

GREEN SHEET REDIGEST

HB 76

2016 First Extraordinary Session

Stokes

(KEYWORD, SUMMARY, AND DIGEST as amended by Senate committee amendments)

(Constitutional Amendment) Eliminates the income tax deduction for federal income taxes paid for purposes of computing individual and corporate income taxes and references to the maximum amount of individual income tax rates and brackets (Item #3).

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HB 76 Reengrossed

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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 both individual and corporate income tax liability and eliminates references to the maximum amount of the individual income tax rates and brackets from the constitution in favor of establishing a maximum individual income tax rate of 4.75%.

Effective January 1, 2017, and applicable to all tax years beginning on and after the effective date.

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 House Floor Amendments to the engrossed bill:

1. Establish a maximum rate of 4.75% for purposes of calculating individual income taxes.
2. Add an effective date of January 1, 2017.

Summary of Amendments Adopted by Senate

Committee Amendments Proposed by Senate Committee on Revenue and Fiscal Affairs to the reengrossed bill

1. Makes technical changes to the official ballot to be used at the election that reiterates the approval of an enactment of a flat tax as being one of the primary purposes of the vote.