SB144

204388-2

By Senator Jones (Constitutional Amendment)

RFD: Finance and Taxation Education

First Read: 06-FEB-20
SYNOPSIS: Under existing law, individual income taxpayers are allowed to deduct the amount of federal income taxes paid or accrued within the year.

This bill would amend Amendment 225 to the Constitution of Alabama of 1901, now appearing as Section 211.04 of the Official Recompilation of the Constitution of Alabama of 1901, as amended; to limit the amount of federal income taxes paid or accrued an individual income taxpayer can deduct to a maximum of $6,000 for individuals filing as single, head of household, and married filing separately and $12,000 for individuals filing as married filing joint.

Under existing law, the state imposes sales or use taxes upon certain persons, firms, or corporations. Sales of certain items are taxed at a reduced rate. Sales of other items are exempt from the taxes.
This bill would exempt sales of food from state sales and use taxes beginning October 1, 2020.

A BILL
TO BE ENTITLED
AN ACT

To propose an amendment to the Constitution of Alabama of 1901, as amended; to amend Amendment 225 to the Constitution of Alabama of 1901, now appearing as Section 211.04 of the Official Recompilation of the Constitution of Alabama of 1901, as amended; limiting the amount of federal income taxes paid or accrued an individual income taxpayer can deduct to a maximum of $6,000 for individuals filing as single, head of household, and married filing separately and $12,000 for individuals filing as married filing joint; and to exempt sales of food from state sales and use taxes beginning October 1, 2020.

BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

Section 1. The following amendment to the Constitution of Alabama of 1901, as amended, is proposed and shall become valid as a part thereof when approved by a majority of the qualified electors voting thereon and in accordance with Sections 284, 285, and 287 of the Constitution of Alabama of 1901, as amended:

PROPOSED AMENDMENT
Part I. Amendment 225 of the Constitution of Alabama of 1901, now appearing as Section 211.04 of the Official Recompilation of the Constitution of Alabama of 1901, is hereby amended to read as follows:

"Amendment No. 225

"In computing net income for state income tax purposes for the calendar year 1965 and each year thereafter, a resident individual taxpayer shall be allowed to deduct from his gross income the amount of federal income tax paid or accrued within the taxable year. A nonresident individual income taxpayer shall be allowed to deduct only that amount of federal income tax paid or accrued in the taxable year on income received from sources within the state. For tax years that begin after December 31, 2020, an individual taxpayer filing as single, head of household, and married filing separately shall not deduct more than six thousand dollars ($6,000) in federal income tax paid or accrued within the taxable year. For tax years that begin after December 31, 2020, an individual taxpayer filing as married filing joint shall not deduct more than twelve thousand dollars ($12,000) in federal income taxes paid or accrued within the taxable year."

Part II. (a) For purposes of this constitutional amendment, the following terms are defined as follows:

(1) FOOD. Food as defined in 7 U.S.C §2011, et seq., for the purposes of the federal Supplemental Nutrition Assistance Program regardless of where or by what means food
is sold. In the event that the federal Supplemental Nutrition Assistance Program definition no longer exists, the Legislature shall provide a new definition of food by general law.

(b) Notwithstanding any other provision of law, for taxable periods beginning on and after October 1, 2020, gross receipts from the sale or use of food shall be exempt from state sales and use taxes. Local governments shall continue to collect sales taxes on food at the same rate collected for the local portion of the retail sales tax.

Section 2. An election upon the proposed amendment shall be held in accordance with Sections 284 and 285 of the Constitution of Alabama of 1901, now appearing as Sections 284 and 285 of the Official Recompilation of the Constitution of Alabama of 1901, as amended, and the election laws of this state.

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

"Proposing an amendment to the Constitution of Alabama of 1901, to exempt sales of food from state sales and use taxes; to amend Amendment 225 of the Constitution of Alabama of 1901, now appearing as Section 211.04 of the Official Recompilation of the Constitution of Alabama of 1901, as amended, to limit the amount an individual taxpayer filing
as single, head of household, and married filing separately can deduct in federal income taxes paid to a maximum of six thousand dollars ($6,000); and to limit the amount an individual taxpayer filing as married filing joint can deduct in federal income taxes paid to a maximum of twelve thousand dollars ($12,000)."

"Proposed by Act ________.

This description shall be followed by the following language:

"Yes ( ) No ( )."