

1 HB170
2 209328-3
3 By Representatives Garrett and Whitt
4 RFD: Ways and Means Education
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1 ENGROSSED

2
3
4 A BILL
5 TO BE ENTITLED
6 AN ACT
7

8 Relating to corporate income tax; to provide for an
9 exclusion from Alabama individual income tax for federal tax
10 credits, advance refunds, qualified disaster relief payments,
11 Small Business Administration subsidy payments, Emergency EIDL
12 grants, Targeted EIDL advances, student loans, or loan
13 forgiveness resulting from the federal Coronavirus Aid,
14 Relief, and Economic Security Act, Taxpayer Certainty and
15 Disaster Relief Tax Act, or COVID-related Tax Relief Act; to
16 provide an income and financial institution excise tax
17 exemption for any amounts received from the Coronavirus Relief
18 Fund; to amend Section 40-27-1, Code of Alabama 1975, to
19 change the apportionment factor to a single sales factor; to
20 retroactively decouple from the new federal law 26 U.S.C. §
21 951A relating to Global Intangible Low-Taxed Income and 26
22 U.S.C. § 118(b)(2); to change how a corporation limits its
23 business interest expense deduction; and to provide that an
24 Electing Pass-Through Entity shall be taxed at the entity
25 level instead of its owners, members, partners, or
26 shareholders.

27 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

1 Section 1. Sections 2 through 4 of this act shall be
2 known and may be cited as the "Alabama Taxpayer Stimulus
3 Freedom Act of 2021."

4 Section 2. (a) Any tax credits or advance refund
5 amounts received as a result of the federal Coronavirus Aid,
6 Relief, and Economic Security Act, as provided in I.R.C. §
7 6428, or as a result of Section 272 of the COVID-related Tax
8 Relief Act of 2020 (RELIEF Act), Pub. L. 116-260, as provided
9 in I.R.C. § 6428A, or as a result of other similiar
10 COVID-related relief measures for individuals enacted by the
11 United States Congress, as applicable to the 2021 tax year,
12 shall be excluded from Alabama individual income taxation.

13 (b) Any tax credits or advance refund amounts
14 received as a result of the federal Coronavirus Aid, Relief,
15 and Economic Security Act, as provided in I.R.C. § 6428, or as
16 a result of Section 272 of the RELIEF Act, Pub. L. 116-260, as
17 provided in I.R.C. § 6428A, or as a result of other similar
18 COVID-related relief measures for individuals enacted by the
19 United States Congress shall also be excluded from any and all
20 calculations in determining a taxpayer's federal income tax
21 deduction pursuant to Section 40-18-15, Code of Alabama 1975.

22 (c) Principal or interest payments incurred by an
23 employer on any qualified education loan that is excluded from
24 the employee's federal gross income pursuant to I.R.C. §
25 127(c)(1)(B), under the provisions of Section 2206(a) of the
26 Coronavirus Aid, Relief, and Economic Security Act, as amended
27 by Section 120 of the Taxpayer Certainty and Disaster Relief

1 Tax Act of 2020, Pub. L. 116-260, shall be excluded from the
2 gross income of an employee for income taxes imposed by
3 Chapter 18 of Title 40, to the same extent as the amount is
4 excluded from the federal gross income.

5 (d) Any amount received from a Qualified Emergency
6 Federal Aid Grant shall be excluded from the gross income of
7 the grant recipient for income taxes imposed by Chapter 18 of
8 Title 40, Code of Alabama 1975, to the same extent as the
9 amount is excluded from the federal gross income under Section
10 277 of the RELIEF Act.

11 (e) Any Alabama taxpayer subject to the tax imposed
12 by Chapter 16 or Chapter 18 of Title 40, Code of Alabama 1975,
13 shall be exempt from recognizing as income any amount received
14 from the state Coronavirus Relief Fund provided by the
15 Congress of the United States to the State of Alabama from the
16 Coronavirus Aid, Relief, and Economic Security Act.

17 (f) Any qualifying disaster relief payment received
18 by an Alabama taxpayer that would be excluded from federal
19 income taxation pursuant to I.R.C. § 139 as a result of the
20 Presidential Proclamation on Declaring a National Emergency
21 Concerning the Novel Coronavirus Disease (COVID-19) Outbreak
22 shall be excluded from the gross income of the taxpayer for
23 income taxes imposed by Chapter 18 of Title 40, Code of
24 Alabama 1975, to the same extent as the amount is excluded
25 from federal gross income.

26 Section 3. Any amount of cancellation of
27 indebtedness income resulting from a loan forgiven under

1 Section 1106 or Section 1109 of the federal Coronavirus Aid,
2 Relief, and Economic Security Act as redesignated or amended
3 by the Economic Aid to Hard-Hit Small Businesses, Nonprofits,
4 and Venues Act, Pub. L. 116-260, or under Section 311 thereof:

5 (1) Shall be exempt from the financial institution
6 excise tax imposed by Chapter 16 of Title 40, Code of Alabama
7 1975, and the income taxes imposed by Chapter 18 of Title 40,
8 Code of Alabama 1975, to the same extent as the amount is
9 exempt from the federal income tax under Sections 276 or 278
10 of the RELIEF Act.

11 (2) Shall not be considered in determining the
12 deductibility of otherwise deductible expenses, such as
13 payroll, utilities, mortgage interest, and rent, allowed to be
14 paid with the exempt funds, to the same extent as the expenses
15 remain deductible in calculating federal income tax under
16 Sections 276 or 278 of the RELIEF Act.

17 (3) Shall also be excluded from any and all
18 calculations in determining a taxpayer's federal income tax
19 deduction pursuant to Chapter 16 or Chapter 18 of Title 40,
20 Code of Alabama 1975.

21 Section 4. Any subsidy payment for covered loans as
22 described in Section 1112(c) of the federal Coronavirus Aid,
23 Relief, and Economic Security Act; any amounts received as
24 Emergency EIDL Grants under Section 1110 of the federal
25 Coronavirus Aid, Relief, and Economic Security Act, as amended
26 by Section 332 of the Economic Aid to Hard-Hit Small
27 Businesses, Nonprofits, and Venues Act; and any amounts

1 received as Grants to Shuttered Venues or as Targeted EIDL
2 Advances under Sections 324 or 331, respectively, of the
3 Economic Aid to Hard-Hit Small Businesses, Nonprofits, and
4 Venues Act:

5 (1) Shall be exempt from financial institution
6 excise tax imposed by Chapter 16 of Title 40, Code of Alabama
7 1975, and the income taxes imposed by Chapter 18 of Title 40,
8 Code of Alabama 1975, to the same extent as the amount is
9 exempt from federal income tax under Section 278 of the RELIEF
10 Act.

