

1 HB352
2 205641-1
3 By Representative Garrett (Constitutional Amendment)
4 RFD: Ways and Means Education
5 First Read: 27-FEB-20

SYNOPSIS: Under existing law, corporate taxpayers are allowed to deduct federal income taxes paid or accrued within the year. Corporate taxpayer income is taxed at a rate of six and one-half percent.

This bill would propose an amendment to Amendment 212 of the Constitution of Alabama of 1901, as amended by Amendment 662 of the Constitution of Alabama of 1901, now appearing as Section 211.03 of the Official Recompilation of the Constitution of Alabama of 1901, as amended, to provide that the income tax rate for corporations shall be four and three-quarters percent unless reduced by the Legislature. This amendment would also eliminate the federal income tax deduction for corporate taxpayers.

A BILL
TO BE ENTITLED
AN ACT

1 Proposing an amendment to the Constitution of
2 Alabama of 1901, as amended; to amend Amendment 212 to the
3 Constitution of Alabama of 1901, as amended by Amendment 662
4 to the Constitution of Alabama of 1901, now appearing as
5 Section 211.03 of the Official Recompilation of the
6 Constitution of Alabama of 1901, as amended, to provide that
7 the income tax rate for corporations shall be four and
8 three-quarters percent, unless reduced by the Legislature, and
9 to repeal the federal income tax deduction for corporate
10 taxpayers.

11 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

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

18 PROPOSED AMENDMENT

19 (a) This amendment shall be known and may be cited
20 as, "The Alabama Business Tax Competitiveness Act."

21 (b) Amendment 212 to the Constitution of Alabama of
22 1901, as amended by Amendment 662 to the Constitution of
23 Alabama of 1901, now appearing as Section 211.03 of the
24 Official Recompilation of the Constitution of Alabama of 1901,
25 as amended, is amended to read as follows:

26 "Amendment No. 212

1 ~~The legislature~~ Legislature shall have power to
2 levy and provide for the collection of taxes for state
3 purposes on taxable income of corporations, from whatever
4 source derived, for the calendar year 1963, or for any fiscal
5 year beginning in the calendar year 1963, and each year
6 thereafter, at a rate not exceeding five percent. However, the
7 rate shall ~~be not exceed~~ six and one-half percent on taxable
8 income of corporations for the calendar year 2001, or for any
9 fiscal year beginning in the calendar year 2001,~~and each year~~
10 ~~thereafter~~ until calendar year 2020, or any fiscal year
11 beginning in the calendar year 2020. However, the rate shall
12 be four and three-quarters percent on taxable income of
13 corporations for calendar year 2021, or for any fiscal year
14 beginning in the calendar year 2021, and for any year
15 thereafter unless otherwise reduced by an act of the
16 Legislature. ~~All federal income taxes paid or accrued within~~
17 ~~the taxable year by corporations shall always be deductible in~~
18 ~~computing income taxable under the income tax laws of this~~
19 ~~state, provided that in the case of foreign corporations the~~
20 ~~amount of federal income tax deductible shall be in proportion~~
21 ~~to income derived from sources within Alabama, to be~~
22 ~~determined in accordance with such laws as the legislature may~~
23 ~~enact. The increase in the corporate income tax rate to six~~
24 ~~and one-half percent provided by this amendment shall be~~
25 ~~self-executing and shall require no enabling legislation."~~

26 Section 2. An election upon the proposed amendment
27 shall be held in accordance with Sections 284 and 285 of the

1 Constitution of Alabama of 1901, now appearing as Sections 284
2 and 285 of the Official Recompilation of the Constitution of
3 Alabama of 1901, as amended, and the election laws of this
4 state.

5 Section 3. The appropriate election official shall
6 assign a ballot number for the proposed constitutional
7 amendment on the election ballot and shall set forth the
8 following description of the substance or subject matter of
9 the proposed constitutional amendment:

10 "Proposing an amendment to the Constitution of
11 Alabama of 1901; to amend Amendment 212 to the Constitution of
12 Alabama of 1901, as amended by Amendment 662 to the
13 Constitution of Alabama of 1901, now appearing as Section
14 211.03 of the Official Recompilation of the Constitution of
15 Alabama of 1901, as amended, which would repeal the federal
16 income tax deduction for corporations and provide that the
17 income tax rate for corporations shall be four and
18 three-quarters percent, unless otherwise reduced by an act of
19 the Legislature.

20 "Proposed by Act _____."

21 This description shall be followed by the following
22 language:

23 "Yes () No ()."