

The Dothan Eagle

Statewide group seeks support for removal of grocery tax

By [Greg Phillips](#)

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A bill currently being considered by the State House of Representatives calls for the removal of the state sales tax on groceries, and one statewide lobby group says it will benefit nearly all residents.

House Bill 1, sponsored by Rep. John Knight, D-Montgomery, would eliminate the 4 percent state portion of the sales tax on groceries, end the state sales tax on over-the-counter drugs and prevent counties and municipalities from changing their taxes on groceries alone.

“It would benefit all of us,” said Zack Carter, an organizer for Alabama Arise, a coalition of 150 congregations and organizations that advocate for people of low and moderate income. “In terms of the way it would affect taxpayers, 96 percent of people in our state would pay less. It would save the average family of four close to \$500 a year.”

Speaking to a small group at the Episcopal Church of the Nativity in Dothan on Thursday, Carter said the bill stands to save an average family of four close to \$500.

Despite reducing state sales tax revenue, Carter said the bill is considered “revenue neutral” thanks to a measure included in it that would cap the state deduction for federal income tax.

“Our state can’t afford to lose anymore revenue, and we know that,” Carter said. “One of the biggest tax loopholes in our state revenue system is the federal income tax deduction. This bill would cap that deduction for a couple at \$300,000. If they made more than \$300,000 in a year, they would no longer get this deduction. It would translate to them paying about \$1,000 more a year.”

Couples making up to \$200,000 per year would still receive the federal tax deduction, and those falling in between the two marks would see their deduction gradually reduce as their income gets closer to \$300,000.

Single people making \$100,000 or less per year would still receive the full deduction, while those making more than \$150,000 per year would lose the deduction completely.

“This higher income group has been paying less over the last few years in state and local taxes,” Carter said. “That group of people represents about 4 percent of our taxpayers. The vast majority

of us would pay less, and we feel (that 4 percent) could certainly afford to pay that little bit more.”

Bills similar to HB1 have been up for vote and defeated for the past two years, but some local lawmakers say it’s got more momentum this year.

“Especially in times like these, this bill gives lower and middle income people the opportunity to buy more groceries,” said District 85 Rep. Lucy Baker, D-Abbeville. “For people on a fixed income, \$3 or \$4 may not mean much to some people, but each time they go to the grocery store, they can buy another item, and it will help tremendously.”

If approved by the State Legislature, the bill would go up for public vote this year and, if passed, would take effect Jan. 1, 2011.