11 (2) Shall not be considered in determining
12 deductibility of otherwise deductible expenses, such as
13 payroll, utilities, mortgage interest, and rent, allowed to be
14 paid with the exempt funds, to the same extent as the expenses
15 remain deductible in calculating federal income tax under
16 Section 278 of the RELIEF Act.

17 (3) Shall also be excluded from any and all
18 calculations in determining a taxpayer's federal income tax
19 deduction pursuant to Chapter 16 or Chapter 18 of Title 40,
20 Code of Alabama 1975.

21 Section 5. Sections 6 through 7 of this act shall be
22 known and may be cited as, "The Alabama Business Tax
23 Competitiveness Act."

24 Section 6. Section 40-27-1, Code of Alabama 1975, is
25 amended to read as follows:

26 "§40-27-1.

1 "The following Multistate Tax Compact is hereby ap-
2 proved, adopted, and enacted into law by the State of Alabama:

3 Multistate Tax Compact

4 Article I. Purposes.

5 "The purposes of this compact are to:

6 "1. Facilitate proper determination of state and
7 local tax liability of multistate taxpayers, including the
8 equitable apportionment of tax bases and settlement of
9 apportionment disputes.

10 "2. Promote uniformity or compatibility in
11 significant components of tax systems.

12 "3. Facilitate taxpayer convenience and compliance
13 in the filing of tax returns and in other phases of tax
14 administration.

15 "4. Avoid duplicative taxation.

16 Article II. Definitions.

17 "As used in this compact:

18 "1. "State" means a state of the United States, the
19 District of Columbia, the Commonwealth of Puerto Rico, or any
20 territory or possession of the United States.

21 "2. "Subdivision" means any governmental unit or
22 special district of a state.

1 "3. "Taxpayer" means any corporation, partnership,
2 firm, association, governmental unit or agency, or other
3 person acting as a business entity in more than one state, but
4 does not include any individual.

5 "4. "Income tax" means a tax imposed on or measured
6 by net income including any tax imposed on or measured by an
7 amount arrived at by deducting expenses from gross income, one
8 or more forms of which expenses are not specifically and
9 directly related to particular transactions.

10 "5. "Capital stock tax" means a tax measured in any
11 way by the capital of a corporation considered in its
12 entirety.

13 "6. "Gross receipts tax" means a tax, other than a
14 sales tax, which is imposed on or measured by the gross volume
15 of business, in terms of gross receipts or in other terms, and
16 in the determination of which no deduction is allowed which
17 would constitute the tax an income tax.

18 "7. "Sales tax" means a tax imposed with respect to
19 the transfer for a consideration of ownership, possession or
20 custody of tangible personal property, or the rendering of
21 services measured by the price of the tangible personal
22 property transferred or services rendered and which is
23 required by state or local law to be separately stated from
24 the sales price by the seller, or which is customarily
25 separately stated from the sales price, but does not include a
26 tax imposed exclusively on the sale of a specifically

1 identified commodity or article or class of commodities or
2 articles.

3 "8. "Use tax" means a nonrecurring tax, other than a
4 sales tax, which (a) is imposed on or with respect to the
5 exercise or enjoyment of any right or power over tangible
6 personal property incident to the ownership, possession or
7 custody of that property or the leasing of that property from
8 another including any consumption, keeping, retention, or
9 other use of tangible personal property and (b) is
10 complementary to a sales tax.

11 "9. "Tax" means an income tax, capital stock tax,
12 gross receipts tax, sales tax, use tax, and any other tax
13 which has a multistate impact, except that the provisions of
14 articles III, IV, and V of this compact shall apply only to
15 the taxes specifically designated therein and the provisions
16 of article IX of this compact shall apply only in respect to
17 determinations pursuant to article IV.

18 Article III. Elements of Income Tax Laws.

19 Taxpayer Option, State and Local Taxes.

20 "1. Any taxpayer subject to an income tax whose in-
21 come is subject to apportionment and allocation for tax pur-
22 poses pursuant to the laws of a party state or pursuant to the
23 laws of subdivisions in two or more party states may elect to
24 apportion and allocate his or her income in the manner pro-

1 vided by the laws of such state or by the laws of such states
2 and subdivisions without reference to this compact, or may
3 elect to apportion and allocate in accordance with article IV.
4 This election for any tax year may be made in all party states
5 or subdivisions thereof or in any one or more of the party
6 states or subdivisions thereof without reference to the elec-
7 tion made in the others. For the purposes of this paragraph,
8 taxes imposed by subdivisions shall be considered separately
9 from state taxes and the apportionment and allocation also may
10 be applied to the entire tax base. In no instance wherein ar-
11 ticle IV is employed for all subdivisions of a state may the
12 sum of all apportionments and allocations to subdivisions
13 within a state be greater than the apportionment and alloca-
14 tion that would be assignable to that state if the apportion-
15 ment or allocation were being made with respect to a state
16 income tax.

17 Taxpayer Option, Short Form.

18 "2. Each party state or any subdivision thereof
19 which imposes an income tax shall provide by law that any tax-
20 payer required to file a return, whose only activities within
21 the taxing jurisdiction consist of sales and do not include
22 owning or renting real estate or tangible personal property,
23 and whose dollar volume of gross sales made during the tax
24 year within the state or subdivision, as the case may be, is

1 not in excess of \$100,000 may elect to report and pay any tax
2 due on the basis of a percentage of such volume, and shall
3 adopt rates which shall produce a tax which reasonably approx-
4 imates the tax otherwise due. The Multistate Tax Commission,
5 not more than once in five years, may adjust the \$100,000 fig-
6 ure in order to reflect such changes as may occur in the real
7 value of the dollar, and such adjusted figure, upon adoption
8 by the commission, shall replace the \$100,000 figure specifi-
9 cally provided herein. Each party state and subdivision
10 thereof may make the same election available to taxpayers ad-
11 ditional to those specified in this paragraph.

12 Coverage.

13 "3. Nothing in this article relates to the reporting
14 or payment of any tax other than an income tax.

15 Article IV. Division of Income.

16 "1. As used in this article, unless the context
17 otherwise requires:

18 "(a) "Business income" means income arising from
19 transactions and activity in the regular course of the
20 taxpayer's trade or business and includes income from tangible
21 and intangible property if the acquisition, management, and

1 disposition of the property constitute integral parts of the
2 taxpayer's regular trade or business operations.

