



**House Ways and Means Education Engrossed  
Substitute for HB115**

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A BILL  
TO BE ENTITLED  
AN ACT

Relating to individual income taxes; to amend Section 40-18-5, Code of Alabama 1975, to phase-in a reduction in the top tax rate from five percent to four and ninety-five hundredths percent.

BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

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

"§40-18-5

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

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

a. Two percent of taxable income not in excess of five hundred dollars (\$500).

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

c. ~~Five percent of~~ For taxable income in excess of three thousand dollars (\$3,000) ~~:~~



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- 29 1. Five percent through tax year 2022 2023.
- 30 2. Four and ninety-nine hundredths percent for tax year
- 31 2023 2024.
- 32 3. Four and ninety-eight hundredths percent for tax
- 33 year 2024 2025.
- 34 4. Four and ninety-seven hundredths percent for tax
- 35 year 2025 2026.
- 36 5. Four and ninety-six hundredths percent for tax year
- 37 2026-2027.
- 38 6. Four and ninety-five hundredths percent for tax year
- 39 2027 2028 and each tax year thereafter.
- 40 (2) For married persons filing a joint return:
- 41 a. Two percent of taxable income not in excess of one
- 42 thousand dollars (\$1,000).
- 43 b. Four percent of taxable income in excess of one
- 44 thousand dollars (\$1,000) and not in excess of six thousand
- 45 dollars (\$6,000).
- 46 c. ~~Five percent of~~ For taxable income in excess of six
- 47 thousand dollars (\$6,000) :-
- 48 1. Five percent through tax year 2022 2023.
- 49 2. Four and ninety-nine hundredths percent for tax year
- 50 2023 2024.
- 51 3. Four and ninety-eight hundredths percent for tax
- 52 year 2024 2025.
- 53 4. Four and ninety-seven hundredths percent for tax
- 54 year 2025 2026.
- 55 5. Four and ninety-six hundredths percent for tax year
- 56 2026 2027.



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57           6. Four and ninety-five hundredths percent for tax year  
58    2027 2028 and each tax year thereafter.

59           Section 2. This act shall become effective on the first  
60    day of the third month following its passage and approval by  
61    the Governor, or its otherwise becoming law.