

ALEC EXPOSED

"ALEC" has long been a secretive collaboration between Big Business and "conservative" politicians. Behind closed doors, they ghostwrite "model" bills to be introduced in state capitols across the country. This agenda—underwritten by global corporations—includes major tax loopholes for big industries and the super rich, proposals to offshore U.S. jobs and gut minimum wage, and efforts to weaken public health, safety, and environmental protections. Although many of these bills have become law, until now, their origin has been largely unknown. With ALEC EXPOSED, the Center for Media and Democracy hopes more Americans will study the bills to understand the depth and breadth of how big corporations are changing the legal rules and undermining democracy across the nation.

DID YOU KNOW? Corporations VOTED to adopt this. Through ALEC, global companies work as "equals" in "unison" with politicians to write laws to govern your life. Big Business has "a VOICE and a VOTE," according to newly exposed documents. DO YOU?

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Flat Tax Option Act

Did you know that the Evergreen Freedom Foundation—which is connected to the Kochs--was the corporate co-chair in 2011?

Summary

The cost of tax compliance in the United States is staggering. Individuals and businesses waste millions of dollars each year complying with state and federal income tax codes, which contain countless deductions, credits, exemptions and exclusions. As a response to this staggering burden, ALEC developed the Personal and Business Flat Tax Act, which simplified a state's income tax by providing for a broad based, low rate income tax.

The Flat Tax Option Act builds on the model outlined in the Personal and Business Flat Tax Act but gives the taxpayer the option of choosing to pay a flat tax or pay the income tax under current law. This gives the taxpayer the choice of taking the deductions and credits available or paying a simplified tax with a lower rate and broader base.

Model Legislation

{Title, enacting clause, etc.}

Section 1. {Title} This Act may be cited as The Flat Tax Option Act.

Section 2. {Statement of Purpose} It is the intent of the LEGISLATIVE BODY to give business and personal income taxpayers in the state of [Insert State] the option of paying either a broad-based, low rate income tax, or continuing to pay income taxes under current law.

Section 3. {Amendment to State Income Tax Code}

(A) Choice of Flat Income Tax or Existing Income Tax: An individual or business otherwise required to pay income taxes under the laws of the state of [Insert State], shall have the option of continuing to pay taxes under current law, or may pay taxes according to the schedule outlined in this section.

(B) Individual Income: An individual income taxpayer making an election under §3(A) shall compute taxable income by taking the value of all income from wages, salary, pensions, and income derived from the individual's operation of a business, or as a partner in a business, or as an independent contractor as determined on federal income tax forms 1040C and 1040F after elimination of interest and dividend income. Income does not include income from capital gains, interest, dividend income or social security and other government benefits.

(C) Business Income: A business taxpayer making an election under §3(A) shall compute taxable income by determining the net profits as determined on the federal corporate tax return after elimination of interest, dividend and capital gains income that are included in those returns.

(D) Determination of Rate: A taxpayer making an election under §3(A) shall pay the following tax rate on income:

(1) Personal flat tax: For each year beginning on or after January 1, 200__, there is hereby imposed a tax on personal taxable income at a single percentage rate of __%.

(2) Business flat tax: For each year beginning on or after January 1, 200__, there is hereby imposed a tax on business taxable income at a single percentage rate of __%.

(E) Changes to Flat Tax Option: No change can be made to this section except pursuant to an act of the legislature adopted with the concurrence of two-thirds (2/3) of all members of each House. This section shall not apply to an act lowering the rates of taxation in §3(D).

Section 4. {Severability Clause}

Section 5. {Repealer Clause}

Section 6. {Effective Date}

Were your laws repealed?

Adopted by ALEC's Tax and Fiscal Policy Task Force at the Spring Task Force Summit March 29, 2003. Approved by full ALEC Board of Directors April, 2003.

ALEC's Corporate Board

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For more on these corporations, search at www.SourceWatch.org.



Center for Media and Democracy's quick
summary:

In June 2009, the Rhode Island House Finance Committee approved legislation similar to this model.

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