3 "(b) "Commercial domicile" means the principal place
4 from which the trade or business of the taxpayer is directed
5 or managed.

6 "(c) "Compensation" means wages, salaries,
7 commissions, and any other form of remuneration paid to
8 employees for personal services.

9 "(d) "Financial organization" means any bank, trust
10 company, savings bank, industrial bank, land bank, safe
11 deposit company, private banker, savings and loan association,
12 credit union, cooperative bank, small loan company, sales
13 finance company, investment company, or any type of insurance
14 company.

15 "(e) "Nonbusiness income" means all income other
16 than business income.

17 "(f) "Public utility" means any business entity (1)
18 which owns or operates any plant, equipment, property,
19 franchise, or license for the transmission of communications,
20 transportation of goods or persons, except by pipeline, or the
21 production, transmission, sale, delivery, or furnishing of
22 electricity, water, or steam; and (2) whose rates of charges
23 for goods or services have been established or approved by a
24 federal, state or local government, or governmental agency.

25 "(g) "Sales" means all gross receipts of the
26 taxpayer not allocated under paragraphs of this article.

1 "(h) "State" means any state of the United States,
2 the District of Columbia, the Commonwealth of Puerto Rico, any
3 territory or possession of the United States, and any foreign
4 country or political subdivision thereof.

5 "(i) "This state" means the state in which the
6 relevant tax return is filed or, in the case of application of
7 this article to the apportionment and allocation of income for
8 local tax purposes, the subdivision or local taxing district
9 in which the relevant tax return is filed.

10 "2. Any taxpayer having income from business
11 activity which is taxable both within and without this state,
12 other than activity as a financial organization or public
13 utility or an individual, shall allocate and apportion his or
14 her or its net income as provided in this article. If a
15 taxpayer has income from business activity as a public utility
16 but derives the greater percentage of his or her or its income
17 from activities subject to this article, the taxpayer may
18 elect to allocate and apportion his or her or its entire net
19 income as provided in this article.

20 "3. For purposes of allocation and apportionment of
21 income under this article, a taxpayer is taxable in another
22 state if (1) in that state he or she or it is subject to a net
23 income tax, a franchise tax measured by net income, a
24 franchise tax for the privilege of doing business, or a
25 corporate stock tax, or (2) that state has jurisdiction to
26 subject the taxpayer to a net income tax regardless of
27 whether, in fact, the state does or does not.

1 "4. Rents and royalties from real or tangible
2 personal property, capital gains, interest, dividends, or
3 patent or copyright royalties, to the extent that they
4 constitute nonbusiness income, shall be allocated as provided
5 in paragraphs 5 through 8 of this article.

6 "5. (a) Net rents and royalties from real property
7 located in this state are allocable to this state.

8 "(b) Net rents and royalties from tangible personal
9 property are allocable to this state: (1) if and to the extent
10 that the property is utilized in this state, or (2) in their
11 entirety if the taxpayer's commercial domicile is in this
12 state and the taxpayer is not organized under the laws of or
13 taxable in the state in which the property is utilized.

14 "(c) The extent of utilization of tangible personal
15 property in a state is determined by multiplying the rents and
16 royalties by a fraction, the numerator of which is the number
17 of days of physical location of the property in the state
18 during the rental or royalty period in the taxable year and
19 the denominator of which is the number of days of physical
20 location of the property everywhere during all rental or
21 royalty periods in the taxable year. If the physical location
22 of the property during the rental or royalty period is unknown
23 or unascertainable by the taxpayer, tangible personal property
24 is utilized in the state in which the property was located at
25 the time the rental or royalty payer obtained possession.

26 "6. (a) Capital gains and losses from sales of real
27 property located in this state are allocable to this state.

1 "(b) Capital gains and losses from sales of tangible
2 personal property are allocable to this state if (1) the
3 property had a situs in this state at the time of the sale, or
4 (2) the taxpayer's commercial domicile is in this state and
5 the taxpayer is not taxable in the state in which the property
6 had a situs.

7 "(c) Capital gains and losses from sales of
8 intangible personal property are allocable to this state if
9 the taxpayer's commercial domicile is in this state.

10 "7. Interest and dividends are allocable to this
11 state if the taxpayer's commercial domicile is in this state.

12 "8. (a) Patent and copyright royalties are allocable
13 to this state: (1) if and to the extent that the patent or
14 copyright is utilized by the payer in this state, or (2) if
15 and to the extent that the patent copyright is utilized by the
16 payer in a state in which the taxpayer is not taxable and the
17 taxpayer's commercial domicile is in this state.

18 "(b) A patent is utilized in a state to the extent
19 that it is employed in production, fabrication, manufacturing,
20 or other processing in the state or to the extent that a
21 patented product is produced in the state. If the basis of
22 receipts from patent royalties does not permit allocation to
23 states or if the accounting procedures do not reflect states
24 of utilization, the patent is utilized in the state in which
25 the taxpayer's commercial domicile is located.

26 "(c) A copyright is utilized in a state to the
27 extent that printing or other publication originates in the

1 state. If the basis of receipts from copyright royalties does
2 not permit allocation to states or if the accounting
3 procedures do not reflect states of utilization, the copyright
4 is utilized in the state in which the taxpayer's commercial
5 domicile is located.

6 "9. All business income shall be apportioned to this
7 state by multiplying the income by ~~a fraction, the numerator~~
8 ~~of which is the property factor plus the payroll factor plus~~
9 ~~twice the sales factor, and the denominator of which is four.~~

10 "10. ~~The property factor is a fraction, the~~
11 ~~numerator of which is the average value of the taxpayer's real~~
12 ~~and tangible personal property owned or rented and used in~~
13 ~~this state during the tax period and the denominator of which~~
14 ~~is the average value of all the taxpayer's real and tangible~~
15 ~~personal property owned or rented and used during the tax~~
16 ~~period.~~

17 "11. ~~Property owned by the taxpayer is valued at its~~
18 ~~original cost. Property rented by the taxpayer is valued at~~
19 ~~eight times the net annual rental rate. Net annual rental rate~~
20 ~~is the annual rental rate paid by the taxpayer less any annual~~
21 ~~rental rate received by the taxpayer from subrentals.~~

22 "12. ~~The average value of property shall be~~
23 ~~determined by averaging the values at the beginning and ending~~
24 ~~of the tax period but the tax administrator may require the~~
25 ~~averaging of monthly values during the tax period if~~
26 ~~reasonably required to reflect properly the average value of~~
27 ~~the taxpayer's property.~~

