

Alabama State Bar
Tax Section Meeting

Montgomery, Alabama
May 12, 2009

Alabama Department of
Revenue Update

Alabama Bar Tax Section Meeting

Today Topics

- Tax legislation this session
- Administrative developments
- Recent litigation
- How's the revenue holding up?

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Tax legislation this session

- Film Incentives (Acts 2009-144)
 - Refundable Credits based on Costs
 - Composite Partnership Returns
 - Exemption for Investment Partnerships
- Failure to Pay Penalty (Acts 2009-144)
- Oil/Gas Severance Tax Basis ((Acts 2009-147)

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Attempted legislation this session

- Capital Credit Expansion (HB 568 – 2nd House)
- Combined reporting (HB 865 – Committee)
- Depletion deduction (HB 554 – 1st House)
- Food Tax on Food vs FIT De (HB 116 – 1st House)
- P.A.C.T. Plan Bailout (SB 541 In Committee)
- Regulation of Tax Preparers (SB 581 – 1st House)
- S.T.A.R. Bonds (SB 201 -- 2nd House)
- (HB 754 -- Committee)

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Federal Stimulus Measures

- Businesses:
 - Bonus Depreciation
 - Discharge of Business Indebtedness

- Individuals:
 - New Car Sales Tax Deduction
 - Higher Education Tax Credits
 - Section 529 Plans Allowed to Buy Computers
 - Make Work Pay Credit
 - First Time Homebuyer Credit

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Administrative Developments

- **Regulations**
 - "local nexus"
 - Limited conformity to federal limitations
 - Small Business Health Insurance Deductions
 - Education Plan Contribution Deductions
 - Withholding on R/E sales by out of state owners

- **Other Administrative Developments**

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Recent litigation

- VFJ Ventures, Cert Denied
- Capitol Machine & Equipment
- Rheem
- Kimberly-Clark
- Wells Fargo
- Norfolk Southern
- Exxon-Mobil Corp.
- Franchise Tax Litigation: Vulcan Lands

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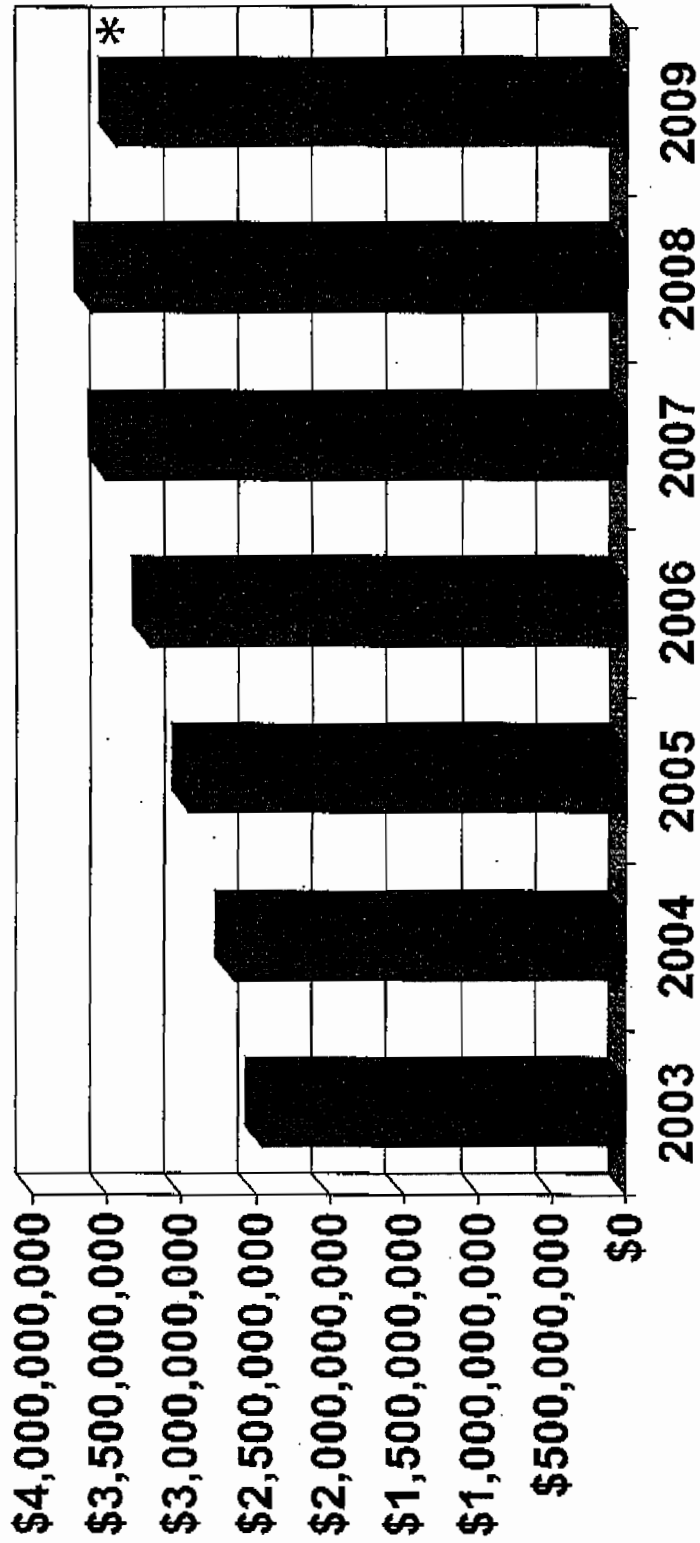
Litigation – unfinished business

