

## SUMMARY OF PARTS OF PLAN

### NEW INITIATIVES

- School Administration Accountability
- Expansion of Alabama Reading Initiative
- Expansion of Alabama Math, Science and Technology Initiative
- College Scholarship Program
- Incentive Pay for Educators
- Homestead Exemption Raised to \$50,000
- Farmstead Exemptions Created for Under 200 acres

### ACCOUNTABILITY

- “Pass Through Pork” Prohibited
- Health Insurance Cost Sharing by State Employees
- School Fiscal Management
- Tenure Reform
- Teacher Institutes
- Local School Board Trained in Finance
- School Administration Accountability

### FACTS YOU MIGHT NOT KNOW . . .

- Seniors (over 65) will pay no state property tax on their homes.
- Social Security is tax exempt under the plan.
- The plan raises the filing threshold for a family of four from \$4,600 to nearly \$20,000 - phased-in over four years. Next year the threshold will be \$17,000.
- Sales and lease tax rates on cars will be increased .5% to 1.5%.
- Eliminates federal income tax deductions.
- About 88% of Alabamians will pay the same or lower state income taxes when federal tax changes are taken into account.
- Nearly 70% of family farms will pay little or no increase in their state property taxes.
- Alabama’s property taxes will still be lower than all of our surrounding states.

### THE FOLLOWING WEB SITES OR LINKS\* CONTAIN INFORMATION ON THE PROPOSED ACCOUNTABILITY AND TAX REFORM PLAN:

- [www.alabar.org](http://www.alabar.org) (Alabama State Bar)
- [www.governorpress.state.al.us/pr/pr-2003-05-20-01-gr-intro-detail.asp](http://www.governorpress.state.al.us/pr/pr-2003-05-20-01-gr-intro-detail.asp) (Sponsored by the Governor’s Office)
- [www.governorpress.state.al.us/pr/pr-2003-05-20-02-gr-reaction.asp](http://www.governorpress.state.al.us/pr/pr-2003-05-20-02-gr-reaction.asp) (Reactions from around the state)
- [www.montgomerychamber.com/news](http://www.montgomerychamber.com/news) (Montgomery Area Chamber of Commerce)
- [parca.samford.edu/taxcalculator/index.html](http://parca.samford.edu/taxcalculator/index.html) (PARCA Tax Calculator)
- [www.alabamaforestowners.com/news/n030607a.htm](http://www.alabamaforestowners.com/news/n030607a.htm) (Mobile County Landowners Association Board of Directors)
- [www.alabamataxwatch.homestead.com](http://www.alabamataxwatch.homestead.com) (Alabama Tax Watch)
- [www.alarise.org](http://www.alarise.org) (Alabama Arise: the Conscience of Alabama)
- [www.alavoices.org/pdf/Governor's\\_Proposal-Ed\\_Gentile.pdf](http://www.alavoices.org/pdf/Governor's_Proposal-Ed_Gentile.pdf) (Alabama Voices)
- [www.alfafarmers.org/leg\\_newsletter](http://www.alfafarmers.org/leg_newsletter) (ALFA)
- [www.aplusala.org/libr/ednews/2003/en03-jul9.asp](http://www.aplusala.org/libr/ednews/2003/en03-jul9.asp) (A+ Education News in Alabama)
- [www.arisecitizens.org/052803.pdf](http://www.arisecitizens.org/052803.pdf) (Arise Citizens)
- [www.campaignforalabama.com/informed.htm](http://www.campaignforalabama.com/informed.htm) (Campaign for Alabama)
- [www.cse.org/alabama/index.php](http://www.cse.org/alabama/index.php) (Citizens for a Sound Economy)
- [www.ethicsdaily.com/article\\_detail.cfm?AID=2677](http://www.ethicsdaily.com/article_detail.cfm?AID=2677) (EthicsDaily.com) Christian based.
- [www.tsum.edu/HEP/news/061703.htm](http://www.tsum.edu/HEP/news/061703.htm) (TSUM: Educators support Governor’s Plan)
- [www.votenosept9.com/reagan.php](http://www.votenosept9.com/reagan.php) (Citizens for a Sound Economy)
- [www.abetteralabama.org/contact.shtml](http://www.abetteralabama.org/contact.shtml) (Alabama Partnership for Progress)

\* The Alabama State Bar is not responsible for information on these sites/links and does not necessarily endorse their content.

