



Bethany Boyd

Bill Analysis
Legislative Service Commission

S.B. 19

127th General Assembly
(As Introduced)

Sens. Cates, Schuring, Gardner, Stivers, Padgett, Mumper, Fedor, Schaffer, Faber, Schuler, Spada, Boccieri

BILL SUMMARY

- Exempts from the Ohio income tax retired military personnel pay for service in the United States Army, Navy, Air Force, Coast Guard, or Marine Corps or reserve components thereof, or the National Guard.

CONTENT AND OPERATION

Deduction for military personnel retirement benefits

(R.C. 5747.01(A)(24); Section 3)

The bill permits taxpayers receiving military retirement benefits to deduct the benefits in computing their Ohio income tax liability. To be deductible, the retired military personnel pay (hereinafter "retirement benefits") must be for service in the United States Army, Navy, Air Force, Coast Guard, or Marine Corps or reserve components thereof, or the National Guard. The retirement benefits are deductible only to the extent they are included in the taxpayer's federal adjusted gross income (which is the starting point for computing the taxpayer's Ohio taxable income). In other words, if the retirement benefits were deducted in deriving the taxpayer's federal adjusted gross income, they cannot be deducted twice, once on the federal return and once on the state return.

Law not amended by the bill grants taxpayers a credit of up to \$200 per year if they receive retirement benefits from or pursuant to a pension, retirement, or profit-sharing plan (R.C. 5747.055). The bill's retirement benefit deduction may reduce the value of the credit for some taxpayers because any amount deducted cannot also be included in retirement income for purposes of computing the credit.

The deduction is available for taxable years ending on or after the bill's effective date.

HISTORY

ACTION

DATE

Introduced

02-20-07

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