

Senate Bill 126

By: Senators Karinshak of the 48th, Harbison of the 15th, Brass of the 28th, Hill of the 4th, Anderson of the 43rd and others

A BILL TO BE ENTITLED
AN ACT

1 To amend Article 2 of Chapter 7 of Title 48 of the Official Code of Georgia Annotated,
2 relating to the imposition, rate, computation, and exemptions from state income tax, so as to
3 exempt from state income tax certain income received by taxpayers as retirement or
4 disability benefits from military service in the armed forces of the United States or the
5 reserve components thereof; to repeal certain expired provisions; to clarify certain language;
6 to provide for related matters; to provide for an effective date and applicability; to repeal
7 conflicting laws; and for other purposes.

8 BE IT ENACTED BY THE GENERAL ASSEMBLY OF GEORGIA:

9 **SECTION 1.**

10 Article 2 of Chapter 7 of Title 48 of the Official Code of Georgia Annotated, relating to the
11 imposition, rate, computation, and exemptions from state income tax, is amended in
12 subsection (a) of Code Section 48-7-27, relating to the computation of taxable net income,
13 by revising paragraphs (5) and (12.1) and by adding a new paragraph to read as follows:

14 "(4.1) Income received as retirement benefits from military service in the armed forces
15 of the United States or the reserve components thereof, including any survivor benefits
16 derived therefrom;

17 (5)(A) Retirement income, which is otherwise included in the Georgia taxable net
18 income of an individual, ~~shall be subject to an exclusion amount as follows:~~

19 ~~(i) For taxable years beginning on or after January 1, 1989, and prior to January 1,~~
20 ~~1990, retirement income not to exceed an exclusion amount of \$8,000.00 per year~~
21 ~~received from any source;~~

22 ~~(ii) For taxable years beginning on or after January 1, 1990, and prior to January 1,~~
23 ~~1994, retirement income not to exceed an exclusion amount of \$10,000.00 per year~~
24 ~~received from any source;~~

- 25 ~~(iii) For taxable years beginning on or after January 1, 1994, and prior to January 1,~~
26 ~~1995, retirement income from any source not to exceed an exclusion amount of~~
27 ~~\$11,000.00;~~
- 28 ~~(iv) For taxable years beginning on or after January 1, 1995, and prior to January 1,~~
29 ~~1999, retirement income from any source not to exceed an exclusion amount of~~
30 ~~\$12,000.00;~~
- 31 ~~(v) For taxable years beginning on or after January 1, 1999, and prior to January 1,~~
32 ~~2000, retirement income from any source not to exceed an exclusion amount of~~
33 ~~\$13,000.00;~~
- 34 ~~(vi) For taxable years beginning on or after January 1, 2000, and prior to January 1,~~
35 ~~2001, retirement income not to exceed an exclusion amount of \$13,500.00 per year~~
36 ~~received from any source;~~
- 37 ~~(vii) For taxable years beginning on or after January 1, 2001, and prior to January 1,~~
38 ~~2002, retirement income from any source not to exceed an exclusion amount of~~
39 ~~\$14,000.00;~~
- 40 ~~(viii) For taxable years beginning on or after January 1, 2002, and prior to January~~
41 ~~1, 2003, retirement income from any source not to exceed an exclusion amount of~~
42 ~~\$14,500.00;~~
- 43 ~~(ix) For taxable years beginning on or after January 1, 2003, and prior to January 1,~~
44 ~~2006, retirement income from any source not to exceed an exclusion amount of~~
45 ~~\$15,000.00;~~
- 46 ~~(x) For taxable years beginning on or after January 1, 2006, and prior to January 1,~~
47 ~~2007, retirement income from any source not to exceed an exclusion amount of~~
48 ~~\$25,000.00;~~
- 49 ~~(xi) For taxable years beginning on or after January 1, 2007, and prior to January 1,~~
50 ~~2008, retirement income from any source not to exceed an exclusion amount of~~
51 ~~\$30,000.00;~~
- 52 ~~(xii) For taxable years beginning on or after January 1, 2008, and prior to January 1,~~
53 ~~2012, retirement income from any source not to exceed an exclusion amount of~~
54 ~~\$35,000.00; and~~
- 55 ~~(xiii) For taxable years beginning on or after January 1, 2012, retirement income~~
56 ~~from any source not to exceed an exclusion amount of \$35,000.00 for each taxpayer~~
57 ~~meeting the eligibility requirement set forth in division (i) or (ii) of subparagraph (D)~~
58 ~~of this paragraph or an amount of \$65,000.00 for each taxpayer meeting the eligibility~~
59 ~~requirement set forth in division (iii) of subparagraph (D) of this paragraph.~~

60 (B) In the case of a married couple filing jointly, each spouse shall if otherwise
 61 qualified be individually entitled to exclude retirement income received by that spouse
 62 up to the exclusion amount.

