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**More than a few
words from Kimble —**

Tell your friends: Alabama's tax system is upside-down. To move our state forward, we've got to set it straight. Working families – the lower 80 percent of us – pay state and local taxes at twice the share of income paid by the top 1 percent. Why? Alabama relies too much on sales taxes on the necessities of life and gives huge income tax breaks to those at the very top.

We need a major shift. We can lower the grocery tax by 4 percent, helping everyone. And we can make up the lost revenue by capping the deduction for federal income tax for couples making more than \$125,000 a year and singles making more than \$75,000.

It's important to start your message in terms of an outdated, upside-down system. Most people don't know that Alabama's taxes are so much higher at low and middle incomes, taken as a percentage of income. Over and over we hear from legislators, "High-income people pay most of the taxes." Well, that's not precisely so. The top fifth pay 47 percent of the state and local taxes, but they make 57 percent of the money! To move our state forward, we have to put that back in balance. Knight's plan would swap a lopsided tax break for a grocery tax reduction that helps all families make ends meet.

We're dealing with two kinds of opponents of the grocery tax bill: Those who will never consider any tax increase for anyone, and those who are willing to negotiate

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Report

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Amendment still alive this session **Grocery tax bill falls short, will return**

By Chris Sanders, policy analyst

The Tax Fairness Amendment's sponsor, Rep. John Knight, vowed to try again this session to get legislative approval of the plan after it fell short in a House procedural vote Tuesday. "I guarantee you I shall return," Knight, D-Montgomery, told House members.

The vote to bring the amendment up for debate was 56-42, a majority but three votes short of the 60 percent margin required. The bill remains alive because the vote was not on final passage. To pass, the amendment would need 63 votes in the House and 21 in the Senate. A majority of state voters also would have to approve it.

The procedural vote was largely along party lines. All Republicans voted no except Reps. Joe Faust of Fairhope and Todd Greeson of Ider, who did not vote. The only Democrat voting no was Rep. Richard Laird of Roanoke. All the other Democrats voted yes, except for Reps. Laura Hall of Huntsville, John Rogers of Birmingham and Tommy Sherer of Jasper, who did not vote, and Marcel Black of Tusculumbia, who was absent due to illness. A complete list of how House members voted is available online at www.arisecitizens.org.

Knight's plan would end the state's 4 percent sales tax on groceries and

cap the state deduction for federal income taxes paid. Under the plan, married couples with an annual adjusted gross income (AGI) of \$125,000 or less and singles with an annual AGI of \$75,000 or less could continue to claim the full deduction. For taxpayers who make more, the deduction would phase out on a sliding scale before it disappeared at annual AGIs of \$400,000 for couples and \$200,000 for singles. The plan would take effect in 2011.

House supporters said Tuesday that the plan would cut taxes for about 95 percent of Alabamians and make the state's tax system fairer to low-income people. They also said the measure could stimulate Alabama's economy during the recession by returning hundreds of dollars a year to low- and middle-income families who would spend that money. "I can't imagine anyone who would oppose this," Rep. John Robinson, D-Scottsboro, said minutes before the vote.

Action Alert:

If your representative voted Yes on debating HB 116, the Tax Fairness Amendment, call and thank him or her.

If your representative voted No or did not vote, call and express your disappointment.

Opponents said they disagreed with paying for the grocery tax cut by capping the federal deduction. Rep. Mike Hubbard, R-Auburn, said he favors ending the

grocery tax but called Knight's plan "a shell game" that could increase taxes on business owners and give tax breaks to undocumented immigrants. Rep. Paul DeMarco, R-Homewood, said

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Kimble's note

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precisely where the tax shift should be. When he took House Bill 116 to the floor, Rep. John Knight moved the line up by \$25,000. That is, everyone making \$75,000 or less would keep their full state income tax deduction for federal taxes paid. (For couples filing jointly he drew the line at \$125,000.) The only people losing the deduction entirely would be singles above \$200,000 and couples above \$400,000. Knight thought this revision would appeal to almost everyone, but it was not so.

Forty-two legislators voted to protect the tax breaks of the top 5 percent rather than give a grocery tax break to 100 percent. I still don't think all of them feel that way, but the hard-line partisans put heavy pressure on those who wanted to vote with us.

We also have to admit we didn't get in as many calls. The House moderates reported getting far more calls from opponents, many of whom were misinformed. If we're going to get this bill through the House, we have to build our strength. The Senate will be even more challenging, and the final vote of the people will be most challenging of all, simply because of the number of people who have to hear good information to counteract the misunderstandings.

Here's a confession posted to Arise's Facebook group: "I'm disappointed in myself. I didn't call, email or write my representative until it was too late. That is inexcusable. Now I'm going to make an effort to get more members here so that more people will make an effort to contact representatives in the future." And 17 minutes later she wrote, "I've invited 33 'friends' and 2 non-Facebook friends to join Arise. I challenge everyone . . . to invite at least 10 people to join. That could potentially increase membership here 10Xs. Who'll take the challenge?"

Please ask people to join. Basic membership is \$50 "or whatever you can afford" (see www.alarise.org). People can also sign up for alerts at the Legislative Page on the website. We need to tap the grocery tax passion and build the momentum to get our state on the right track.

With hope for a new day dawning,

We appreciate your support!

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Grocery tax

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Republicans support tax credits to help low-income people offset their grocery taxes. DeMarco said the GOP bill, which has not yet been filed, would cost the Education Trust Fund about \$20 million. He did not offer details or say how the bill would replace the ETF revenue.

An average family of four in Alabama would save \$468 annually under Knight's plan, the Legislative Fiscal Office estimates. The LFO projects that the plan would increase state income taxes for about 8.4 percent of filers, some of whom would see an overall tax cut because of grocery tax savings.