

The Crimson White

House panel backs grocery tax repeal

By Taylor Holland on April 8th, 2010 in Metro/State, News

While the prices of goods and services continue to rise, Alabama may see a decrease in the cost of groceries.

Alabama Arise, a lobbying group for the state's poor, and a lawmaker in Montgomery have proposed a bill that would prohibit the placing of sales tax on groceries statewide.

On March 31, the state House Education Appropriations Committee voted in favor of the proposed bill, which is sponsored by Rep. John Knight, D-Montgomery. The vote seemed to split party lines, as Knight's fellow Democrats voted in favor of the bill while many Republicans voted against it.

"We've done some calculations, and, on average, the bill would save about \$100 per person per year," said Chris Sanders, policy analyst at Alabama Arise who was editor of The Crimson White in 2003-04. "Ultimately, about 96 percent of Alabama residents would be guaranteed a tax cut."

The bill now heads to the full House for a vote, which Sanders said he expects to come within the next two days.

"We are all on pins and needles because we don't know where the last few votes will come from," said Kimble Forrister, executive director of Alabama Arise. "We've got about 20 people who haven't told us no and haven't told us yes, but I feel like we're within range."

If Knight's bill passes in both the state House and Senate, Alabama voters would then decide the bill's fate in the November general election.

If approved, state legislators would then remove the state's 4 percent sales tax on all groceries and over-the-counter medicines.

While offering a savings in one area, however, passage of the bill would not come without some collateral damage. This 4 percent reduction would cause the state's public education system to lose roughly \$400 million in tax revenue.

To offset the loss, Knight's bill proposes raising income taxes on the wealthiest 4 percent of Alabama residents. Thus, it recommends putting an end to high-income Alabamians using a state income tax deduction for federal income taxes paid. Individuals with adjusted gross incomes over \$100,000 and couples over \$200,000 would no longer see a deduction.

Forrister said the tax increase for the wealthy would likely not exceed \$100.

“[The high-income residents] have been getting thousands of dollars back while the rest of Alabama is getting tens,” Forrister said.

Nationwide, Alabama and Mississippi are the only states that do not exempt groceries from sales tax, have no reduced tax on food or do not provide some form of relief for lower-income families.

Sanders said it was tough to gauge the bill’s support, a bill that has been proposed and rejected by legislators in either the House or Senate for the past 12 years, but he hopes to see it passed.