

3 SUBSTITUTE TO HB 116
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8 SYNOPSIS: This bill would propose an amendment to the
9 Constitution of Alabama of 1901, to limit the
10 deductibility of federal income taxes from Alabama
11 gross income for individual income taxpayers; and
12 to remove the state sales tax on food items.
13

14 A BILL
15 TO BE ENTITLED
16 AN ACT
17

18 To propose an amendment to the Constitution of
19 Alabama of 1901, to limit the state income tax deduction for
20 federal income taxes for individual taxpayers; and to
21 eliminate the state sales tax on food.

22 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

23 Section 1. The following amendment to the
24 Constitution of Alabama of 1901, as amended, is proposed and
25 shall become valid as a part thereof when approved by a
26 majority of the qualified electors voting thereon and in

1 accordance with Sections 284, 285, and 287 of the Constitution
2 of Alabama of 1901, as amended:

3 PROPOSED AMENDMENT

4 (a) Amendment 225 of the Constitution of Alabama of
5 1901, now appearing as Section 211.04 of the Official
6 Recompilation of the Constitution of Alabama of 1901, is
7 repealed.

8 (b) For all tax years beginning after December 31,
9 2010, federal income taxes paid or accrued shall be allowed as
10 a deduction for individual income taxpayers, subject to the
11 following limitations:

12 (1) For single, married filing separately, and head
13 of family taxpayers with adjusted gross income of seventy-five
14 thousand dollars (\$75,000) or less, and for married taxpayers
15 filing jointly with adjusted gross income of one hundred
16 twenty-five thousand dollars (\$125,000) or less, all federal
17 income taxes paid or accrued shall be allowed as a deduction.

18 (2) For single, married filing separately, and head
19 of family taxpayers with adjusted gross income of more than
20 seventy-five thousand dollars (\$75,000) the federal income tax
21 deduction shall be reduced by an amount equal to one percent
22 (1%) of federal income taxes paid or accrued for each one
23 thousand two hundred fifty dollars (\$1,250) of adjusted gross
24 income in excess of seventy-five thousand dollars (\$75,000).

25 (3) For married taxpayers filing jointly with
26 adjusted gross income of more than one hundred twenty-five
27 thousand dollars (\$125,000) the federal income tax deduction

1 shall be reduced by an amount equal to one percent (1%) of
2 federal income taxes paid or accrued for each two thousand
3 seven hundred fifty dollars (\$2,750) of adjusted gross income
4 in excess of one hundred twenty-five thousand dollars
5 (\$125,000).

6 (c) Beginning January 1, 2011, the sale of food
7 shall be exempt from state sales tax. Local governments shall
8 continue to levy sales taxes on food at the same rate
9 collected for the local portion of the retail sales tax. For
10 purposes of this amendment, food means food as defined for
11 food stamp purposes in the Federal Food Stamp Act, 7 U.S.C.
12 §2011, et seq., regardless of where or by what means food is
13 sold.

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

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

23 "Proposing an amendment to the Constitution of
24 Alabama of 1901, the "Tax Fairness Amendment of 2009," which
25 would remove the four percent state sales tax on food, and
26 limit the individual income tax deduction for federal income
27 taxes paid or accrued.

1 "Proposed by Act _____."

2 This description shall be followed by the following
3 language:

4 "Yes () No ()."