



**House Ways and Means Education Engrossed
Substitute for HB116**

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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 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.

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) through tax year 2022 2023. Beginning with tax year 2023 2024, taxable income not in excess of five



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29 hundred dollars (\$500) shall be exempt.

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

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

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

36 a. Two percent of taxable income not in excess of one
37 thousand dollars (\$1,000) through tax year 2022 2023.

38 Beginning with tax year 2023 2024, taxable income not in
39 excess of one thousand dollars (\$1,000) shall be exempt.

40 b. Four percent of taxable income in excess of one
41 thousand dollars (\$1,000) and not in excess of six thousand
42 dollars (\$6,000).

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

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