63 (C) The exclusions provided for in this paragraph shall not apply to or affect and shall
 64 be in addition to those adjustments to net income provided for under any other
 65 paragraph of this subsection.

66 (D) A taxpayer shall be eligible for the exclusions granted by this paragraph only if the
 67 taxpayer:

68 (i) Is 62 years of age or older but less than 65 years of age during any part of the
 69 taxable year; ~~or~~

70 (ii) Is permanently and totally disabled in that the taxpayer has a medically
 71 demonstrable disability which is permanent and which renders the taxpayer incapable
 72 of performing any gainful occupation within the taxpayer's competence; or

73 (iii) Is 65 years of age or older during any part of the year.

74 (E)(i) For the purposes of this paragraph, retirement income shall include but not be
 75 limited to ~~income from military retirement~~, interest income, dividend income, net
 76 income from rental property, capital gains income, income from royalties, income from
 77 pensions and annuities, and no more than \$4,000.00 of an individual's earned income.
 78 Earned income in excess of \$4,000.00, including but not limited to net business income
 79 earned by an individual from any trade or business carried on by such individual,
 80 wages, salaries, tips, and other employer compensation, shall not be regarded as
 81 retirement income. The receipt of earned income shall not diminish any taxpayer's
 82 eligibility for the retirement income exclusions allowed by this paragraph except to the
 83 extent of the express limitation provided in this ~~division~~ subparagraph.

84 ~~(ii) Any income received by a surviving family member that is based on the service~~
 85 ~~record of a deceased veteran shall be excluded from Georgia taxable net income~~
 86 ~~without regard to the age of the surviving family member.~~

87 (F) The commissioner shall by regulation require proof of the eligibility of the taxpayer
 88 for the exclusions allowed by this paragraph:

89 ~~(G) The commissioner shall by regulation provide that for taxable years beginning on~~
 90 ~~or after January 1, 1989, and ending before October 1, 1990, penalty and interest may~~
 91 ~~be waived or reduced for any taxpayer whose estimated tax payments and tax~~
 92 ~~withholdings are less than 70 percent of such taxpayer's Georgia income tax liability~~
 93 ~~if the commissioner determines that such underpayment or deficiency is due to an~~
 94 ~~increase in net taxable income attributable directly to amendments to this paragraph or~~
 95 ~~paragraph (4) of this subsection enacted at the 1989 special session of the General~~
 96 ~~Assembly and not due to willful neglect or fraud;"~~

97 "(12.1)(A) Disability income from the United States Department of Veterans Affairs
98 received by a disabled veteran who is a citizen and resident of Georgia.

99 (B) As used in this paragraph, the term 'disabled veteran' means any wartime veteran
100 who was discharged under honorable conditions and who has been adjudicated by the
101 United States Department of Veterans Affairs as being ~~at least 90 percent totally and~~
102 partially or permanently disabled and entitled to receive service connected benefits and
103 any veteran who is receiving or who is entitled to receive a statutory award from the
104 United States Department of Veterans Affairs for:

- 105 (i) Loss or permanent loss of use of one or both feet;
106 (ii) Loss or permanent loss of use of one or both hands;
107 (iii) Loss of sight in one or both eyes; or
108 (iv) Permanent impairment of vision of both eyes of the following status: Central
109 visual acuity of 20/200 or less in the better eye, with corrective glasses, or central
110 visual acuity of more than 20/200 if there is a field defect in which the peripheral field
111 has contracted to such an extent that the widest diameter of visual field subtends on
112 angular distance no greater than 20 degrees in the better eye;"

113 **SECTION 2.**

114 This Act shall become effective on July 1, 2019, and shall be applicable to all taxable years
115 beginning on or after January 1, 2019.

116 **SECTION 3.**

117 All laws and parts of laws in conflict with this Act are repealed.