1   SB225

2   105651-1

3   By Senator Sanders (Constitutional Amendment)

4   RFD: Finance and Taxation Education

5   First Read: 12-JAN-10

1   105651-1:n:01/08/2009:LFO/KB/kp

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8   SYNOPSIS: Currently, federal income taxes, standard

9   deductions, personal exemptions, and dependent

10   exemptions are deductible from gross income prior

11   to computation of Alabama income tax liability.

12   Also, the state levies sales taxes upon the

13   sale of food items.

14   This bill would propose an amendment to the

15   Constitution of Alabama of 1901, to eliminate the

16   deductibility of federal income taxes from Alabama

17   gross income for individual taxpayers; to increase

18   individual income tax standard deductions, personal

19   exemptions, and dependent exemptions; and to remove

20   the state sales tax on food items.

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22   A BILL

23   TO BE ENTITLED

24   AN ACT

25

26   To propose an amendment to the Constitution of

27   Alabama of 1901, to eliminate the state income tax deduction

1   for federal income taxes for individual taxpayers; to increase

2   individual income tax standard deductions, personal

3   exemptions, and dependent exemptions; and to eliminate the

4   state sales tax on food.

5   BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

6   Section 1. The following amendment to the

7   Constitution of Alabama of 1901, as amended, is proposed and

8   shall become valid as a part thereof when approved by a

9   majority of the qualified electors voting thereon and in

10 accordance with Sections 284, 285, and 287 of the Constitution

11 of Alabama of 1901, as amended:

12   PROPOSED AMENDMENT

13   (a) Amendment 225 of the Constitution of Alabama of

14 1901, now appearing as Section 211.04 of the Official

15 Recompilation of the Constitution of Alabama of 1901, is

16 repealed.

17   (b) Effective for all tax years beginning after

18 December 31, 2010, federal income taxes shall no longer be

19 allowed to be deducted in computing income subject to the

20 state individual income tax.

21   (c) Effective for all tax years beginning after

22 December 31, 2010, the optional standard deduction allowed to

23 individual income taxpayers shall be equal to the amount

24 allowed for federal income tax purposes pursuant to 26 U.S.C.

25 §63.

26   (d) Effective for all tax years beginning after

27 December 31, 2010, the personal exemption allowed for each

1   individual income taxpayer shall be not less than $2,200. The

2   personal exemption allowed for married taxpayers filing

3   jointly shall be not less than $4,400.

4   (e) Effective for all tax years beginning after

5   December 31, 2010, the exemption allowed for each dependent of

6   an individual income taxpayer shall be not less than $2,200.

7   (f) Beginning January 1, 2011, the sale of food

8   shall be exempt from state sales tax. The sale of food to

9   corporations, S corporations, and limited liability entities,

10 as defined in Section 40-14A-1 shall not be exempt from state

11 sales tax. Local governments shall continue to levy sales

12 taxes on food at the same rate collected for the local portion

13 of the retail sales tax. For purposes of this amendment, food

14 means food as defined for food stamp purposes in the Federal

15 Food Stamp Act, 7 U.S.C. §2011, et seq.

16   Section 2. An election upon the proposed amendment

17 shall be held in accordance with Sections 284 and 285 of the

18 Constitution of Alabama of 1901, as amended, and the election

19 laws of this state.

20   Section 3. The appropriate election official shall

21 assign a ballot number for the proposed constitutional

22 amendment on the election ballot and shall set forth the

23 following description of the substance or subject matter of

24 the proposed constitutional amendment:

25   "Proposing an amendment to the Constitution of

26 Alabama of 1901, the "Tax Fairness Amendment of 2009," which

27 would remove the four percent state sales tax on food,

1   increase income tax standard deductions, personal exemptions,

2   and dependent exemptions, and remove the individual income tax

3   deduction for federal income taxes paid or accrued.

4   "Proposed by Act _____."

5   This description shall be followed by the following

6   language:

7   "Yes ( ) No ( )."