

1 HB257
2 209575-1
3 By Representative Mooney
4 RFD: Ways and Means Education
5 First Read: 02-FEB-21

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8 SYNOPSIS: Under the current provisions of the Code of
9 Alabama 1975, amounts received as a result of
10 federal tax credits or advance refunds and other
11 economic relief payments provided under the federal
12 Coronavirus Aid, Relief, and Economic Security
13 (CARES) Act and subsequent federal COVID relief
14 legislation are not excluded from Alabama
15 individual income taxation.

16 Under the current provisions of the Code of
17 Alabama 1975, cancellation of indebtedness income
18 resulting from the forgiveness of small business
19 loans forgiven under Sections 1106 and 1109 of the
20 federal Coronavirus Aid, Relief, and Economic
21 Security (CARES) Act and the federal Economic Aid
22 for Hard-Hit Businesses, Nonprofits, and Venues Act
23 is not excluded from Alabama individual income
24 taxation and may not be excluded from Alabama
25 corporate income taxation and financial institution
26 excise taxation.

1 Under the current provisions of the Code of
2 Alabama 1975, any amount received from the state
3 Coronavirus Relief Fund is treated as taxable
4 income for purposes of Alabama income and financial
5 institution excise taxation.

6 This bill would provide for an exclusion
7 from Alabama individual income taxation for any
8 federal tax credits, advance refunds, Small
9 Business Administration subsidy payments, Emergency
10 EIDL grants, Targeted EIDL advances, student loan
11 payments, or qualified disaster relief payments,
12 resulting from the federal Coronavirus Aid, Relief,
13 and Economic Security Act, Taxpayer Certainty and
14 Disaster Relief Tax Act, or COVID-related Tax
15 Relief Act.

16 This bill would provide an income and
17 financial institution excise tax exemption for any
18 amounts received from the Coronavirus Relief Fund.

19 This bill would provide for an exclusion
20 from Alabama income taxation and financial
21 institution excise taxation for small business
22 loans forgiven under the Paycheck Protection
23 Program established by the federal Coronavirus Aid,
24 Relief, and Economic Security (CARES) Act.

25
26 A BILL
27 TO BE ENTITLED

1 AN ACT

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3 Relating to corporate income tax; to provide for an
4 exclusion from Alabama individual income tax for federal tax
5 credits, advance refunds, qualified disaster relief payments,
6 Small Business Administration subsidy payments, Emergency EIDL
7 grants, Targeted EIDL advances, student loans, or loan
8 forgiveness resulting from the federal Coronavirus Aid,
9 Relief, and Economic Security Act, Taxpayer Certainty and
10 Disaster Relief Tax Act, or COVID-related Tax Relief Act; and
11 to provide an income and financial institution excise tax
12 exemption for any amounts received from the Coronavirus Relief
13 Fund.

14 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

15 Section 1. Sections 2 through 4 of this act shall be
16 known and may be cited as the "Alabama Taxpayer Stimulus
17 Freedom Act of 2021."

18 Section 2. (a) Any tax credits or advance refund
19 amounts received as a result of the federal Coronavirus Aid,
20 Relief, and Economic Security Act, as provided in I.R.C. §
21 6428, or as a result of Section 272 of the COVID-related Tax
22 Relief Act of 2020 (RELIEF Act), Pub. L. 116-260, as provided
23 in I.R.C. § 6428A, or as a result of other similar
24 COVID-related relief measures for individuals enacted by the
25 United States Congress shall be excluded from Alabama
26 individual income taxation.

1 (b) Any tax credits or advance refund amounts
2 received as a result of the federal Coronavirus Aid, Relief,
3 and Economic Security Act, as provided in I.R.C. § 6428, or as
4 a result of Section 272 of the RELIEF Act, Pub. L. 116-260, as
5 provided in I.R.C. § 6428A, or as a result of other similar
6 COVID-related relief measures for individuals enacted by the
7 United States Congress shall also be excluded from any and all
8 calculations in determining a taxpayer's federal income tax
9 deduction pursuant to Section 40-18-15, Code of Alabama 1975.

10 (c) Principal or interest payments incurred by an
11 employer on any qualified education loan that is excluded from
12 the employee's federal gross income pursuant to I.R.C. §
13 127(c)(1)(B), under the provisions of Section 2206(a) of the
14 Coronavirus Aid, Relief, and Economic Security Act, as amended
15 by Section 120 of the Taxpayer Certainty and Disaster Relief
16 Tax Act of 2020, Pub. L. 116-260, shall be excluded from the
17 gross income of an employee for income taxes imposed by
18 Chapter 18 of Title 40, to the same extent as the amount is
19 excluded from the federal gross income.