1 ~~"13. The payroll factor is a fraction, the numerator~~
2 ~~of which is the total amount paid in this state during the tax~~
3 ~~period by the taxpayer for compensation and the denominator of~~
4 ~~which is the total compensation paid everywhere during the tax~~
5 ~~period.~~

6 ~~"14. Compensation is paid in this state if:~~

7 ~~"(a) The individual's service is performed entirely~~
8 ~~within the state;~~

9 ~~"(b) The individual's service is performed both~~
10 ~~within and without the state, but the service performed~~
11 ~~without the state is incidental to the individual's service~~
12 ~~within the state; or~~

13 ~~"(c) Some of the service is performed in the state~~
14 ~~and (1) the base of operations or, if there is no base of~~
15 ~~operations, the place from which the service is directed or~~
16 ~~controlled is in the state, or (2) the base of operations or~~
17 ~~the place from which the service is directed or controlled is~~
18 ~~not in any state in which some part of the service is~~
19 ~~performed, but the individual's residence is in this state.~~

20 ~~" 15. 10. The sales factor is a fraction, the~~
21 ~~numerator of which is the total sales of the taxpayer in this~~
22 ~~state during the tax period, and the denominator of which is~~
23 ~~the total sales of the taxpayer everywhere during the tax~~
24 ~~period.~~

25 ~~"16. 11. Sales of tangible personal property are in~~
26 ~~this state if:~~

1 ~~"(a) The~~ property is delivered or shipped to a
2 purchaser, other than the United States government, within
3 this state regardless of the f.o.b. point or other conditions
4 of the sale; ~~or.~~

5 ~~"(b) The property is shipped from an office, store,~~
6 ~~warehouse, factory, or other place of storage in this state~~
7 ~~and (1) the purchaser is the United States government or (2)~~
8 ~~the taxpayer is not taxable in the state of the purchaser.~~

9 ~~"17.~~ 12. Sales, other than sales described in
10 Section ~~16~~ 11, are in this State if the taxpayer's market for
11 the sale is in this state.

12 "(a) The taxpayer's market for a sale is in this
13 state:

14 "(1) In the case of sale, rental, lease, or license
15 of real property, if and to the extent the property is located
16 in this state;

17 "(2) In the case of rental, lease, or license of
18 tangible personal property, if and to the extent the property
19 is located in this state;

20 (3) In the case of sale of a service, if and to the
21 extent the service is delivered to a location in this state;

22 "(4) In the case of lease or license of intangible
23 property; or sale or other exchange of intangible property if
24 the receipts from the sale or exchange derive from payments
25 that are contingent on the productivity, use, or disposition
26 of the property, if and to the extent the intangible property
27 is used in this state; provided that intangible property used

1 in marketing a good or service to a consumer is used in this
2 state if the good or service that is marketed using the
3 intangible property is purchased by a consumer who is in this
4 state; and

5 "(5) In the case of sale of intangible property
6 other than that referenced in subdivision (4) above; where the
7 property sold is a contract right, government license, or
8 similar intangible property that authorizes the holder to
9 conduct a business activity in a specific geographic area; if
10 and to the extent the intangible property is used in or
11 otherwise associated with this state, provided that any sale
12 of intangible property not otherwise described in this
13 subdivision or subdivision (4) above shall be excluded from
14 the numerator and the denominator of the sales factor.

15 "(b) If the state of assignment cannot be determined
16 under subsection (a), it shall be reasonably approximated.

17 "(c) If the taxpayer is not taxable in a state to
18 which a sale is assigned under subsection (a), or if the state
19 of assignment cannot be determined under subsection (a) or
20 reasonably approximated under subsection (b), the sale shall
21 be excluded from the denominator of the sales factor.

22 ~~18.~~ 13. If the allocation and apportionment
23 provisions of this article do not fairly represent the extent
24 of the taxpayer's business activity in this state, the
25 taxpayer may petition for or the tax administrator may
26 require, in respect to all or any part of the taxpayer's
27 business activity, if reasonable:

1 "(a) Separate accounting;

2 "(b) The exclusion of any one or more of the
3 factors;

4 "(c) The inclusion of one or more additional factors
5 which will fairly represent the taxpayer's business activity
6 in this state; or

7 "(d) The employment of any other method to effectuate
8 an equitable allocation and apportionment of the taxpayer's
9 income.

10 Article V. Elements of Sales and Use Tax Laws.

11 Tax Credit.

12 "1. Each purchaser liable for a use tax on tangible
13 personal property shall be entitled to full credit for the
14 combined amount or amounts of legally imposed sales or use
15 taxes paid by him or her with respect to the same property to
16 another state and any subdivision thereof. The credit shall be
17 applied first against the amount of any use tax due the state,
18 and any unused portion of the credit shall then be applied
19 against the amount of any use tax due a subdivision.

20 Exemption Certificates, Vendors May Rely.

21 "2. Whenever a vendor receives and accepts in good
22 faith from a purchaser a resale or other exemption certificate

1 or other written evidence of exemption authorized by the ap-
2 propriate state or subdivision taxing authority, the vendor
3 shall be relieved of liability for a sales or use tax with
4 respect to the transaction.

5 Article VI. The Commission.

6 Organization and Management.

7 "1. (a) The Multistate Tax Commission is hereby
8 established. It shall be composed of one "member" from each
9 party state who shall be the head of the state agency charged
10 with the administration of the types of taxes to which this
11 compact applies. If there is more than one such agency the
12 state shall provide by law for the selection of the commission
13 member from the heads of the relevant agencies. State law may
14 provide that a member of the commission be represented by an
15 alternate but only if there is on file with the commission
16 written notification of the designation and identity of the
17 alternate. The Attorney General of each party state or his or
18 her designee, or other counsel if the laws of the party state
19 specifically provide, shall be entitled to attend the meetings
20 of the commission, but shall not vote. Such Attorneys General,
21 designees, or other counsel shall receive all notices of
22 meetings required under paragraph 1(e) of this article.

23 "(b) Each party state shall provide by law for the
24 selection of representatives from its subdivisions affected by

1 this compact to consult with the commission member from that
2 state.

3 "(c) Each member shall be entitled to one vote. The
4 commission shall not act unless a majority of the members are
5 present, and no action shall be binding unless approved by a
6 majority of the total number of members.

7 "(d) The commission shall adopt an official seal to
8 be used as it may provide.

