

1 SB375
2 191852-2
3 By Senator Hightower (Constitutional Amendment)
4 RFD: Finance and Taxation Education
5 First Read: 08-MAR-18

2
3
4
5
6
7
8 SYNOPSIS: This bill would propose an amendment to the
9 Constitution of Alabama of 1901, entitled the
10 Individual Flat Tax Act of 2018, to repeal
11 Amendment 25 of the Constitution of Alabama of
12 1901, now appearing as Section 211.01 of the
13 Official Recompilation of the Constitution of
14 Alabama of 1901, as amended, and Amendment 225 of
15 the Constitution of Alabama of 1901, now appearing
16 as Section 211.04 of the Official Recompilation of
17 the Constitution of Alabama of 1901, as amended; to
18 revise the individual income tax structure by
19 providing a specific tax rate; to provide for
20 certain tax credits and deductions under certain
21 conditions; and to authorize the Legislature to
22 enact general laws to implement the amendment.

23
24 A BILL
25 TO BE ENTITLED
26 AN ACT
27

1 Recompilation of the Constitution of Alabama of 1901, as
2 amended, relating to income taxes.

3 (2) Amendment 225 of the Constitution of Alabama of
4 1901, now appearing as Section 211.04 of the Official
5 Recompilation of the Constitution of Alabama of 1901, as
6 amended, relating to deductions of federal income tax from
7 gross income.

8 (c) For the purposes of this amendment, "adjusted
9 gross income" shall mean the adjusted gross income of an
10 individual for a taxable year as computed pursuant to the
11 federal Internal Revenue Code, 26 U.S.C. Title 26, as amended
12 from time to time.

13 (d) (1) Subject to subsection (e), effective for tax
14 years beginning on and after January 1, 2019, a tax is imposed
15 on every individual who is a resident of Alabama and on every
16 individual who is not a resident of Alabama and who performs
17 personal services, transacts business, or owns property in
18 Alabama. The rate of the tax shall be 4.20 percent.

19 (2) The tax imposed under subdivision (1) shall be
20 imposed on the resident's net income and on the non resident's
21 net income from performing personal services, transacting
22 business, or owning property in Alabama.

23 (e) (1) An individual may exclude from adjusted
24 gross income any income that is derived from sources within
25 another jurisdiction which is taxed under the law of that
26 jurisdiction regardless of the residence or domicile of the
27 individual.

1 (2) An individual may not claim any deduction,
2 credit, or exemption unless it is an exemption of defined
3 benefit retirement income up to seventy thousand dollars
4 (\$70,000) (one hundred forty thousand (\$140,000) on a joint
5 return filed by a married couple); a deduction for primary
6 home mortgage interest; a deduction for charitable
7 contributions; and a deduction for the first nine thousand
8 dollars (\$9,000) of income (eighteen thousand (\$18,000) on a
9 joint return filed by a married couple).

10 (f) The Legislature shall enact general laws for the
11 implementation of this amendment.

12 Section 2. An election upon the proposed amendment
13 shall be held at the next statewide primary or general
14 election in accordance with Sections 284 and 285 of the
15 Constitution of Alabama of 1901, now appearing as Sections 284
16 and 285 of the Official Recompilation of the Constitution of
17 Alabama of 1901, as amended, and the election laws of this
18 state.

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

24 "Proposing an amendment to the Constitution of
25 Alabama of 1901, to revise the individual income tax structure
26 by providing a single specific tax rate for individuals; to
27 provide for certain tax credits and deductions under certain

1 conditions; and to authorize the Legislature to enact general
2 laws to implement the amendment.

3 "Proposed by Act _____."

4 This description shall be followed by the following
5 language:

6 "Yes () No ()."