

IN THE HOUSE OF REPRESENTATIVES

HOUSE BILL NO. 420

BY REVENUE AND TAXATION COMMITTEE

AN ACT

RELATING TO INCOME TAXATION; AMENDING SECTION 63-3022A, IDAHO CODE, TO
PROVIDE FOR AN INCOME TAX DEDUCTION OF MILITARY RETIREMENT BENEFITS
REGARDLESS OF AGE; 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) An amount
specified by subsection (b) of this section of the following retirement ben-
efits 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) Retirement annuities paid by the United States of America to a re-
tired civil service employee or the unremarried widow or widower of a
retired civil service employee.

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

(3) 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 ad-
mits 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 re-
tired 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 sub-
paragraph (i), (ii) or (iii) of this paragraph.

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

(b) The amount of retirement benefits that may be deducted from tax-
able 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
passed and approved, including adjustments to be made based upon consumer
price index adjustments provided in section 215 of the social security act.
The state tax commission shall ascertain benefit changes made in accordance
with the social security act and publish the appropriate deduction amounts

1 provided by this section reflecting such changes annually. Maximum retire-
2 ment benefits under the social security act shall mean:

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

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

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

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

30 (5) Taxpayers not described in paragraphs (1), (2), (3) and (4) of this
31 subsection may not deduct any amount of retirement benefits under this
32 section.

33 (c) The total deduction under this section may not exceed the total
34 amount of retirement benefits or annuities which are described in subsection
35 (a) of this section and which are included in the taxpayer's gross income in
36 the tax year. If the taxpayer or the taxpayer's spouse receives retirement
37 benefits under the federal railroad retirement act or the federal social
38 security act in the tax year, then the amount of any retirement annuities
39 computed under subsection (b) of this section shall be reduced by the amount
40 of such federal railroad retirement act and federal social security act re-
41 tirement benefits received by either the taxpayer or the taxpayer's spouse,
42 and the lesser of the amount so computed or the total amount of retirement
43 benefits or annuities which are described in subsection (a) of this section
44 and which are included in the taxpayer's gross income shall constitute the
45 allowable deduction. Furthermore, the allowable deduction as calculated
46 under this section may be subject to additional limitations under section
47 63-3026A(6), Idaho Code, and the rules promulgated thereunder.

48 (d) As used in this section, the word "disabled" shall mean an indi-
49 vidual who is a disabled person described in section 63-701, Idaho Code, or

1 an individual who qualifies as a person with a "permanent disability" under
2 section 49-117(7) (b) (iv), Idaho Code.

3 SECTION 2. An emergency existing therefor, which emergency is hereby
4 declared to exist, this act shall be in full force and effect on and after its
5 passage and approval, and retroactively to January 1, 2014.