

1 SB144
2 204388-2
3 By Senator Jones (Constitutional Amendment)
4 RFD: Finance and Taxation Education
5 First Read: 06-FEB-20

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8 SYNOPSIS: Under existing law, individual income
9 taxpayers are allowed to deduct the amount of
10 federal income taxes paid or accrued within the
11 year.

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

22 Under existing law, the state imposes sales
23 or use taxes upon certain persons, firms, or
24 corporations. Sales of certain items are taxed at a
25 reduced rate. Sales of other items are exempt from
26 the taxes.

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

5 "Amendment No. 225

6 "In computing net income for state income tax
7 purposes for the calendar year 1965 and each year thereafter,
8 a resident individual taxpayer shall be allowed to deduct from
9 his gross income the amount of federal income tax paid or
10 accrued within the taxable year. A nonresident individual
11 income taxpayer shall be allowed to deduct only that amount of
12 federal income tax paid or accrued in the taxable year on
13 income received from sources within the state. For tax years
14 that begin after December 31, 2020, an individual taxpayer
15 filing as single, head of household, and married filing
16 separately shall not deduct more than six thousand dollars
17 (\$6,000) in federal income tax paid or accrued within the
18 taxable year. For tax years that begin after December 31,
19 2020, an individual taxpayer filing as married filing joint
20 shall not deduct more than twelve thousand dollars (\$12,000)
21 in federal income taxes paid or accrued within the taxable
22 year."

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

25 (1) FOOD. Food as defined in 7 U.S.C §2011, et seq.,
26 for the purposes of the federal Supplemental Nutrition
27 Assistance Program regardless of where or by what means food

1 is sold. In the event that the federal Supplemental Nutrition
2 Assistance Program definition no longer exists, the
3 Legislature shall provide a new definition of food by general
4 law.

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

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

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

22 "Proposing an amendment to the Constitution of
23 Alabama of 1901, to exempt sales of food from state sales and
24 use taxes; to amend Amendment 225 of the Constitution of
25 Alabama of 1901, now appearing as Section 211.04 of the
26 Official Recompilation of the Constitution of Alabama of 1901,
27 as amended, to limit the amount an individual taxpayer filing

1 as single, head of household, and married filing separately
2 can deduct in federal income taxes paid to a maximum of six
3 thousand dollars (\$6,000); and to limit the amount an
4 individual taxpayer filing as married filing joint can deduct
5 in federal income taxes paid to a maximum of twelve thousand
6 dollars (\$12,000)."

7 "Proposed by Act _____."

8 This description shall be followed by the following
9 language:

10 "Yes () No ()."