
DIGEST

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HB 369 Original

2021 Regular Session

Ivey

Abstract: Requires a flat individual income tax rate and eliminates the mandatory deduction for federal income taxes paid for purposes of computing income taxes.

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 law provides for a tax to be assessed, levied, collected, and paid upon the taxable income of an individual at the following rates and brackets:

- (1) 2% on the first \$12,500 of net income.
- (2) 4% on the next \$37,500 of net income.
- (3) 6% on net income in excess of \$50,000.

Proposed constitutional amendment deletes the reference to the individual income tax rates and brackets in existence on Jan. 1, 2003, in favor of specifying that a state tax levied on individual income shall be levied at a flat rate which shall be established in law.

Present constitution requires 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 mandatory deductibility of federal income taxes paid when computing income tax liability.

Effective Jan. 1, 2022, and applicable to tax years beginning on or after Jan. 1, 2022.

Provides for submission of the proposed amendment to the voters at the statewide election to be held Oct. 9, 2021.

(Amends Const. Art. VII, §4(A))