

SB47 INTRODUCED



1 7G9NE2-1

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

3 Jones, Waggoner, Hovey, Weaver, Reed, Scofield, Barfoot,

4 Price, Williams, Roberts, Elliott, Kelley, Allen, Givhan,

5 Chambliss, Albritton, Stutts, Singleton, Melson,

6 Coleman-Madison

7 RFD: Finance and Taxation Education

8 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 eliminate the two percent tax rate on the first five hundred dollars (\$500) of taxable income for single persons, heads of families, and married persons filing separate returns and would also eliminate the two percent tax rate on the first one thousand dollars (\$1,000) of taxable income for married persons filing a joint return.

A BILL
TO BE ENTITLED
AN ACT

Relating to individual income taxes; to amend Section 40-18-5, Code of Alabama 1975, to eliminate the two percent tax rate on the first five hundred dollars (\$500) of taxable income for single persons, heads of families, and married persons filing separate returns and would also eliminate the two percent tax rate on the first one thousand dollars (\$1,000) of taxable income for married persons filing a joint return.



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29 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

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

32 "§40-18-5

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

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

37 a. Two percent of taxable income not in excess of five
38 hundred dollars (\$500) through tax year 2022. Beginning with
39 tax year 2023, taxable income not in excess of five hundred
40 dollars (\$500) shall be exempt.

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

44 c. Five percent of taxable income in excess of three
45 thousand dollars (\$3,000).

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

47 a. Two percent of taxable income not in excess of one
48 thousand dollars (\$1,000) through tax year 2022. Beginning
49 with tax year 2023, taxable income not in excess of one
50 thousand dollars (\$1,000) shall be exempt.

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

54 c. Five percent of taxable income in excess of six
55 thousand dollars (\$6,000)."

56 Section 2. This act shall become effective on the first



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57 day of the third month following its passage and approval by
58 the Governor, or its otherwise becoming law.