

1 HB300  
2 127529-1  
3 By Representative Lindsey  
4 RFD: Ways and Means Education  
5 First Read: 22-MAR-11

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8 SYNOPSIS: Under existing law, Alabama levies an income  
9 tax on corporations. Alabama corporate income tax  
10 law is linked to federal corporate income tax law,  
11 which allows a temporary increase in the bonus  
12 depreciation deduction from fifty percent (50%) to  
13 one hundred percent (100%) of the adjusted basis of  
14 qualified property pursuant to The Tax Relief,  
15 Unemployment Insurance Reauthorization, and Job  
16 Creation Act of 2010 (Public Law 111-312).

17 This bill would limit the Alabama deduction  
18 to fifty percent (50%) of the adjusted basis of  
19 qualified property.  
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21 A BILL  
22 TO BE ENTITLED  
23 AN ACT  
24

25 To amend Section 40-18-34, Code of Alabama 1975, to  
26 limit the bonus depreciation deduction to fifty percent (50%)  
27 of the adjusted basis of qualified property.

1 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

2 Section 1. Section 40-18-34, Code of Alabama 1975,  
3 as amended, is amended to read as follows:

4 "§40-18-34.

5 "The following items shall be added to federal  
6 taxable income for purposes of computing taxable income under  
7 this chapter:

8 (a) State and local income taxes that are deductible  
9 in computing federal taxable income.

10 (b) Interest on obligations of state or local  
11 governments other than Alabama that is excludable from gross  
12 income for federal income tax purposes.

13 (c) Refunds of federal income taxes deducted.

14 (d) Dividends received from a corporation in which  
15 the taxpayer owns less than 20% of the stock (by vote and  
16 value), but only to the extent such dividends are properly  
17 deducted in computing taxable income for federal income tax  
18 purposes.

19 (e) For taxable years beginning on or after January  
20 1, 2011, any amount deducted in accordance with 26 U.S.C. §168  
21 which is in excess of fifty percent (50%) of the adjusted  
22 basis of qualified property."

23 Section 2. This act shall become effective  
24 immediately following its passage and approval by the  
25 Governor, or its otherwise becoming law.