

IN THE HOUSE OF REPRESENTATIVES

HOUSE BILL NO. 36

BY REVENUE AND TAXATION COMMITTEE

AN ACT

1 RELATING TO INCOME TAX; AMENDING SECTION 63-3022A, IDAHO CODE, TO REVISE
2 PROVISIONS RELATING TO THE DEDUCTION OF CERTAIN RETIREMENT BENEFITS
3 AND TO CLARIFY THAT CERTAIN TAXPAYERS MAY NOT DEDUCT CERTAIN RETIREMENT
4 BENEFITS; DECLARING AN EMERGENCY AND PROVIDING RETROACTIVE APPLICA-
5 TION.
6

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

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

10 63-3022A. DEDUCTION OF CERTAIN RETIREMENT BENEFITS. (a) An amount
11 specified by subsection (b) of this section of the following retirement ben-
12 efits may be deducted by an individual from taxable income if such individual
13 has either attained age sixty-five (65) years, or has attained age sixty-two
14 (62) years and is classified as disabled:

15 (1) Retirement annuities paid to a retired employee or the unmarried
16 widow or widower of a retired employee by the United States of America ~~to~~
17 ~~a retired civil service employee or the unremarried widow or widower of~~
18 ~~a retired civil service employee under the:~~

19 (i) Civil service retirement system; or

20 (ii) Foreign service retirement and disability system; or

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

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

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

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

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

33 (iii) By the public employee retirement system of Idaho to a re-
34 tired police officer in regard to Idaho employment not included in
35 the federal social security retirement system; or

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

38 (4) Retirement benefits paid by the United States of America to a re-
39 tired member of the military services of the United States or the unre-
40 married widow or widower of such member.

41 (b) The amount of retirement benefits that may be deducted from tax-
42 able income shall be an amount not in excess of maximum retirement benefits

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

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

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

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

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

35 (5) Taxpayers not described in paragraphs (1), (2), (3) and (4) of this
36 subsection may not deduct any amount of retirement benefits under this
37 section. This includes retirement benefits paid by the federal employ-
38 ees retirement system or foreign service pension system.

39 (c) The total deduction under this section may not exceed the total
40 amount of retirement benefits or annuities which are described in subsection
41 (a) of this section and which are included in the taxpayer's gross income in
42 the tax year. If the taxpayer or the taxpayer's spouse receives retirement
43 benefits under the federal railroad retirement act or the federal social
44 security act in the tax year, then the amount of any retirement annuities
45 computed under subsection (b) of this section shall be reduced by the amount
46 of such federal railroad retirement act and federal social security act re-
47 tirement benefits received by either the taxpayer or the taxpayer's spouse,
48 and the lesser of the amount so computed or the total amount of retirement
49 benefits or annuities which are described in subsection (a) of this section
50 and which are included in the taxpayer's gross income shall constitute the

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

4 (d) 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, 2015.