- McNees / gross income regulation
- Hoover and Kentucky v. Davis
- FlipFlopFoto
- Crown Housing

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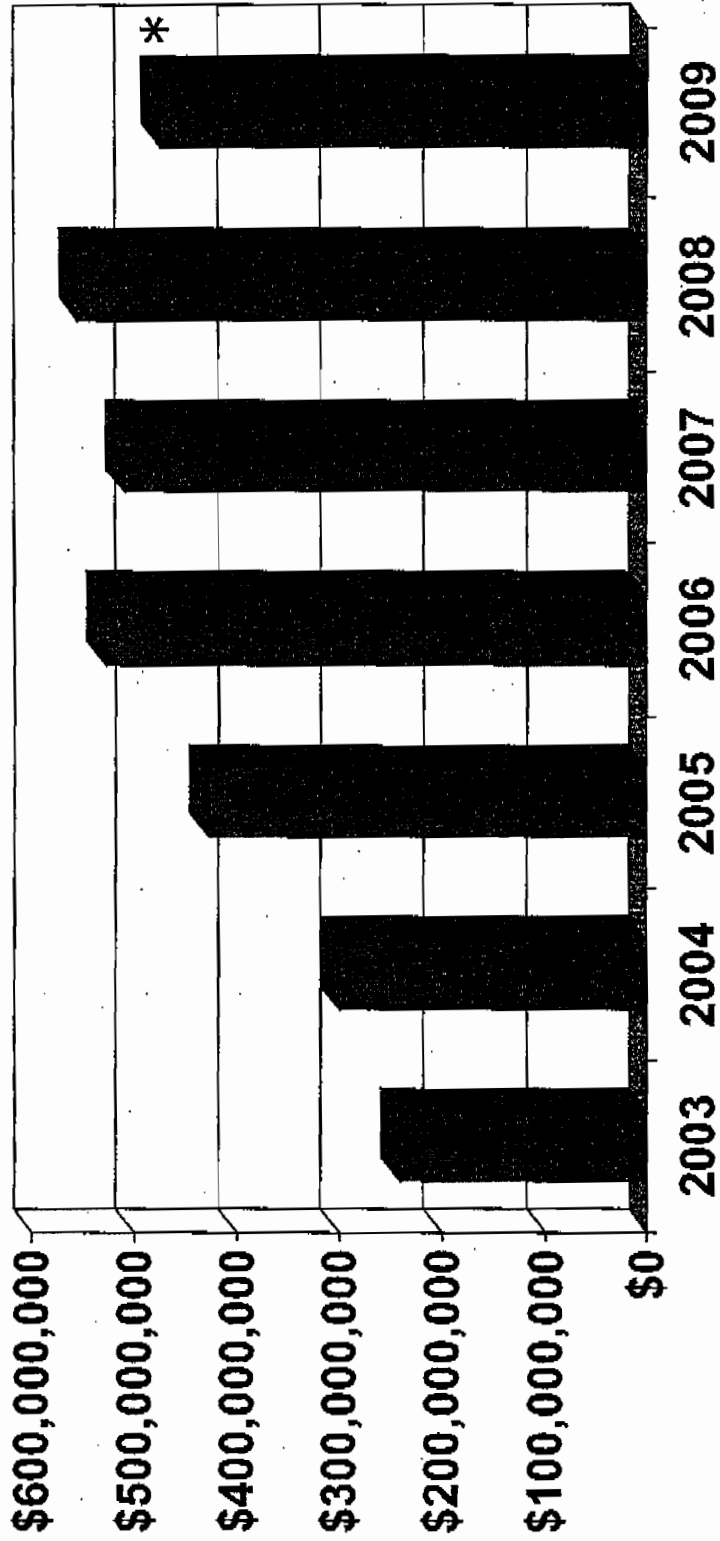
How's the revenue holding up?