9 "(e) The commission shall hold an annual meeting and
10 such other regular meetings as its bylaws may provide and such
11 special meetings as its executive committee may determine. The
12 commission bylaws shall specify the dates of the annual and
13 any other regular meetings, and shall provide for the giving
14 of notice of annual, regular, and special meetings. Notices of
15 special meetings shall include the reasons therefor and an
16 agenda of the items to be considered.

17 "(f) The commission shall elect annually, from among
18 its members, a chair, a vice-chair, and a treasurer. The
19 commission shall appoint an executive director who shall serve
20 at its pleasure, and it shall fix his or her duties and
21 compensation. The executive director shall be secretary of the
22 commission. The commission shall make provision for the
23 bonding of such of its officers and employees as it may deem
24 appropriate.

25 "(g) Irrespective of the civil service, personnel,
26 or other merit system laws of any party state, the executive
27 director shall appoint or discharge such personnel as may be

1 necessary for the performance of the functions of the
2 commission and shall fix their duties and compensation. The
3 commission bylaws shall provide for personnel policies and
4 programs.

5 "(h) The commission may borrow, accept, or contract
6 for the services of personnel from any state, the United
7 States, or any other governmental entity.

8 "(i) The commission may accept for any of its
9 purposes and functions any and all donations and grants of
10 money, equipment, supplies, materials, and services,
11 conditional or otherwise, from any governmental entity, and
12 may utilize and dispose of the same.

13 "(j) The commission may establish one or more
14 offices for the transacting of its business.

15 "(k) The commission shall adopt bylaws for the
16 conduct of its business. The commission shall publish its
17 bylaws in convenient form, and shall file a copy of the bylaws
18 and any amendments thereto with the appropriate agency or
19 officer in each of the party states.

20 "(l) The commission annually shall make to the Gov-
21 ernor and legislature of each party state a report covering
22 its activities for the preceding year. Any donation or grant
23 accepted by the commission or services borrowed shall be re-
24 ported in the annual report of the commission, and shall in-
25 clude the nature, amount, and conditions, if any, of the dona-
26 tion, gift, grant or services borrowed and the identity of

1 the donor or lender. The commission may make additional re-
2 ports as it may deem desirable.

3 Committees.

4 "2. (a) To assist in the conduct of its business
5 when the full commission is not meeting, the commission shall
6 have an executive committee of seven members, including the
7 chair, vice-chair, treasurer, and four other members elected
8 annually by the commission. The executive committee, subject
9 to the provisions of this compact and consistent with the
10 policies of the commission, shall function as provided in the
11 bylaws of the commission.

12 "(b) The commission may establish advisory and
13 technical committees, membership on which may include private
14 persons and public officials, in furthering any of its
15 activities. Such committees may consider any matter of concern
16 to the commission, including problems of special interest to
17 any party state and problems dealing with particular types of
18 taxes.

19 "(c) The commission may establish such additional
20 committees as its bylaws may provide.

21 Powers.

1 "3. In addition to powers conferred elsewhere in
2 this compact, the commission shall have power to:

3 "(a) Study state and local tax systems and
4 particular types of state and local taxes.

5 "(b) Develop and recommend proposals for an increase
6 in uniformity or compatibility of state and local tax laws
7 with a view toward encouraging the simplification and
8 improvement of state and local tax law and administration.

9 "(c) Compile and publish information as in its
10 judgment would assist the party states in implementation of
11 the compact and taxpayers in complying with state and local
12 tax laws.

13 "(d) Do all things necessary and incidental to the
14 administration of its functions pursuant to this compact.

15 Finance.

16 "4. (a) The commission shall submit to the Governor
17 or designated officer or officers of each party state a budget
18 of its estimated expenditures for such period as may be
19 required by the laws of that state for presentation to the
20 legislature thereof.

21 "(b) Each of the commission's budgets of estimated
22 expenditures shall contain specific recommendations of the
23 amounts to be appropriated by each of the party states. The

1 total amount of appropriations requested under any such budget
2 shall be apportioned among the party states as follows: one
3 tenth in equal shares; and the remainder in proportion to the
4 amount of revenue collected by each party state and its
5 subdivisions from income taxes, capital stock taxes, gross
6 receipts taxes, sales and use taxes. In determining such
7 amounts, the commission shall employ such available public
8 sources of information as, in its judgment, present the most
9 equitable and accurate comparisons among the party states.
10 Each of the commission's budgets of estimated expenditures and
11 requests for appropriations shall indicate the sources used in
12 obtaining information employed in applying the formula
13 contained in this paragraph.

14 "(c) The commission shall not pledge the credit of
15 any party state. The commission may meet any of its
16 obligations in whole or in part with funds available to it
17 under paragraph 1(i) of this article: Provided that the
18 commission takes specific action setting aside such funds
19 prior to incurring any obligation to be met in whole or in
20 part in such manner. Except where the commission makes use of
21 funds available to it under paragraph 1(i), the commission
22 shall not incur any obligation prior to the allotment of funds
23 by the party states adequate to meet the same.

24 "(d) The commission shall keep accurate accounts of
25 all receipts and disbursements. The receipts and disbursements
26 of the commission shall be subject to the audit and accounting
27 procedures established under its bylaws. All receipts and

1 disbursements of funds handled by the commission shall be
2 audited yearly by a certified or licensed public accountant
3 and the report of the audit shall be included in and become
4 part of the annual report of the commission.

5 "(e) The accounts of the commission shall be open at
6 any reasonable time for inspection by duly constituted
7 officers of the party states and by any persons authorized by
8 the commission.

9 "(f) Nothing contained in this article shall be con-
10 strued to prevent commission compliance with laws relating to
11 audit or inspection of accounts by or on behalf of any govern-
12 ment contributing to the support of the commission.

13 Article VII. Uniform Regulations and Forms.

14 "1. Whenever any two or more party states, or
15 subdivisions of party states, have uniform or similar
16 provisions of law relating to an income tax, capital stock
17 tax, gross receipts tax, sales or use tax, the commission may
18 adopt uniform regulations for any phase of the administration
19 of such law, including assertion of jurisdiction to tax, or
20 prescribing uniform tax forms. The commission may also act
21 with respect to the provisions of article IV of this compact.

22 "2. Prior to the adoption of any regulation, the
23 commission shall:

1 "(a) As provided in its bylaws, hold at least one
2 public hearing on due notice to all affected party states and
3 subdivisions thereof and to all taxpayers and other persons
4 who have made timely request of the commission for advance
5 notice of its regulation-making proceedings.

6 "(b) Afford all affected party states and
7 subdivisions and interested persons an opportunity to submit
8 relevant written data and views, which shall be considered
9 fully by the commission.

