

1 HB3
2 201767-1
3 By Representative Holmes (Constitutional Amendment)
4 RFD: Fiscal Responsibility
5 First Read: 04-FEB-20
6 PFD: 07/23/2019

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8 SYNOPSIS: This bill would propose an amendment to the
9 Constitution of Alabama of 1901, entitled the
10 Alabama Economic Freedom Act of 2019, to repeal the
11 following: Amendment 25 of the Constitution of
12 Alabama of 1901, now appearing as Section 211.01 of
13 the Official Recompilation of the Constitution of
14 Alabama of 1901, as amended, Amendment 23 of the
15 Constitution of Alabama of 1901, now appearing as
16 Section 219 of the Official Recompilation of the
17 Constitution of Alabama of 1901 as amended,
18 Amendment 212, as amended by Amendment 662, of the
19 Constitution of Alabama of 1901, now appearing as
20 Section 211.03 of the Official Recompilation of the
21 Constitution of Alabama of 1901, as amended, and
22 Amendment 225 of the Constitution of Alabama of
23 1901, now appearing as Section 211.04 of the
24 Official Recompilation of the Constitution of
25 Alabama of 1901, as amended; to eliminate the
26 business privilege, inheritance and estate and

1 income taxes and to authorize the Legislature to
2 enact general laws to implement the amendment.

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4 A BILL
5 TO BE ENTITLED
6 AN ACT

7
8 To propose an amendment to the Constitution of
9 Alabama of 1901, to repeal the following: Amendment 25 of the
10 Constitution of Alabama of 1901, now appearing as Section
11 211.01 of the Official Recompilation of the Constitution of
12 Alabama of 1901, as amended, Section 229, now appearing as
13 Section 229 of the Official Recompilation of the Constitution
14 of 1901, as last amended by Amendment 872 of the Constitution
15 of Alabama of 1901; Amendment 23 of the Constitution of
16 Alabama of 1901, now appearing as Section 219 of the Official
17 Recompilation of the Constitution of Alabama of 1901, as
18 amended; Amendment 212, as amended by Amendment 662, of the
19 Constitution of Alabama of 1901, now appearing as Section
20 211.03 of the Official Recompilation of the Constitution of
21 Alabama of 1901, as amended, and Amendment 225 of the
22 Constitution of Alabama of 1901, now appearing as Section
23 211.04 of the Official Recompilation of the Constitution of
24 Alabama of 1901, as amended; to eliminate the business
25 privilege, inheritance and estate taxes and income taxes and
26 to authorize the Legislature to enact general laws to
27 implement the amendment.

1 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

2 Section 1. The following amendment to the
3 Constitution of Alabama of 1901, as amended, is proposed and
4 shall become valid as a part thereof when approved by a
5 majority of the qualified electors voting thereon and in
6 accordance with Sections 284, 285, and 287 of the Constitution
7 of Alabama of 1901, as amended:

8 PROPOSED AMENDMENT

9 I. This amendment shall be known and may be cited as
10 the Alabama Economic Freedom Act of 2019.

11 II. Effective January 1, 2020, the following
12 provisions of the Constitution of Alabama of 1901 are
13 repealed:

14 (a) Section 229 of the Constitution of Alabama of
15 1901, now appearing as Section 229 of the Official
16 Recompilation of the Constitution of Alabama of 1901, as
17 amended by Amendment 872, relating to business privilege
18 taxes.

19 (b) Amendment 23 of the Constitution of Alabama of
20 1901, now appearing as Section 219 of the Official
21 Recompilation of the Constitution of Alabama of 1901, as
22 amended, relating to inheritance and estate taxes.

23 (c) Amendment 25 of the Constitution of Alabama of
24 1901, now appearing as Section 219 of the Official
25 Recompilation of the Constitution of Alabama of 1901, as
26 amended, related to income taxes.

1 (d) Amendment 212, as amended by Amendment 662, of
2 the Constitution of Alabama of 1901, now appearing as Section
3 211.03 of the Official Recompilation of the Constitution of
4 Alabama of 1901, as amended, relating to state tax on net
5 income of corporations.

6 (e) Amendment 225 of the Constitution of Alabama of
7 1901, now appearing as Section 211.04 of the Official
8 Recompilation of the Constitution of Alabama of 1901, as
9 amended, relating to deductions of federal income tax from
10 gross income.

11 IV. The Legislature shall enact general laws as
12 necessary to implement a single rate consumption tax in
13 Alabama. These laws shall include provisions to repeal the
14 current state sales and use taxes, rental and lease taxes,
15 lodgings tax, utility gross receipts tax, corporate tax income
16 tax, individual income tax, mortgage and deed taxes, financial
17 institutions excise tax, business privilege tax and insurance
18 premium tax and replace all revenue generated from these taxes
19 with a broad-based single rate tax based on consumption
20 expenditures contributing to Alabama's Gross Domestic Product
21 (GDP). The single rate consumption tax rate shall also replace
22 state tax revenues allocated to local governments as well as
23 levied tax revenues which are collected using the same basis
24 as the current state taxes.

25 Section 2. An election upon the proposed amendment
26 shall be held at the next statewide primary or general
27 election in accordance with Sections 284 and 285 of the

1 Constitution of Alabama of 1901, now appearing as Sections 284
2 and 285 of the Official ReCompilation of the Constitution of
3 Alabama of 1901, as amended, and the election laws of this
4 state.

5 Section 3. The appropriate election official shall
6 assign a ballot number for the proposed constitutional
7 amendment on the election ballot and shall set forth the
8 following description of the substance or subject matter of
9 the proposed constitutional amendment:

10 "Proposing an amendment to the Constitution of
11 Alabama of 1901, entitled the Alabama Economic Freedom Act of
12 2019, to repeal business privilege taxes, income taxes and
13 inheritance and estate taxes; and to authorize the Legislature
14 to enact general laws to repeal various state taxes currently
15 levied and establish a broad-based single rate tax on
16 consumption expenditures contributing to Alabama's Gross
17 Domestic Product (GDP) to replace the revenues generated from
18 the repealed taxes and companion local taxes.

19 "Proposed by Act _____."

20 This description shall be followed by the following
21 language:

22 "Yes () No ()."