
DIGEST

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HB 7 Engrossed

2016 Second Extraordinary Session

Stokes

Abstract: Eliminates the deduction for federal income taxes paid when computing state individual income taxes and limits the maximum individual income tax rate to 4.75%.

Present constitution authorizes equal and uniform taxes to be levied on net income. Further authorizes the rates for these taxes to be graduated according to the amount of the taxpayer's net income; however, the state individual and joint income tax schedule of rates and brackets are prohibited from exceeding the rates and brackets as they existed on Jan. 1, 2003.

Present constitution authorizes federal income taxes paid to be allowed as a deductible item in computing state income taxes for the same period.

Proposed constitutional amendment changes present constitution by eliminating the deductibility of federal income taxes paid when computing individual income tax liability and eliminates references to the maximum amount of the individual income tax rates and brackets from the constitution in favor of limiting the maximum individual income tax rate to 4.75%.

Effective Jan. 1, 2017, and applicable to all tax years beginning on and after the effective date if House Bill Nos. 17 and 33 of the 2016 Second Extraordinary Session are enacted into law.

Provides for submission of the proposed amendment to the voters at the statewide election to be held Nov. 8, 2016.

(Amends Const. Art. VII, §4(A))

Summary of Amendments Adopted by House

The Committee Amendments Proposed by House Committee on Ways and Means to the original bill:

1. Add contingent effectiveness for proposed law based upon enactment of House Bill Nos. 17 and 33 of the 2016 Second Extraordinary Session.