10 "3. The commission shall submit any regulations
11 adopted by it to the appropriate officials of all party states
12 and subdivisions to which they might apply. Each such state
13 and subdivision shall consider any such regulation for adop-
14 tion in accordance with its own laws and procedures.

15 Article VIII. Interstate Audits.

16 "1. This article shall be in force only in those
17 party states that specifically provide therefor by statute.

18 "2. Any party state or subdivision thereof desiring
19 to make or participate in an audit of any accounts, books,
20 papers, records, or other documents may request the commission
21 to perform the audit on its behalf. In responding to the
22 request, the commission shall have access to and may examine,
23 at any reasonable time, such accounts, books, papers, records
24 and other documents, and any relevant property or stock of

1 merchandise. The commission may enter into agreements with
2 party states or their subdivisions for assistance in
3 performance of the audit. The commission shall make charges,
4 to be paid by the state or local government or governments for
5 which it performs the service, for any audits performed by it
6 in order to reimburse itself for the actual costs incurred in
7 making the audit.

8 "3. The commission may require the attendance of any
9 person within the state where it is conducting an audit or
10 part thereof at a time and place fixed by it within such state
11 for the purpose of giving testimony with respect to any
12 account, book, paper, document, other record, property, or
13 stock of merchandise being examined in connection with the
14 audit. If the person is not within the jurisdiction, he or she
15 may be required to attend for such purpose at any time and
16 place fixed by the commission within the state of which he or
17 she is a resident: Provided that such state has adopted this
18 article.

19 "4. The commission may apply to any court having
20 power to issue compulsory process for orders in aid of its
21 powers and responsibilities pursuant to this article and any
22 and all such courts shall have jurisdiction to issue such
23 orders. Failure of any person to obey any such order shall be
24 punishable as contempt of the issuing court. If the party or
25 subject matter on account of which the commission seeks an
26 order is within the jurisdiction of the court to which
27 application is made, such application may be to a court in the

1 state or subdivision on behalf of which the audit is being
2 made or a court in the state in which the object of the order
3 being sought is situated. The provisions of this paragraph
4 apply only to courts in a state that has adopted this article.

5 "5. The commission may decline to perform any audit
6 requested if it finds that its available personnel or other
7 resources are insufficient for the purpose or that, in the
8 terms requested, the audit is impracticable of satisfactory
9 performance. If the commission, on the basis of its
10 experience, has reason to believe that an audit of a
11 particular taxpayer, either at a particular time or on a
12 particular schedule, would be of interest to a number of party
13 states or their subdivisions, it may offer to make the audit
14 or audits, the offer to be contingent on sufficient
15 participation therein as determined by the commission.

16 "6. Information obtained by an audit pursuant to
17 this article shall be confidential and available only for tax
18 purposes to party states, their subdivisions or the United
19 States. Availability of information shall be in accordance
20 with the laws of the states or subdivisions on whose account
21 the commission performs the audit, and only through the
22 appropriate agencies or officers of such states or
23 subdivisions. Nothing in this article shall be construed to
24 require any taxpayer to keep records for any period not
25 otherwise required by law.

26 "7. Other arrangements made or authorized pursuant
27 to law for cooperative audit by or on behalf of the party

1 states or any of their subdivisions are not superseded or
2 invalidated by this article.

3 "8. In no event shall the commission make any charge
4 against a taxpayer for an audit.

5 "9. As used in this article, "tax," in addition to
6 the meaning ascribed to it in article II, means any tax or
7 license fee imposed in whole or in part for revenue purposes.

8 Article IX. Arbitration.

9 "1. Whenever the commission finds a need for
10 settling disputes concerning apportionments and allocations by
11 arbitration, it may adopt a regulation placing this article in
12 effect, notwithstanding the provisions of article VII.

13 "2. The commission shall select and maintain an
14 arbitration panel composed of officers and employees of state
15 and local governments and private persons who shall be
16 knowledgeable and experienced in matters of tax law and
17 administration.

18 "3. Whenever a taxpayer who has elected to employ
19 article IV, or whenever the laws of the party state or
20 subdivision thereof are substantially identical with the
21 relevant provisions of article IV, the taxpayer, by written
22 notice to the commission and to each party state or
23 subdivision thereof that would be affected, may secure
24 arbitration of an apportionment or allocation, if he or she is

1 dissatisfied with the final administrative determination of
2 the tax agency of the state or subdivision with respect
3 thereto on the ground that it would subject him or her to
4 double or multiple taxation by two or more party states or
5 subdivisions thereof. Each party state and subdivision thereof
6 hereby consents to the arbitration as provided herein, and
7 agrees to be bound thereby.

8 "4. The arbitration board shall be composed of one
9 person selected by the taxpayer, one by the agency or agencies
10 involved, and one member of the commission's arbitration
11 panel. If the agencies involved are unable to agree on the
12 person to be selected by them, such person shall be selected
13 by lot from the total membership of the arbitration panel. The
14 two persons selected for the board in the manner provided by
15 the foregoing provisions of this paragraph shall jointly
16 select the third member of the board. If they are unable to
17 agree on the selection, the third member shall be selected by
18 lot from among the total membership of the arbitration panel.
19 No member of a board selected by lot shall be qualified to
20 serve if he or she is an officer or employee or is otherwise
21 affiliated with any party to the arbitration proceeding.
22 Residence within the jurisdiction of a party to the
23 arbitration proceeding shall not constitute affiliation within
24 the meaning of this paragraph.

25 "5. The board may sit in any state or subdivision
26 party to the proceeding, in the state of the taxpayer's
27 incorporation, residence or domicile, in any state where the

1 taxpayer does business, or in any place that it finds most
2 appropriate for gaining access to evidence relevant to the
3 matter before it.

4 "6. The board shall give due notice of the times and
5 places of its hearings. The parties shall be entitled to be
6 heard, to present evidence, and to examine and cross-examine
7 witnesses. The board shall act by majority vote.

8 "7. The board shall have power to administer oaths,
9 take testimony, subpoena and require the attendance of
10 witnesses and the production of accounts, books, papers,
11 records, and other documents, and issue commissions to take
12 testimony. Subpoenas may be signed by any member of the board.
13 In case of failure to obey a subpoena, and upon application by
14 the board, any judge of a court of competent jurisdiction of
15 the state in which the board is sitting or in which the person
16 to whom the subpoena is directed may be found may make an
17 order requiring compliance with the subpoena, and the court
18 may punish failure to obey the order as a contempt. The
19 provisions of this paragraph apply only in states that have
20 adopted this article.

