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3 SENATE FINANCE AND TAXATION EDUCATION COMMITTEE SUBSTITUTE FOR
4 SB351

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9 SYNOPSIS: Under existing law, active duty members of
10 the United States Marine Corps, Navy, Air Force,
11 Army, Coast Guard, Space Force, Reserved Armed
12 Forces, or National Guard do not have an option for
13 deducting their active duty military pay and
14 allowances on their Alabama individual income tax
15 returns while stationed or deployed outside of the
16 United States.

17 This bill would grant a deduction to active
18 duty members of the U.S. Armed Forces on their
19 Alabama individual income tax return for active
20 duty military pay and allowances in which the
21 taxpayer was stationed or deployed outside of the
22 United States.

23 This bill also would require the service
24 member to certify annually to the Department of
25 Revenue his or her current residence status and
26 would require the Department of Revenue to adopt
27 rules necessary for the enforcement of the act.

1
2 A BILL
3 TO BE ENTITLED
4 AN ACT

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6 To provide for a deduction on the Alabama
7 individual income tax return for active duty military pay and
8 allowances for residents stationed or deployed outside of the
9 50 States of the United States and the District of Columbia;
10 and to require the Department of Revenue to adopt rules.

11 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

12 Section 1. (a) Active duty Alabama residents
13 stationed or deployed outside the 50 States of the United
14 States and the District of Columbia may deduct military pay
15 and allowances received by them during the taxable year for
16 active duty service in the United States Marine Corps, Navy,
17 Air Force, Army, Coast Guard, Space Force, Reserved Armed
18 Forces, or National Guard which is not otherwise allowable as
19 a deduction or exclusion from Alabama adjusted gross income
20 for the taxable year. The deduction may not be claimed for
21 military pay and allowances received by the taxpayer while the
22 taxpayer is stationed in the 50 States of the United States
23 and the District of Columbia.

24 (b) The deduction shall be taken in the tax year
25 that the eligible income is earned.

26 (c) In order to claim the deduction provided for in
27 subsection (a), the taxpayer must:

1 (1) Annually submit to the Department of Revenue
2 confirmation of his or her residence status as certified by
3 the Defense Finance and Accounting Service.

4 (2) Provide documentation of deployment or duty
5 station in a manner as prescribed by the Department of
6 Revenue.

7 (d) The Department of Revenue shall adopt rules
8 necessary for the implementation and enforcement of this act.

9 Section 2. This act shall become effective for tax
10 years beginning after December 31, 2021, following its passage
11 and approval by the Governor, or its otherwise becoming law.