



CAPITOL NEWS & NOTES

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“FLAT TAX” PROPOSAL APPEARS DEAD FOR 2015!



In April, Senator Bill Hightower (R-Mobile) and 19 other cosponsors filed SB 409, which is commonly called a “flat tax” proposal. SB 409 would lower the tax rates for individuals and corporations across the board. For individuals, the rate would be reduced from 5% to 2.75%. For corporations, the rate would be reduced from current 6.5% to 4.59%. The reduction in individual and corporate tax rates would require the elimination of all tax credits, exemptions and deductions for every industry in Alabama- including the state mortgage interest deduction and other tax protections benefitting the real estate industry in Alabama. The state mortgage interest deduction is among the top ten most utilized tax deductions by individuals in Alabama at cost to the state of approximately \$252 million annually.

REALTORS® and other members of the Business Associations’ Tax Coalitions met with Senator Hightower to discuss the potential impact of such a massive overhaul of the Alabama tax code. Sen. Hightower intends to carry this bill over until next session to give all parties more time to analyze the impact of it. The REALTOR® Government Affairs team will continue to work with Senator Hightower and the bill sponsors regarding this important legislation.