21 "8. Unless the parties otherwise agree the expenses
22 and other costs of the arbitration shall be assessed and
23 allocated among the parties by the board in such manner as it
24 may determine. The commission shall fix a schedule of
25 compensation for members of arbitration boards and of other
26 allowable expenses and costs. No officer or employee of a
27 state or local government who serves as a member of a board

1 shall be entitled to compensation therefor unless he or she is
2 required on account of his or her service to forego the
3 regular compensation attaching to his or her public
4 employment, but any such board member shall be entitled to
5 expenses.

6 "9. The board shall determine the disputed
7 apportionment or allocation and any matters necessary thereto.
8 The determinations of the board shall be final for purposes of
9 making the apportionment or allocation, but for no other
10 purpose.

11 "10. The board shall file with the commission and
12 with each tax agency represented in the proceeding: the
13 determination of the board; the board's written statement of
14 its reasons therefor; the record of the board's proceedings;
15 and any other documents required by the arbitration rules of
16 the commission to be filed.

17 "11. The commission shall publish the determinations
18 of boards together with the statements of the reasons
19 therefor.

20 "12. The commission shall adopt and publish rules of
21 procedure and practice and shall file a copy of such rules and
22 of any amendment thereto with the appropriate agency or
23 officer in each of the party states.

24 "13. Nothing contained herein shall prevent at any
25 time a written compromise of any matter or matters in dispute,
26 if otherwise lawful, by the parties to the arbitration pro-
27 ceeding.

1 Article X. Entry Into Force and Withdrawal.

2 "1. This compact shall enter into force when enacted
3 into law by any seven states. Thereafter, this compact shall
4 become effective as to any other state upon its enactment
5 thereof. The commission shall arrange for notification of all
6 party states whenever there is a new enactment of the compact.

7 "2. Any party state may withdraw from this compact
8 by enacting a statute repealing the same. No withdrawal shall
9 affect any liability already incurred by or chargeable to a
10 party state prior to the time of such withdrawal.

11 "3. No proceeding commenced before an arbitration
12 board prior to the withdrawal of a state and to which the
13 withdrawing state or any subdivision thereof is a party shall
14 be discontinued or terminated by the withdrawal, nor shall the
15 board thereby lose jurisdiction over any of the parties to the
16 proceeding necessary to make a binding determination therein.

17 Article XI. Effect on Other Laws and Jurisdiction.

18 "Nothing in this compact shall be construed to:

19 "(a) Affect the power of any state or subdivision
20 thereof to fix rates of taxation, except that a party state
21 shall be obligated to implement article III 2. of this
22 compact.

1 "(b) Apply to any tax or fixed fee imposed for the
2 registration of a motor vehicle or any tax on motor fuel,
3 other than a sales tax: Provided that the definition of "tax"
4 in article VIII 9. may apply for the purposes of that article
5 and the commission's powers of study and recommendation
6 pursuant to article VI 3. may apply.

7 "(c) Withdraw or limit the jurisdiction of any state
8 or local court or administrative officer or body with respect
9 to any person, corporation or other entity, or subject matter,
10 except to the extent that such jurisdiction is expressly
11 conferred by or pursuant to this compact upon another agency
12 or body.

13 "(d) Supersede or limit the jurisdiction of any
14 court of the United States.

15 Article XII. Construction and Severability.

16 "This compact shall be liberally construed so as to
17 effectuate the purposes thereof. The provisions of this
18 compact shall be severable and if any phrase, clause,
19 sentence, or provision of this compact is declared to be
20 contrary to the constitution of any state or of the United
21 States or the applicability thereof to any government, agency,
22 person, or circumstance is held invalid, the validity of the
23 remainder of this compact and the applicability thereof to any
24 government, agency, person, or circumstance shall not be

1 affected thereby. If this compact shall be held contrary to
2 the constitution of any state participating therein, the
3 compact shall remain in full force and effect as to the
4 remaining party states and in full force and effect as to the
5 state affected as to all severable matters."

6 Section 7. Section 40-18-35.2 is added to the Code
7 of Alabama 1975, to read as follows:

8 §40-18-35.2.

9 All amounts included in income under 26 U.S.C. §
10 951A shall be deducted from federal taxable income for
11 purposes of computing taxable income under this chapter.
12 However, any amount subtracted under this section is allowed
13 only to the extent such amount is not deductible in
14 determining federal taxable income. As to any amount
15 subtracted under this section, there shall be added to such
16 taxable income all expenses deducted under any section of 26
17 U.S.C. on the taxpayer's return for the taxable year which are
18 attributable, directly or indirectly, to such subtracted
19 amount. The deduction provided by 26 U.S.C. § 250 shall apply
20 only to the extent the same income was included in Alabama
21 taxable income under this chapter.

22 Section 8. Section 40-18-35.3 is added to the Code
23 of Alabama 1975, to read as follows:

24 §40-18-35.3.

25 The amount of any contribution by the State of
26 Alabama or any political subdivision thereof computed in
27 accordance with 26 U.S.C. § 118(b)(2), to the extent that the

1 amount is included in the corporation's federal taxable income
2 pursuant to 26 U.S.C. § 118(b)(2) shall be deducted from
3 federal taxable income for purposes of computing taxable
4 income under this chapter.

5 Section 9. Section 40-18-39.1 is added to the Code
6 of Alabama to read as follows:

7 §40-18-39.1.

8 (a) For a tax year in which the business interest
9 expense deduction of the taxpayer, or of any federal
10 consolidated return group of which the taxpayer is a member,
11 is not limited pursuant to 26 U.S.C. § 163(j) on the federal
12 income tax return for the tax year, the taxpayer shall not be
13 subject to a limitation on the taxpayer's business interest
14 expense deduction other than the limitation provided in
15 Section 40-18-35(b) for interest expense with a related
16 member.

17 (b) (1) For a tax year in which the business interest
18 expense deduction of the taxpayer, or of any federal
19 consolidated return group of which the taxpayer is a member,
20 is limited pursuant to 26 U.S.C. § 163(j) on the federal
21 income tax return for the tax year, the taxpayer shall
22 calculate the business interest expense deduction limitation
23 under 26 U.S.C. § 163(j), for purposes of computing Alabama
24 taxable income, on a separate-entity basis, or in the case of
25 the members of an Alabama affiliated group, as defined in
26 Section 40-18-39(b) (1), which files an Alabama consolidated

1 return as defined in Section 40-18-39(b) (2), on the basis of
2 the Alabama consolidated return group.

