

1 SB390  
2 182586-2  
3 By Senator Sanders (Constitutional Amendment)  
4 RFD: Finance and Taxation Education  
5 First Read: 13-MAR-18

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8 SYNOPSIS: This bill would propose an amendment to the  
9 Constitution of Alabama of 1901, to repeal  
10 Amendment 225 of the Constitution of Alabama of  
11 1901, now appearing as Section 211.04 of the  
12 Official Recompilation of the Constitution of  
13 Alabama of 1901, as amended; to limit the state  
14 income tax deduction for federal income taxes for  
15 individual taxpayers; to exempt sales of food and  
16 over-the-counter drugs from state sales tax; and to  
17 prohibit local governments from levying separate  
18 sales taxes only on the sale of food or  
19 over-the-counter drugs.

20  
21 A BILL  
22 TO BE ENTITLED  
23 AN ACT  
24

25 To propose an amendment to the Constitution of  
26 Alabama of 1901, to repeal Amendment 225 of the Constitution  
27 of Alabama of 1901, now appearing as Section 211.04 of the

1 Official Recompilation of the Constitution of Alabama of 1901,  
2 as amended; to limit the state income tax deduction for  
3 federal income taxes for individual taxpayers; to exempt sales  
4 of food and over-the-counter drugs from state sales tax; and  
5 to prohibit local governments from levying separate sales  
6 taxes only on the sale of food or over-the-counter drugs.

7 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

8 Section 1. The following amendment to the  
9 Constitution of Alabama of 1901, as amended, is proposed and  
10 shall become valid as a part thereof when approved by a  
11 majority of the qualified electors voting thereon and in  
12 accordance with Sections 284, 285, and 287 of the Constitution  
13 of Alabama of 1901, as amended:

14 PROPOSED AMENDMENT

15 (a) Amendment 225 of the Constitution of Alabama of  
16 1901, now appearing as Section 211.04 of the Official  
17 Recompilation of the Constitution of Alabama of 1901, as  
18 amended, is repealed.

19 (b) For all tax years beginning after December 31,  
20 2018, federal income taxes paid or accrued shall be allowed as  
21 a deduction for individual income taxpayers, subject to the  
22 following limitations:

23 (1) For single, married filing separately, and head  
24 of household taxpayers with adjusted gross income of one  
25 hundred thousand dollars (\$100,000) or less, and for married  
26 taxpayers filing jointly with adjusted gross income of two

1 hundred thousand dollars (\$200,000) or less, all federal  
2 income taxes paid or accrued shall be allowed as a deduction.

3 (2) For single, married filing separately, and head  
4 of household taxpayers with adjusted gross income of more than  
5 one hundred thousand dollars (\$100,000), the federal income  
6 tax deduction shall be reduced by an amount equal to one  
7 percent of federal income taxes paid or accrued for each five  
8 hundred dollars (\$500) of adjusted gross income in excess of  
9 one hundred thousand dollars (\$100,000).

10 (3) For married taxpayers filing jointly with  
11 adjusted gross income of more than two hundred thousand  
12 dollars (\$200,000), the federal income tax deduction shall be  
13 reduced by an amount equal to one percent of federal income  
14 taxes paid or accrued for each one thousand dollars (\$1,000)  
15 of adjusted gross income in excess of two hundred thousand  
16 dollars (\$200,000).

17 (c) Beginning January 1, 2019, the sale of food and  
18 over-the-counter drugs shall be exempt from state sales tax.  
19 Local governments shall continue to collect sales taxes on  
20 food and over-the-counter drugs at the same rate collected for  
21 the local portion of the retail sales tax; provided, however,  
22 no local government may levy a separate sales tax or tax in  
23 the nature of a sales tax to be collected only on the sale of  
24 food or over-the-counter drugs. For purposes of this  
25 amendment, food means food as defined in 7 U.S.C. §2012, et  
26 seq., for purposes of the federal Supplemental Nutrition  
27 Assistance Program, regardless of where or by what means food

1 is sold. In the event that the federal Supplemental Nutrition  
2 Assistance Program definition of food no longer exists, the  
3 Legislature shall provide a new definition of food by general  
4 law. Over-the-counter drugs means drugs that are sold without  
5 a prescription and that contain a label that identifies the  
6 product as a drug as required by 21 C.F.R. §201.66. The  
7 over-the-counter drug label includes a drug facts panel or a  
8 list of the active ingredients with a list of those  
9 ingredients contained in the compound, substance, or  
10 preparation. Over-the-counter drugs do not include grooming  
11 and hygiene products, including soaps and cleaning solutions,  
12 shampoo, toothpaste, mouthwash, antiperspirants, and sun tan  
13 lotions and screens, regardless of whether the products meet  
14 the definition of over-the-counter drugs.

15 Section 2. An election upon the proposed amendment  
16 shall be held in accordance with Sections 284 and 285 of the  
17 Constitution of Alabama of 1901, as amended, and the election  
18 laws of this state.

19 Section 3. The appropriate election official shall  
20 assign a ballot number for the proposed constitutional  
21 amendment on the election ballot and shall set forth the  
22 following description of the substance or subject matter of  
23 the proposed constitutional amendment:

24 "Proposing an amendment to the Constitution of  
25 Alabama of 1901, to repeal Amendment 225 of the Constitution  
26 of Alabama of 1901, now appearing as Section 211.04 of the  
27 Official Recompilation of the Constitution of Alabama of 1901,

1 as amended; to limit the state income tax deduction for  
2 federal income taxes for individual taxpayers; to exempt sales  
3 of food as defined for purposes of the federal Supplemental  
4 Nutrition Assistance Program and over-the-counter drugs from  
5 state sales tax; and to prohibit local governments from  
6 levying separate sales taxes only on sales of food or  
7 over-the-counter drugs.

8 "Proposed by Act \_\_\_\_\_."

9 This description shall be followed by the following  
10 language:

11 "Yes ( ) No ( )."