

1 HB302  
2 182563-1  
3 By Representative Wadsworth (Constitutional Amendment)  
4 RFD: Ways and Means Education  
5 First Read: 23-FEB-17

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8 SYNOPSIS: Under existing law, the state corporate  
9 income tax rate is set at six and one-half percent  
10 on the net income of corporations.

11 This bill would propose an amendment to  
12 Amendment No. 212, as amended by Amendment No. 662  
13 to the Constitution of Alabama of 1901, and now  
14 appearing as Section 211.03 of the Official  
15 Recompilation of the Constitution of Alabama of  
16 1901, as amended, to reduce the tax rate on the net  
17 income of corporations to six percent beginning  
18 with the calendar year 2019.

19  
20 A BILL  
21 TO BE ENTITLED  
22 AN ACT  
23

24 To propose an amendment to Amendment No. 212, as  
25 amended by Amendment No. 662, to the Constitution of Alabama  
26 of 1901, now appearing as Section 211.03 of the Official  
27 Recompilation of the Constitution of Alabama of 1901, as

1 amended, relating to income taxation of corporations, to  
2 reduce the tax rate on the net income of corporations to five  
3 percent beginning with the calendar year 2015.

4 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

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

11 PROPOSED AMENDMENT

12 Amendment No. 212, as amended by Amendment No. 662,  
13 now appearing as Section 211.03 of the Official Recompilation  
14 of the Constitution of Alabama of 1901, as amended, is amended  
15 to read as follows:

16 "Amendment No. 662.

17 "The legislature shall have power to levy and  
18 provide for the collection of taxes for state purposes on  
19 taxable income of corporations, from whatever source derived,  
20 for the calendar year ~~1963~~ 2019, or for any fiscal year  
21 beginning in the calendar year ~~1963~~ 2019, and each year  
22 thereafter, at a rate not exceeding ~~five~~ six percent. ~~However,~~  
23 ~~the rate shall be six and one-half percent on taxable income~~  
24 ~~of corporations for the calendar year 2001, or for any fiscal~~  
25 ~~year beginning in the calendar year 2001, and each year~~  
26 ~~thereafter.~~ All federal income taxes paid or accrued within  
27 the taxable year by corporations shall always be deductible in

1 computing income taxable under the income tax laws of this  
2 state, provided that in the case of foreign corporations the  
3 amount of federal income tax deductible shall be in proportion  
4 to income derived from sources within Alabama, to be  
5 determined in accordance with such laws as the legislature may  
6 enact. ~~The increase in the corporate income tax rate to six  
7 and one-half percent provided by this amendment shall be  
8 self-executing and shall require no enabling legislation.~~

9 Section 2. An election upon the proposed amendment  
10 shall be held in accordance with Sections 284 and 285 of the  
11 Constitution of Alabama of 1901, now appearing as Sections 284  
12 and 285 of the Official Recompilation of the Constitution of  
13 Alabama of 1901, as amended, and the election laws of this  
14 state.

15 Section 3. The appropriate election official shall  
16 assign a ballot number for the proposed constitutional  
17 amendment on the election ballot and shall set forth the  
18 following description of the substance or subject matter of  
19 the proposed constitutional amendment:

20 "Proposing an amendment to the Constitution of  
21 Alabama of 1901, to amend Amendment No. 212, as amended by  
22 Amendment No. 662, to the Constitution of Alabama of 1901, now  
23 appearing as Section 211.03 of the Official Recompilation of  
24 the Constitution of Alabama of 1901, as amended, relating to  
25 income taxation of corporations, to lower the tax rate on  
26 corporations beginning with the 2019 calendar year from 6 1/2  
27 percent to 6 percent.

1 "Proposed by Act \_\_\_\_\_."

2 This description shall be followed by the following

3 language:

4 "Yes ( ) No ( )."