3 (2) The gross receipts test under 26 U.S.C. §
4 163(j) (3) shall apply to each separate entity which is subject
5 to Alabama income tax, or in the case of an Alabama affiliated
6 group, as defined in Section 40-18-39(b) (1), which files an
7 Alabama consolidated return as defined in Section
8 40-18-39(b) (2), to the Alabama consolidated return group.

9 (3) The limitation provided in subsection (a) will
10 apply before the application of the limitation provided in
11 Section 40-18-35(b) for interest expense with a related
12 member. For purposes of the limitation provided in Section
13 40-18-35(b), the net interest deduction limitation calculated
14 under the provisions of this subsection shall be allocated on
15 a pro rata basis to the interest income recipients. Any
16 resulting interest expense carryforward shall also be
17 allocated on a pro rata basis to the interest income
18 recipients. In any tax year in which a taxpayer deducts
19 business interest expense on its federal tax return, or the
20 tax return of the federal consolidated group of which it is a
21 member, which was carried forward from a previous tax year and
22 which is also subject to the add back provisions for interest
23 expense with a related member under Section 40-18-35(b), the
24 taxpayer shall apply the provisions of Section 40-18-35(b) to
25 the amount of the interest expense carried forward in addition
26 to the amount accrued or incurred in the current tax year.
27 Taxpayers which determine their business interest expense

1 deduction pursuant to the provisions of this subsection shall
2 submit to the Department of Revenue the appropriate forms,
3 schedules, and statements needed in order to confirm the
4 business interest expense deduction was calculated correctly.

5 (4) A taxpayer with nonbusiness income and/or
6 nonbusiness interest expense shall allocate nonbusiness
7 interest expense to nonbusiness income and shall calculate a
8 limit on the business interest expense deduction associated
9 with nonbusiness income and nonbusiness interest expense on a
10 pro rata basis. Nonbusiness interest expense shall be assigned
11 to nonbusiness income and shall only be allowed to reduce
12 nonbusiness income.

13 Section 10. (a) This section shall be known and may
14 be cited as the, "Alabama Electing Pass-Through Entity Tax
15 Act."

16 (b) For the purposes of this act, the following term
17 shall have the following meaning:

18 (1) ELECTING PASS-THROUGH ENTITY. Any Alabama S
19 corporation, as is defined by Section 40-18-160, Code of
20 Alabama 1975, and any Subchapter K Entity, as is defined by
21 Section 40-18-1, Code of Alabama 1975, that has made an
22 election pursuant to subsection (d) to pay Alabama income tax
23 at the rate prescribed in subsection (e).

24 (c) For tax years beginning on or after January 1,
25 2021, any Alabama S corporation, as is defined by Section
26 40-18-160, Code of Alabama 1975, and any Subchapter K Entity,

1 as is defined by Section 40-18-1, Code of Alabama 1975, may
2 elect to be taxed as an Electing Pass-Through Entity.

3 (d) An Electing Pass-Through Entity shall submit the
4 appropriate form to the Department of Revenue at any time
5 during the tax year or on or before the fifteenth day of the
6 third month following the close of that tax year for which the
7 entity elects to be taxed as an Electing Pass-Through Entity.
8 This election shall be binding for that year and all
9 subsequent tax years and shall not be revoked unless the
10 Electing Pass-Through Entity submits the appropriate form to
11 the Department of Revenue at any time during a subsequent tax
12 year or on or before the fifteenth day of the third month
13 following the close of that tax year for which the entity
14 elects to no longer be taxed as an Electing Pass-Through
15 Entity. Both the election to become an Electing Pass-Through
16 Entity and the revocation of that election shall be
17 accomplished by a vote by or written consent of the members of
18 the governing body of the entity as well as a vote by or
19 written consent of the owners, members, partners, or
20 shareholders holding greater than 50 percent of the voting
21 control of the entity, within the time prescribed above.

22 (e) An Electing Pass-Through Entity shall pay a tax
23 at the highest marginal rate provided in Section 40-18-5, Code
24 of Alabama 1975, calculated in accordance with the provisions
25 of Section 40-18-24 or Section 40-18-161 and Section
26 40-18-162, Code of Alabama 1975, as appropriate, and
27 apportioned in accordance with the provisions of Chapter 27 of

1 Title 40, Code of Alabama 1975. An Electing Pass-Through
2 Entity shall be subject to the provisions of Section
3 40-18-80.1 Code of Alabama 1975, (estimated tax for
4 corporations). In calculating taxable income for the purposes
5 of this subsection, Alabama tax paid under the provisions of
6 this subsection shall not be deducted in calculating Alabama
7 taxable income.

8 (f) The owners, members, partners, or shareholders
9 shall not be liable for the tax otherwise imposed by Chapters
10 16 and 18 of Title 40, Code of Alabama 1975, on their pro rata
11 or distributive shares of the Electing Pass-Through Entity's
12 income.

13 (g) The adjusted basis of the owners, members,
14 partners, or shareholders of an Electing Pass-Through Entity
15 in their stock or other ownership interests in the entity
16 shall be calculated without regard to the election under this
17 section.

18 (h) Notwithstanding anything in Chapter 18 of Title
19 40, Code of Alabama 1975, to the contrary, neither the
20 election by an Electing Pass-Through Entity under this section
21 nor its revocation of the election shall be considered a
22 liquidation or termination of the entity or an otherwise
23 taxable event.

24 Section 11. No refunds shall be granted or paid for
25 tax years ending before January 1, 2020, related to the
26 provisions of this act.

1 Section 12. The Department of Revenue may adopt
2 rules for the implementation and administration of this act.

3 Section 13. Sections 2 through 4 of this act shall
4 be effective for tax years ending after the enactment of the
5 federal Coronavirus Aid, Relief, and Economic Security Act,
6 Pub. L. 116-136. Section 7 of this act shall apply
7 retroactively for tax years beginning after December 31, 2017.
8 Section 8 shall apply to contributions made on or after
9 December 23, 2017. Sections 6, 9, and 10 of this act shall
10 become effective for tax years beginning on or after January
11 1, 2021. All other sections of this act shall be effective
12 immediately, following its passage and approval by the
13 Governor, or its otherwise becoming law.

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House of Representatives

Read for the first time and re-
ferred to the House of Representa-
tives committee on Ways and Means
Education..... 02-FEB-21

Reported from Ways and Means Educa-
tion as Favorable with 1 amendment 03-FEB-21

Read for the third time and passed
as amended..... 04-FEB-21

Yeas 94, Nays 0, Abstains 0

Jeff Woodard
Clerk