

**OKLAHOMA STATE SENATE
STANDING
COMMITTEE REPORT**

February 16, 2011

COMMITTEE ON VETERANS AND MILITARY AFFAIRS

SB 119

By: Ivester of the Senate

Title: Income tax; providing exemption for income earned as retirement benefits from the Armed Forces. Effective date.

Co-Authored By: Garrison, Johnson (Constance), and Shortey of the Senate and Ortega (Principal) of the House

Recommendation: **DO PASS AS AMENDED and to be referred to the Finance Committee by previous order.**

Senator Jim Reynolds, Co-Chair

Senator Steve Russell, Co-Chair

Amendments:

1. Page 51, line 1, by deleting after the second period "." And before the word "taxable" the word "For" and inserting the words, "Except as provided for in subparagraph b of this paragraph, for".
2. Page 51, line 2, by deleting all new language.
3. Page 51, line 10, by deleting the after word "after" all language and inserting "the first positive determination is made pursuant to Section 2 of this act, the percentage of".
4. Page 51, line 13, by inserting after the word "income" and before the period "." the words " to the extent provided in Section 2 of this act".

5. "SECTION 2. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 2355.1E of Title 68, unless there is created a duplication in numbering, reads as follows:

A. The provisions of this section shall be applicable with respect to the implementation of any increase in the amount of retirement benefits received by an individual from any component of the Armed Forces of the United States which are exempt from taxable income as provided in paragraph 19 of subsection E of Section 2358 of Title 68 of the Oklahoma Statutes and subsection of this section, which shall be contingent upon a determination of revenue growth made by the State Board of Equalization pursuant to this section.

B. In addition to any other duties prescribed by law, at the meeting required by paragraph 3 of Section 23 of Article X of the Oklahoma Constitution to be held in February of 2012, and for any subsequent February meeting of the State Board of Equalization until the amount of exempt retirement benefits equals One Hundred Percent (100%), the State Board of Equalization shall determine if the amount of revenue in the General Revenue Fund of the State Treasury for the fiscal year beginning on the next ensuing July 1 date is at least Four Percent (4%) more than the revised General Revenue Fund estimate for the then current fiscal year.

C. The first time the State Board of Equalization makes a positive determination pursuant to subsection B of this section, it shall make a finding that the applicable revenue growth authorizes the percentage of retirement benefits which are exempt from taxable income to be increased to Eighty-five Percent (85%) for the next ensuing tax year and for all years thereafter until a finding is made pursuant to subsection D of this section.

D. The second time the State Board of Equalization makes a positive determination pursuant to subsection B of this section, it shall make a finding that the applicable revenue growth authorizes the percentage of retirement benefits which are exempt from taxable income to be increased to Ninety-five Percent (95%) for the next ensuing tax year and for all years thereafter until a finding is made pursuant to subsection E of this section.

E. The third time the State Board of Equalization makes a positive determination pursuant to subsection B of this section, it shall make a finding that the applicable revenue growth authorizes the percentage of retirement benefits which are exempt from taxable income to be increased to One Hundred Percent (100%) for the next ensuing tax year and for all subsequent tax years."

And by renumbering subsequent section.

7. By amending the title to conform;

"An Act relating to income tax; amending 68 O.S. 2001, Section 2358, as last amended by Section 1, Chapter 421, O.S.L. 2010 (68 O.S. Supp. 2010, Section 2358), which relates to income tax exemptions; modifying exemption for income earned as retirement benefits from any component of the Armed Forces, subject to certain determination; providing for applicability of specified section; requiring State Board of Equalization to make certain determination; providing for modifications to certain exemption during specified time periods contingent upon certain positive determinations; providing for codification; and providing an effective date".