

IN THE SENATE

SENATE BILL NO. 1428

BY JUDICIARY AND RULES COMMITTEE

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~~ firefighters' 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 or disability classification of the retired member or of the widow or widower of such retired member.

1 ~~(b)~~ (2) The amount of retirement benefits that may be deducted from tax-
 2 able income shall be an amount not in excess of maximum retirement benefits
 3 under the social security act, as amended, on the date on which this act is
 4 passed and approved, including adjustments to be made based ~~upon~~ on consumer
 5 price index adjustments provided in section 215 of the social security act.
 6 The state tax commission shall ascertain benefit changes made in accordance
 7 with the social security act and publish the appropriate deduction amounts
 8 provided by this section reflecting such changes annually. Maximum retire-
 9 ment benefits under the social security act shall mean:

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

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

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

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

37 ~~(5)~~ (e) Taxpayers not described in paragraphs ~~(1), (2), (3) and (4)~~ (a),
 38 (b), (c), and (d) of this subsection may not deduct any amount of re-
 39 tirement benefits under this section. This includes retirement bene-
 40 fits paid by the federal employees retirement system or foreign service
 41 pension system.

42 ~~(e)~~ (3) The total deduction under this section may not exceed the total
 43 amount of retirement benefits or annuities ~~which are~~ described in subsection
 44 ~~(a)~~ (1) of this section and ~~which are~~ included in the taxpayer's gross in-
 45 come in the tax year. If the taxpayer or the taxpayer's spouse receives re-
 46 tirement benefits under the federal railroad retirement act or the federal
 47 social security act in the tax year, then the amount of any retirement an-
 48 nuities computed under subsection ~~(b)~~ (2) of this section shall be reduced
 49 by the amount of such federal railroad retirement act and federal social se-
 50 curity act retirement benefits received by either the taxpayer or the tax-

1 payer's spouse, and the lesser of the amount so computed or the total amount
2 of retirement benefits or annuities ~~which are~~ described in subsection ~~(a)~~
3 (1) of this section and ~~which are~~ included in the taxpayer's gross income
4 shall constitute the allowable deduction. Furthermore, the allowable de-
5 duction as calculated under this section may be subject to additional lim-
6 itations under section 63-3026A(6), Idaho Code, and the rules promulgated
7 thereunder.

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

12 SECTION 2. An emergency existing therefor, which emergency is hereby
13 declared to exist, this act shall be in full force and effect on and after its
14 passage and approval, and retroactively to January 1, 2024.