INDIVIDUAL INCOME TAX



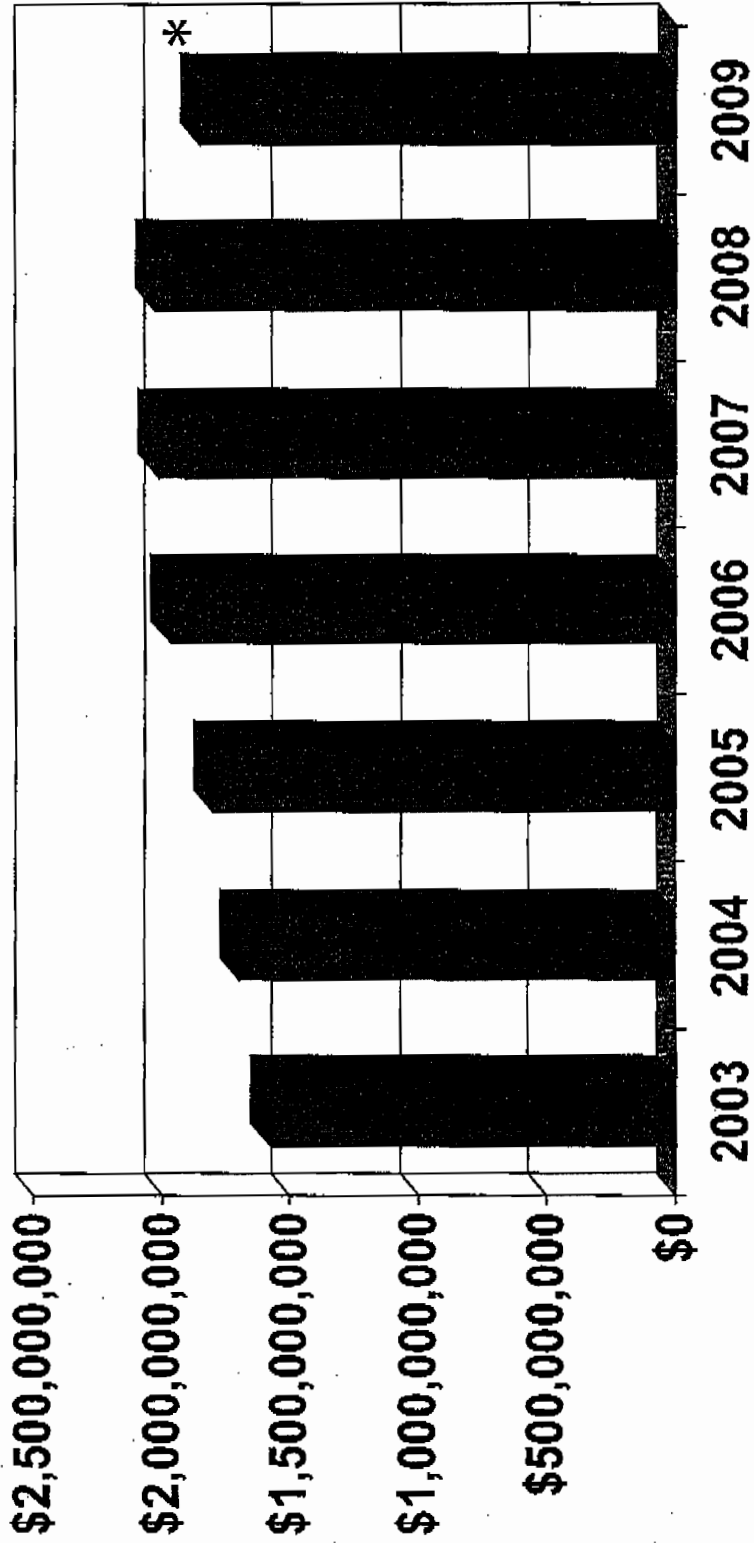
*Note: 2009 number is extrapolated from current fiscal year to date information.

