idaho:

SECTION 1. That Section 63-3022A, Idaho Code, be, and the same is hereby amended to read as follows:

63-3022A. DEDUCTION OF CERTAIN RETIREMENT BENEFITS. (a~~1~~) An amount specified by subsection (b~~2~~) of this section of the following retirement benefits may be deducted by an individual from taxable income if such individual has either attained age sixty-five (65) years, or has attained age sixty-two (62) years and is classified as disabled:

(~~1~~a) Retirement annuities paid to a retired employee or the unmarried widow or widower of a retired employee by the United States of America under the:

(i) Civil service retirement system; or

(ii) Foreign service retirement and disability system; or

(iii) Offset program of the civil service retirement system or foreign service retirement and disability system.

(~~2~~b) Retirement benefits paid from the ~~firemen's~~ firefighter's retirement fund of the state of Idaho to a retired ~~fireman~~ firefighter or the unremarried widow or widower of a retired ~~fireman~~ firefighter.

(~~3~~c) Retirement benefits paid to a retired Idaho city police officer:

(i) By a city or its agent in regard to a policeman's retirement fund that no longer admits new members and on January 1, 2012, was administered by a city in this state; or

(ii) In regard to a policeman's retirement fund that no longer admits new members and on January 1, 2012, was administered by the public employee retirement system of Idaho; or

(iii) By the public employee retirement system of Idaho to a retired police officer in regard to Idaho employment not included in the federal social security retirement system; or

(iv) An unremarried widow or widower of a person described in subparagraph (i), (ii) or (iii) of this paragraph.

(~~4~~d) Retirement benefits paid by the United States of America to a retired member of the military services of the United States or the unremarried widow or widower of such member, regardless of the age of the retired member or of the widow or widower of such retired member.

(~~b~~2) The amount of retirement benefits that may be deducted from taxable income shall be an amount not in excess of maximum retirement benefits under the social security act, as amended, on the date on which this act is

1 passed and approved, including adjustments to be made based ~~upon~~ on consumer
2 price index adjustments provided in section 215 of the social security act.
3 The state tax commission shall ascertain benefit changes made in accordance
4 with the social security act and publish the appropriate deduction amounts
5 provided by this section reflecting such changes annually. Maximum retire-
6 ment benefits under the social security act shall mean:

7 (1a) In the case of a taxpayer who files a joint return with ~~his~~ the tax-
8 payer's spouse for the tax year, an amount equal to the maximum social
9 security benefits payable for the tax year to a person attaining full
10 retirement age in the tax year who has earned the maximum earnings cred-
11 itable under social security for the years used in the computation of
12 his benefits, ~~and~~ whose spouse has no social security benefits except
13 those payable on his record of earnings.

14 (2b) In the case of a taxpayer who is not married, an amount equal to
15 maximum social security benefits payable for the tax year to a person
16 attaining full retirement age in the tax year who has earned the maximum
17 earnings creditable under social security for the years used in the com-
18 putation of his benefits.

19 (3c) In the case of an unremarried widow or widower, an amount equal
20 to the maximum social security benefits payable for the tax year to a
21 widow or widower attaining full retirement age in the tax year who has
22 no social security benefits except those to which he or she is entitled
23 on his or her deceased spouse's record and whose spouse had received no
24 reduced retirement benefits prior to his or her death and whose spouse
25 had earned the maximum earnings creditable under social security for
26 the years used in the computation of his or her benefits under social
27 security.

28 (4d) Maximum retirement benefits shall, in every case, take into con-
29 sideration and be adjusted to reflect adjustments that would be made to
30 such amounts had they been received as social security benefits as the
31 result of the receipt of earnings in excess of earnings limitations.
32 The terms in this paragraph are those defined in the social security
33 act.

34 (5e) Taxpayers not described in paragraphs (1a), (2b), (3c), and (4d)
35 of this subsection may not deduct any amount of retirement benefits un-
36 der this section. This includes retirement benefits paid by the federal
37 employees retirement system or foreign service pension system.

38 (e3) The total deduction under this section may not exceed the total
39 amount of retirement benefits or annuities ~~which are~~ described in subsec-
40 tion (a1) of this section and ~~which are~~ included in the taxpayer's gross in-
41 come in the tax year. If the taxpayer or the taxpayer's spouse receives re-
42 tirement benefits under the federal railroad retirement act or the federal
43 social security act in the tax year, then the amount of any retirement an-
44 nuities computed under subsection (b2) of this section shall be reduced by
45 the amount of such federal railroad retirement act and federal social se-
46 curity act retirement benefits received by either the taxpayer or the tax-
47 payer's spouse, and the lesser of the amount so computed or the total amount
48 of retirement benefits or annuities ~~which are~~ described in subsection (a1)
49 of this section and ~~which are~~ included in the taxpayer's gross income shall
50 constitute the allowable deduction. Furthermore, the allowable deduction

1 as calculated under this section may be subject to additional limitations
2 under section 63-3026A(6), Idaho Code, and the rules promulgated thereun-
3 der.

4 (d4) As used in this section, ~~the word~~ "disabled" shall mean an indi-
5 vidual who is a disabled person described in section 63-701, Idaho Code, or
6 an individual who qualifies as a person with a "permanent disability" under
7 section 49-117(7) (b) (iv), Idaho Code.

8 SECTION 2. An emergency existing therefor, which emergency is hereby
9 declared to exist, this act shall be in full force and effect on and after its
10 passage and approval, and retroactively to January 1, 2022.