20 (d) Any amount received from a Qualified Emergency
21 Federal Aid Grant shall be excluded from the gross income of
22 the grant recipient for income taxes imposed by Chapter 18 of
23 Title 40, Code of Alabama 1975, to the same extent as the
24 amount is excluded from the federal gross income under Section
25 277 of the RELIEF Act.

26 (e) Any Alabama taxpayer subject to the tax imposed
27 by Chapter 16 or Chapter 18 of Title 40, Code of Alabama 1975,

1 shall be exempt from recognizing as income any amount received
2 from the state Coronavirus Relief Fund provided by the
3 Congress of the United States to the State of Alabama from the
4 Coronavirus Aid, Relief, and Economic Security Act.

5 (f) Any qualifying disaster relief payment received
6 by an Alabama taxpayer that would be excluded from federal
7 income taxation pursuant to I.R.C. § 139 as a result of the
8 Presidential Proclamation on Declaring a National Emergency
9 Concerning the Novel Coronavirus Disease (COVID-19) Outbreak
10 shall be excluded from the gross income of the taxpayer for
11 income taxes imposed by Chapter 18 of Title 40, Code of
12 Alabama 1975, to the same extent as the amount is excluded
13 from federal gross income.

14 Section 3. Any amount of cancellation of
15 indebtedness income resulting from a loan forgiven under
16 Section 1106 or Section 1109 of the federal Coronavirus Aid,
17 Relief, and Economic Security Act as redesignated or amended
18 by the Economic Aid to Hard-Hit Small Businesses, Nonprofits,
19 and Venues Act, Pub. L. 116-260, or under Section 311 thereof:

20 (1) Shall be exempt from the financial institution
21 excise tax imposed by Chapter 16 of Title 40, Code of Alabama
22 1975, and the income taxes imposed by Chapter 18 of Title 40,
23 Code of Alabama 1975, to the same extent as the amount is
24 exempt from the federal income tax under Sections 276 or 278
25 of the RELIEF Act.

26 (2) Shall not be considered in determining the
27 deductibility of otherwise deductible expenses, such as

1 payroll, utilities, mortgage interest, and rent, allowed to be
2 paid with the exempt funds, to the same extent as the expenses
3 remain deductible in calculating federal income tax under
4 Sections 276 or 278 of the RELIEF Act.

5 (3) Shall also be excluded from any and all
6 calculations in determining a taxpayer's federal income tax
7 deduction pursuant to Chapter 16 or Chapter 18 of Title 40,
8 Code of Alabama 1975.

9 Section 4. Any subsidy payment for covered loans as
10 described in Section 1112(c) of the federal Coronavirus Aid,
11 Relief, and Economic Security Act; any amounts received as
12 Emergency EIDL Grants under Section 1110 of the federal
13 Coronavirus Aid, Relief, and Economic Security Act, as amended
14 by Section 332 of the Economic Aid to Hard-Hit Small
15 Businesses, Nonprofits, and Venues Act; and any amounts
16 received as Grants to Shuttered Venues or as Targeted EIDL
17 Advances under Sections 324 or 331, respectively, of the
18 Economic Aid to Hard-Hit Small Businesses, Nonprofits, and
19 Venues Act:

20 (1) Shall be exempt from financial institution
21 excise tax imposed by Chapter 16 of Title 40, Code of Alabama
22 1975, and the income taxes imposed by Chapter 18 of Title 40,
23 Code of Alabama 1975, to the same extent as the amount is
24 exempt from federal income tax under Section 278 of the RELIEF
25 Act.

26 (2) Shall not be considered in determining
27 deductibility of otherwise deductible expenses, such as

1 payroll, utilities, mortgage interest, and rent, allowed to be
2 paid with the exempt funds, to the same extent as the expenses
3 remain deductible in calculating federal income tax under
4 Section 278 of the RELIEF Act.

5 (3) Shall also be excluded from any and all
6 calculations in determining a taxpayer's federal income tax
7 deduction pursuant to Chapter 16 or Chapter 18 of Title 40,
8 Code of Alabama 1975.

9 Section 5. The Department of Revenue may adopt rules
10 for the implementation and administration of this act.

11 Section 6. This act shall be effective for tax years
12 ending after the enactment of the federal Coronavirus Aid,
13 Relief, and Economic Security Act, Pub. L. 116-136, following
14 its passage and approval by the Governor, or its otherwise
15 becoming law.