

	Arise Income Tax Reform Plan	Starkey Bill	Sanders Bill
Bill number(s)	Pending	HB 401	SB 198
Taxes affected	<ul style="list-style-type: none"> • Alabama income tax 	<ul style="list-style-type: none"> • Property tax (local) 	<ul style="list-style-type: none"> • Sales tax on groceries • Property tax
What it does	<ul style="list-style-type: none"> • Raises standard deduction, personal exemption, & child deduction. • Creates refundable Earned Income Tax Credit (EITC). 	<ul style="list-style-type: none"> • Requires that 20 mills of local property tax be designated for schools. (A few counties in North Alabama are already at this level.) 	<ul style="list-style-type: none"> • Phases out entire sales tax on groceries over five-year period (2003-2007).
How it's paid for	<ul style="list-style-type: none"> • Eliminates deduction of federal income tax payment. 	<ul style="list-style-type: none"> • Raises new property tax revenue. 	<ul style="list-style-type: none"> • Gradual property tax rate increase of 27 mills.
Revenue effects	<ul style="list-style-type: none"> • Revenue neutral. 	<ul style="list-style-type: none"> • Raises more revenue. 	<ul style="list-style-type: none"> • Raises more revenue and directs it to new education programs.
Other benefits	<ul style="list-style-type: none"> • Cuts income tax payments for 70% of taxpayers. • EITC pays refunds to low-income workers. 	<ul style="list-style-type: none"> • Raises local money for schools. 	<ul style="list-style-type: none"> • Funds the lottery education programs: scholarships, pre-kindergarten, and an Office of Information Technology.
Requires voter approval	<ul style="list-style-type: none"> • Yes 	<ul style="list-style-type: none"> • Yes 	<ul style="list-style-type: none"> • Yes