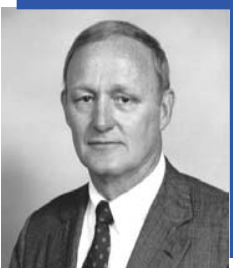
# The Alabama Tax Reform Decision

. . . what you  
need to know and  
where to find it.

This public service brochure  
is provided as an  
informational resource by the



ALABAMA STATE BAR



To the citizens of Alabama,

The Mission Statement of the Alabama State Bar reads in part, "The Alabama State Bar is dedicated to . . . increasing the public under standing of . . . the law." With this in mind, our state bar feels a strong commitment to

provide information and resources to you as you prepare to vote September 9th on Governor Riley's Accountability and Tax Reform Plan.

As our state is challenged with the most severe financial crisis in decades, each of us faces the crucial decision of whether or not to support this plan. There are many sources of information available to help you. The Alabama State Bar wants to make you aware of these resources so that you can make an informed decision based on facts. In this brochure, you will find a list of Web sites and links to various sources. This is by no means a complete list; there may be other resources. By visiting these sites and others, you will be able to find out how this plan will affect you. The Public Affairs Research Council of Alabama (PARCA) has even developed a way for you to calculate your state taxes under the new plan. Some examples are included here, along with summaries of parts of the plan. The Alabama State Bar Web site will contain detailed but easy-to-read summaries of all parts of the Governor's plan as well as the links in this brochure. If you do not have access to the Internet, you may contact the state bar at 800-354-6154 and a summary of the Governor's plan will be sent to you.

Some will be in support of the plan; others will not. But regardless of how you vote, I hope you take the time to learn what this plan will mean to you, your family and Alabama. Then vote on September 9th in the Amendment 1 Referendum. The Alabama decision is one choice that can only be made by you. Our Alabama constitution calls for a balanced budget. Our needs for education, the prison system, court systems and other areas exceed what our state tax system now produces. As of October 1st, Alabama must either raise taxes in some form or the state will have to reduce services. However you choose to vote, I urge you to make your decision for the right reason -- what is best for the state of Alabama.

William N. Clark, president  
Alabama State Bar

### INCOME TAX CHANGES

(married couple/two children)

Adjusted Gross Income	State Tax Change
\$20,000	(-\$282)
\$30,000	(-\$260)
\$40,000	(-\$185)
\$50,000	\$109
\$75,000	\$308
\$100,000	\$609
\$200,000	\$2,149

### RESIDENTIAL PROPERTY TAX

(based on \$100,000 home with  
2003 State & County Taxes)

Current 2003	By 2007 Implementation
Jefferson \$592.50	\$728.50
Mobile \$439.00	\$575.50
Montgomery \$313.50	\$449.50
Huntsville \$462.00	\$598.00
Tuscaloosa \$318.00	\$454.00
Marengo \$363.00	\$499.00
Houston \$250.50	\$386.50

### STATE TAXES TO BE COLLECTED

(millions)

	2004	2009
Income	\$417	\$421
Property	\$ 15	\$401
Service Sales Tax		
- State	\$123	\$139
- Local	\$ 52	\$123
Tobacco	\$ 48	\$ 52
Recording	\$ 41	\$ 45
Federal Tax Deduction Elimination	\$ 18	\$ 27
Insurance Premiums	\$ 1	\$ 5
Financial Institutions	\$ 18	\$ 27
Business Privilege	\$ (8)	\$ (8)
Utility Gross Receipts	\$ (3)	\$ (4)
<b>Total Raised</b>	<b>\$ 722</b>	<b>\$1,228</b>