

SB48 INTRODUCED



1 XQIJZE-1

2 By Senators Orr, Bell, Butler, Carnley, Sessions, Waggoner,

3 Hovey, Weaver, Reed, Scofield, Barfoot, Price, Williams,

4 Roberts, Elliott, Kelley, Allen, Givhan, Chambliss, Albritton,

5 Stutts, Singleton, Melson, Coleman-Madison

6 RFD: Finance and Taxation Education

7 First Read: 07-Mar-23

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SYNOPSIS:

Under existing law, Alabama levies an individual income tax at rates ranging from two percent on taxable income to a top rate of five percent on taxable income.

This bill would phase in a reduction in the top tax rate from five percent to four and ninety-five hundredths percent.

A BILL
TO BE ENTITLED
AN ACT

Relating to individual income taxes; to amend Section 40-18-5, Code of Alabama 1975, to phase-in a reduction in the top tax rate from five percent to four and ninety-five hundredths percent.

BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

Section 1. Section 40-18-5, Code of Alabama 1975, is amended to read as follows:

"§40-18-5

The tax levied and imposed by Section 40-18-2 shall be computed as follows:

(1) For a single person, head of family, or married persons filing separate returns:



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29 a. Two percent of taxable income not in excess of five
30 hundred dollars (\$500).

31 b. Four percent of taxable income in excess of five
32 hundred dollars (\$500) and not in excess of three thousand
33 dollars (\$3,000).

34 c. ~~Five percent of~~ For taxable income in excess of
35 three thousand dollars (\$3,000) :-

36 1. Five percent through tax year 2022.

37 2. Four and ninety-nine hundredths percent for tax year
38 2023.

39 3. Four and ninety-eight hundredths percent for tax
40 year 2024.

41 4. Four and ninety-seven hundredths percent for tax
42 year 2025.

43 5. Four and ninety-six hundredths percent for tax year
44 2026.

45 6. Four and ninety-five hundredths percent for tax year
46 2027 and each tax year thereafter.

47 (2) For married persons filing a joint return:

48 a. Two percent of taxable income not in excess of one
49 thousand dollars (\$1,000).

50 b. Four percent of taxable income in excess of one
51 thousand dollars (\$1,000) and not in excess of six thousand
52 dollars (\$6,000).

53 c. ~~Five percent of~~ For taxable income in excess of six
54 thousand dollars (\$6,000) :-

55 1. Five percent through tax year 2022.

56 2. Four and ninety-nine hundredths percent for tax year



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57 2023.

58 3. Four and ninety-eight hundredths percent for tax
59 year 2024.

60 4. Four and ninety-seven hundredths percent for tax
61 year 2025.

62 5. Four and ninety-six hundredths percent for tax year
63 2026.

64 6. Four and ninety-five hundredths percent for tax year
65 2027 and each tax year thereafter.

66 Section 2. This act shall become effective on the first
67 day of the third month following its passage and approval by
68 the Governor, or its otherwise becoming law.