

1 HB19
2 207489-1
3 By Representative Mooney
4 RFD: Ways and Means Education
5 First Read: 02-FEB-21
6 PFD: 10/29/2020

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8 SYNOPSIS: Under existing law, amounts received in 2020
9 as a result of federal tax credits or advance
10 refunds provided under the federal Coronavirus Aid,
11 Relief, and Economic Security (CARES) Act, as
12 provided in I.R.C. § 6428, are not excluded from
13 Alabama individual income taxation.

14 Under existing law, cancellation of
15 indebtedness income resulting from the forgiveness
16 of small business loans under Section 1106 of the
17 federal Coronavirus Aid, Relief, and Economic
18 Security Act (CARES Act) is not excluded from
19 Alabama individual income taxation and may not be
20 excluded from Alabama corporate income taxation and
21 Alabama financial institution taxation.

22 This bill would provide for an exclusion
23 from Alabama individual income taxation for any
24 federal tax credits or advance refunds resulting
25 from the federal Coronavirus Aid, Relief, and
26 Economic Security Act.

1 This bill would provide for an exclusion
2 from Alabama income taxation for small business
3 loans forgiven under the Paycheck Protection
4 Program established by the federal Coronavirus Aid,
5 Relief, and Economic Security (CARES) Act.

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7 A BILL
8 TO BE ENTITLED
9 AN ACT

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11 Relating to income taxes; to provide for an
12 exclusion from Alabama income tax for federal tax credits,
13 advance refunds, or loan forgiveness resulting from the
14 federal Coronavirus Aid, Relief, and Economic Security Act.
15 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

16 Section 1. (a) Any tax credits or advance refund
17 amounts received as a result of the federal Coronavirus Aid,
18 Relief, and Economic Security Act, as provided in I.R.C. §
19 6428, shall be excluded from Alabama individual income
20 taxation.

21 (b) For taxable year 2020, any tax credits or
22 advance refund amounts received as a result of the federal
23 Coronavirus Aid, Relief, and Economic Security Act, as
24 provided in I.R.C. § 6428, shall also be excluded from any and
25 all calculations in determining a taxpayer's federal income
26 tax deduction pursuant to Section 40-18-15.

1 Section 2. Any amount of cancellation of
2 indebtedness income resulting from a loan forgiven under
3 Section 1106 of the federal Coronavirus Aid, Relief, and
4 Economic Security Act:

5 (1) Shall be exempt from the financial institution
6 excise tax imposed by Chapter 16 of Title 40 and from the
7 income taxes imposed by Chapter 18 of Title 40, to the same
8 extent as the amount is exempt from the federal income tax.

9 (2) Shall not be considered in determining the
10 deductibility of otherwise deductible expenses, such as
11 payroll, utilities, mortgage interest, and rent, allowed to be
12 paid with the exempt funds, to the same extent as the expenses
13 remain deductible in calculating federal income tax.

14 (3) Shall also be excluded from any and all
15 calculations in determining a taxpayer's federal income tax
16 deduction pursuant to Chapter 16 or Chapter 18 of Title 40.

17 Section 3. This act shall become effective
18 immediately following its passage and approval by the
19 Governor, or its otherwise becoming law.