CORPORATE INCOME TAX



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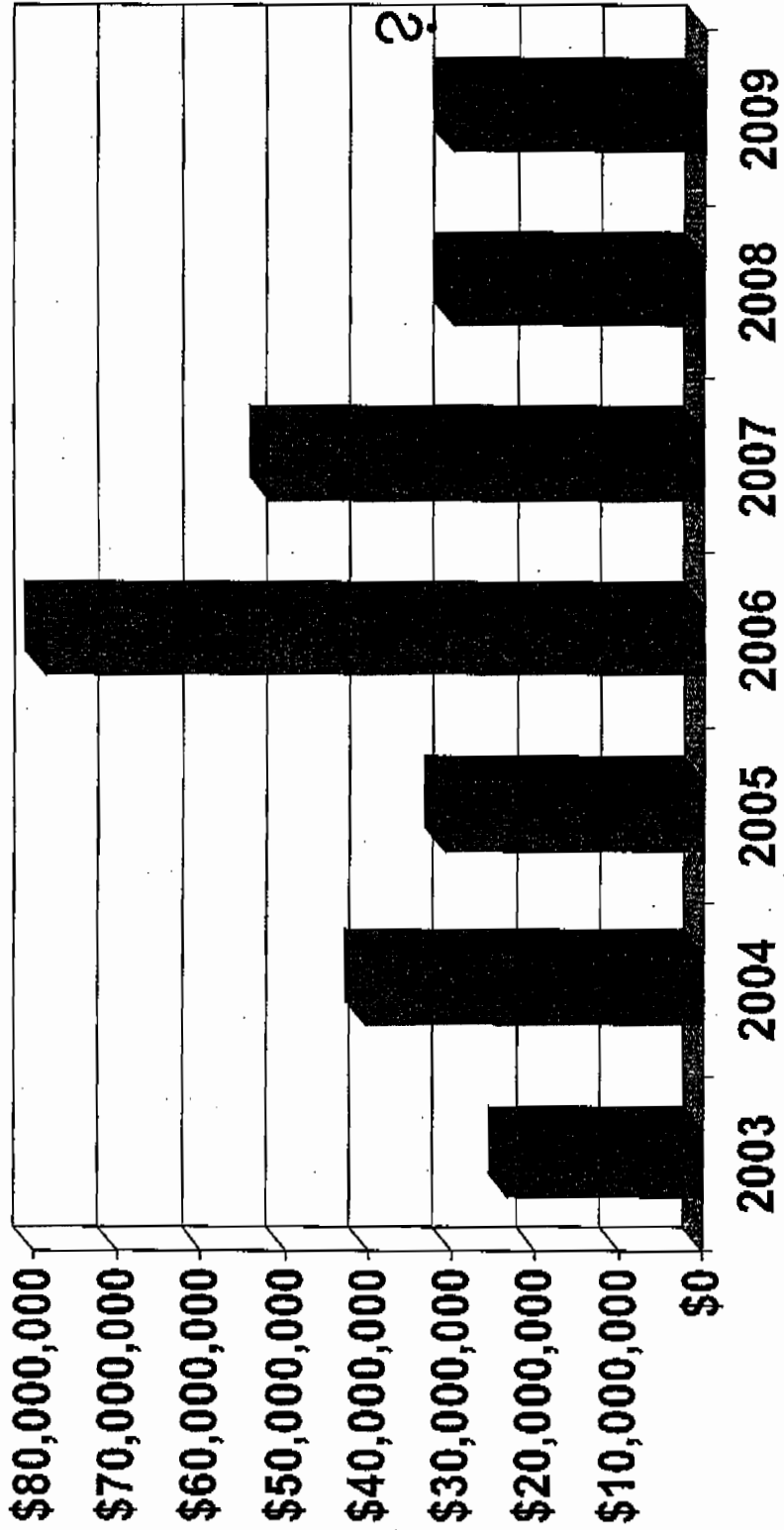
SALES TAX



