

1 SB44  
2 209064-2  
3 By Senator Jones  
4 RFD: Governmental Affairs  
5 First Read: 11-JAN-22

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8       SYNOPSIS:               Under existing law, an occupational license  
9                               tax based on income may be levied by a municipality  
10                              on certain persons gainfully employed in the  
11                              municipality.

12                            This bill would enact the "Family Income  
13                            Protection Act."

14                            The bill would phase out any occupational  
15                            license tax levied by a municipality based on an  
16                            annual reduction in the percent of the tax until  
17                            the tax would be repealed.

18                            The bill would also provide that any  
19                            occupational license tax levied by any municipality  
20                            would not apply to any person performing an  
21                            occupation in the police jurisdiction of the  
22                            municipality or on any property annexed into the  
23                            municipality after January 1, 2021.

24                            The bill would also prohibit any  
25                            municipality from levying a new occupational  
26                            license tax or increasing any existing occupational  
27                            license tax.

1  
2 A BILL  
3 TO BE ENTITLED  
4 AN ACT

5  
6 Relating to municipal occupational license taxes; to  
7 add Section 11-51-91.1 to the Code of Alabama 1975, to phase  
8 out any municipal occupational license tax based on an annual  
9 reduction in the tax until the tax would be repealed; to  
10 provide that any occupational license tax levied by any  
11 municipality would not apply to any person performing an  
12 occupation in the police jurisdiction of the municipality or  
13 on any property annexed into the municipality after January 1,  
14 2021; and to prohibit a municipality from levying a new  
15 occupational license tax or increasing the rate of any  
16 existing municipal occupational license tax.

17 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

18 Section 1. Section 11-51-91.1 is added to the Code  
19 of Alabama 1975, to read as follows:

20 §11-51-91.1.

21 (a) This section shall be know and may be cited as  
22 the "Family Income Protection Act."

23 (b) Effective October 1 following the effective date  
24 of this section, the rate of any occupational license tax on  
25 the income of a person levied by a municipality in this state  
26 and imposed on a natural person derived from the conduct of a  
27 vocation, occupation, calling, or profession shall be reduced

1 and phased out as follows: The maximum tax rate in a  
2 municipality shall be capped at the tax rate in effect on  
3 January 1, 2021, and the maximum tax rate of the levy shall be  
4 reduced and phased out by subtracting not less than one-tenth  
5 of one percent from the maximum tax rate of the levy on  
6 October 1 following the effective date of this act and each  
7 October 1 thereafter until the occupational tax is phased out  
8 and reduced to zero and repealed. For example, if the rate of  
9 the levy of the occupational tax is one percent for the first  
10 year, the maximum tax rate of the levy would be reduced to .9  
11 percent; for the second year, the maximum rate would be  
12 reduced to .8 percent; and continuing thereafter until the  
13 rate would be zero. If the rate of the levy of the  
14 occupational tax is two percent, for the first year, the  
15 maximum tax rate of the levy would be reduced to 1.9 percent;  
16 for the second year, the maximum rate would be reduced to 1.8  
17 percent; and continuing for each year thereafter until the  
18 rate would be zero.

19 (c) Any occupational license tax levied on the  
20 income of a person by a municipality shall not apply to any  
21 person conducting a vocation, occupation, calling, or  
22 profession in the police jurisdiction of the municipality or  
23 on any property annexed into the municipality after January 1,  
24 2021.

25 (d) After the effective date of this section,  
26 notwithstanding the provisions of Section 11-51-90, no  
27 municipality may levy a new occupational license tax pursuant

1 to Section 11-50-90 or otherwise on the income of any person  
2 engaging in any occupation or increase the rate of any  
3 occupational license tax on the income of any person engaging  
4 in any occupation.

5 Section 2. All laws or parts of laws which conflict  
6 with this act are repealed.

7 Section 3. This act shall become effective  
8 immediately following its passage and approval by the  
9 Governor, or its otherwise becoming law.