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3 HB116 HOUSE EDUCATION APPROPRIATIONS COMMITTEE ENGROSSED  
4 SUBSTITUTE

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10 A BILL  
11 TO BE ENTITLED  
12 AN ACT  
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14 To propose an amendment to the Constitution of  
15 Alabama of 1901, to limit the state income tax deduction for  
16 federal income taxes for individual taxpayers; and to exempt  
17 sales of food from state sales tax.

18 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

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

25 PROPOSED AMENDMENT

26 (a) Amendment 225 of the Constitution of Alabama of  
27 1901, now appearing as Section 211.04 of the Official

1       Recompilation of the Constitution of Alabama of 1901, is  
2       repealed.

3               ~~(b) Effective for all tax years beginning after~~  
4       ~~December 31, 2010, federal income taxes shall no longer be~~  
5       ~~allowed to be deducted in computing income subject to the~~  
6       ~~state individual income tax.~~

7               **(b) For all tax years beginning after December 31,**  
8       **2010, federal income taxes paid or accrued shall be allowed as**  
9       **a deduction for individual income taxpayers, subject to the**  
10       **following limitations:**

11               **(1) For single, married filing separately, and head**  
12       **of family taxpayers with adjusted gross income of fifty**  
13       **thousand dollars (\$50,000) or less, and for married taxpayers**  
14       **filing jointly with adjusted gross income of one hundred**  
15       **thousand dollars (\$100,000) or less, all federal income taxes**  
16       **paid or accrued shall be allowed as a deduction.**

17               **(2) For single, married filing separately, and head**  
18       **of family taxpayers with adjusted gross income of more than**  
19       **fifty thousand dollars (\$50,000) the federal income tax**  
20       **deduction shall be reduced by an amount equal to one percent**  
21       **(1%) of federal income taxes paid or accrued for each one**  
22       **thousand five hundred dollars (\$1,500) of adjusted gross**  
23       **income in excess of fifty thousand dollars (\$50,000).**

24               **(3) For married taxpayers filing jointly with**  
25       **adjusted gross income of more than one hundred thousand**  
26       **dollars (\$100,000) the federal income tax deduction shall be**  
27       **reduced by an amount equal to one percent (1%) of federal**

1 income taxes paid or accrued for each three thousand dollars  
2 (\$3,000) of adjusted gross income in excess of one hundred  
3 thousand dollars (\$100,000).

4 (c) Effective for all tax years beginning after  
5 December 31, 2010, the optional standard deduction allowed to  
6 individual income taxpayers shall be equal to the amount  
7 allowed for federal income tax purposes pursuant to 26 U.S.C.  
8 §63.

9 (c) Beginning January 1, 2011, the sale of food  
10 shall be exempt from state sales tax. Local governments shall  
11 continue to levy sales taxes on food at the same rate  
12 collected for the local portion of the retail sales tax. For  
13 purposes of this amendment, food means food as defined for  
14 food stamp purposes in the Federal Food Stamp Act, 7 U.S.C.  
15 §2011, et seq., regardless of where or by what means food is  
16 sold. Food does not include candy or soft drinks. Candy means  
17 a preparation of sugar, honey, or other natural or artificial  
18 sweeteners in combination with chocolate, fruit, nuts, or  
19 other ingredients or flavorings in the form of bars, drops, or  
20 pieces. Candy shall not include any preparation containing  
21 flour and shall require no refrigeration. Soft drinks means  
22 non-alcoholic beverages that contain natural or artificial  
23 sweeteners. Soft drinks do not include beverages that contain  
24 milk or milk products, soy, rice or similar milk substitutes,  
25 or greater than fifty percent of vegetable or fruit juice by  
26 volume. In the event that the federal food stamp definition no

1 ~~longer exists, the Legislature shall provide a new definition~~  
2 ~~of food by general law.~~

3 ~~(d) Effective for all tax years beginning after~~  
4 ~~December 31, 2010, the personal exemption allowed for each~~  
5 ~~individual income taxpayer shall be not less than \$2,200. The~~  
6 ~~personal exemption allowed for married taxpayers filing~~  
7 ~~jointly shall be not less than \$4,400.~~

8 ~~(e) Effective for all tax years beginning after~~  
9 ~~December 31, 2010, the exemption allowed for each dependent of~~  
10 ~~an individual income taxpayer shall be not less than \$2,200.~~

11 ~~(f) Beginning January 1, 2011, the sale of food~~  
12 ~~shall be exempt from state sales tax. The sale of food to~~  
13 ~~corporations, S corporations, and limited liability entities,~~  
14 ~~as defined in Section 40-14A-1 shall not be exempt from state~~  
15 ~~sales tax. Local governments shall continue to levy sales~~  
16 ~~taxes on food at the same rate collected for the local portion~~  
17 ~~of the retail sales tax. For purposes of this amendment, food~~  
18 ~~means food as defined for food stamp purposes in the Federal~~  
19 ~~Food Stamp Act, 7 U.S.C. §2011, et seq.~~

20 Section 2. An election upon the proposed amendment  
21 shall be held in accordance with Sections 284 and 285 of the  
22 Constitution of Alabama of 1901, as amended, and the election  
23 laws of this state.

24 Section 3. The appropriate election official shall  
25 assign a ballot number for the proposed constitutional  
26 amendment on the election ballot and shall set forth the

1 following description of the substance or subject matter of  
2 the proposed constitutional amendment:

3 "Proposing an amendment to the Constitution of  
4 Alabama of 1901, the "Tax Fairness Amendment of 2009," which  
5 would remove the four percent state sales tax on food,  
6 ~~increase income tax standard deductions, personal exemptions,~~  
7 ~~and dependent exemptions, and remove the individual income tax~~  
8 ~~deduction for federal income taxes paid or accrued. and limit~~  
9 ~~the individual income tax deduction for federal income taxes~~  
10 ~~paid or accrued.~~

11 "Proposed by Act \_\_\_\_\_."

12 This description shall be followed by the following  
13 language:

14 "Yes ( ) No ( )."