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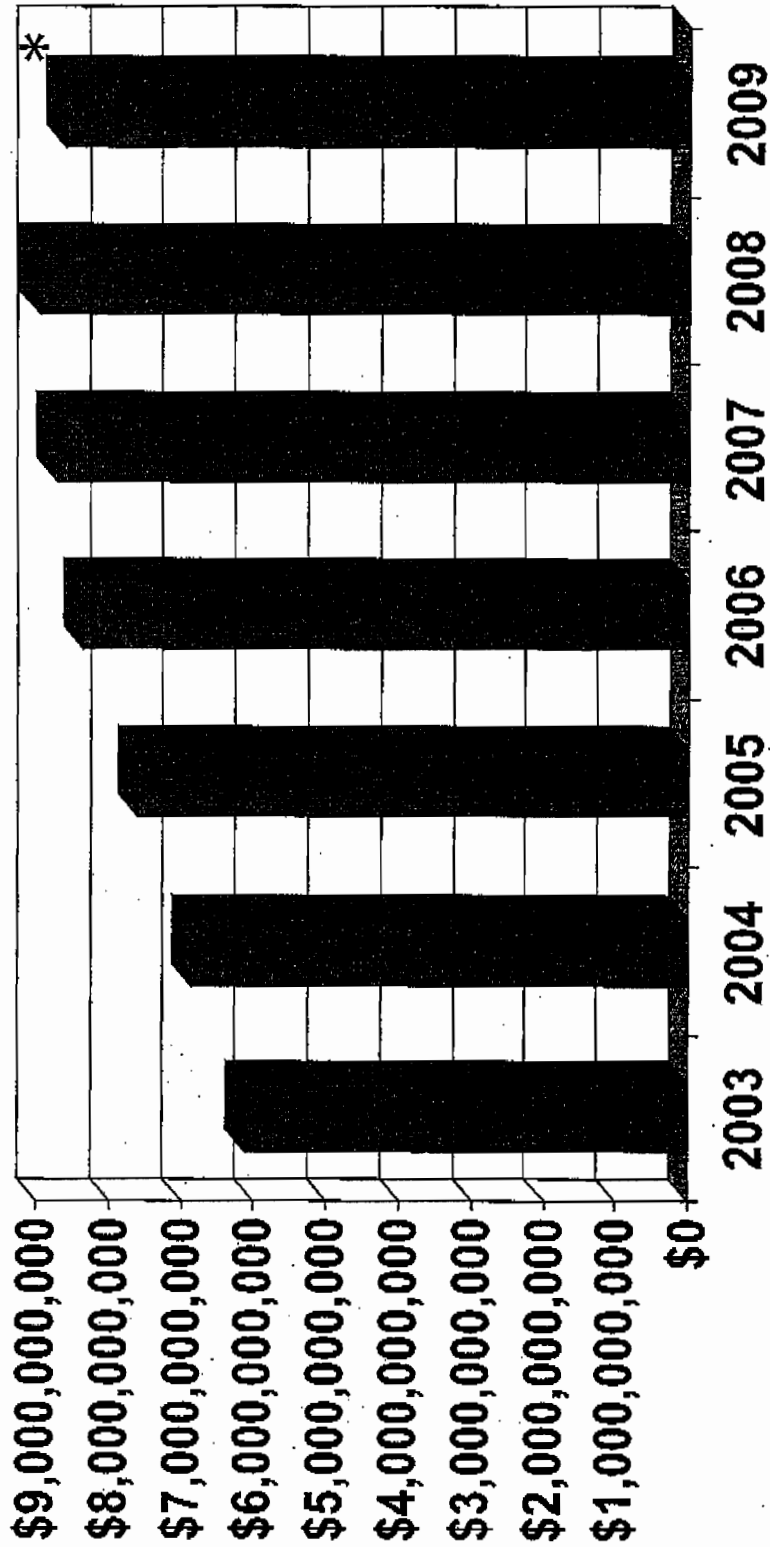


FIET



Note: 2009 number is too uncertain to predict.

TOTAL COLLECTIONS



*Note: 2009 number is extrapolated from current fiscal year to date information.