

1 SB7  
2 207990-1  
3 By Senator Elliott  
4 RFD: Finance and Taxation Education  
5 First Read: 02-FEB-21  
6 PFD: 09/02/2020

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8 SYNOPSIS: This bill would provide for an exclusion  
9 from Alabama taxation for any federal tax credits,  
10 advance refunds, or loan forgiveness resulting from  
11 the federal Coronavirus Aid, Relief, and Economic  
12 Security Act.

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14 A BILL  
15 TO BE ENTITLED  
16 AN ACT

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18 To provide for an exclusion from Alabama tax for  
19 federal tax credits, advance refunds, or loan forgiveness  
20 received from the federal Coronavirus Aid, Relief, and  
21 Economic Security Act.

22 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

23 Section 1. (a) Any tax credits or advance refund  
24 amounts received as a result of the federal Coronavirus Aid,  
25 Relief, and Economic Security Act shall be excluded from  
26 Alabama individual income taxation.

1                   (b) For taxable year 2020, any tax credits or  
2 advance refund amounts received as a result of the federal  
3 Coronavirus Aid, Relief, and Economic Security Act shall also  
4 be excluded from any and all calculations in determining a  
5 taxpayer's federal income tax deduction pursuant to Section  
6 40-18-15.

7                   (c) Any amount of a loan forgiven by the provisions  
8 of the federal Coronavirus Aid, Relief, and Economic Security  
9 Act:

10                   (1) Shall be exempt from the income taxes imposed by  
11 Chapter 18 of Title 40 and from financial institution tax  
12 imposed by Chapter 16 of Title 40, to the same extent as the  
13 amount is exempt from the federal income tax.

14                   (2) Shall not be considered in determining the  
15 deductibility of otherwise deductible expenses, such as  
16 payroll or rent, allowed to be paid with the exempt funds, to  
17 the same extent as the expenses remain deductible in  
18 calculating the federal income tax.

19                   (3) Shall not be taken into consideration in the  
20 calculation of the taxpayer's federal income tax deduction  
21 allowed under Chapter 18 or Chapter 16 of Title 40.

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