

## 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?**

[Home](#) → [Model Legislation](#) → Tax and Fiscal Policy

### Automatic Income Tax Rate Adjustment Act

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

#### Summary

The Automatic Income Tax Rate Adjustment Act provides for a biennial reduction in the state adjusted gross income tax rate on residents, nonresidents, and corporation if year-over-year revenue from the adjusted gross income tax exceeds certain amounts. The Budget Agency shall make the determination before July 1 of each even-numbered year and for the rate reduction to take effect in taxable years beginning in the immediately following odd-numbered year.

#### Legislation

##### Section 1. {Adjustment Rate}

(A) The tax rate of adjusted gross income imposed on residents, nonresidents and corporations is the same rate used for the preceding taxable year unless net adjusted gross income tax revenue collected by the state has increased, as determined under section 2.

(B) If the increase in revenue is at least three and one-tenth percent (3.1%), the tax rate to be used for the taxable year beginning in the immediately following odd-numbered year is the rate after the reduction under this subsection.

(C) If the two (2) year average percentage increase in revenue is:

(1) At least three and one-tenth percent (3.1%) but less than four and two-tenth percent (4.2%), the tax rate is the preceding taxable year's rate minus one tenth percent (0.1%);

(2) At least four and two-tenths percent ( 4.2%) but less than five and three-tenths percent (5.3%), the tax rate is the preceding taxable year's rate minus two-tenths percent ( 0.2%); or

(3) At least five and three-tenths (5.3%), the tax rate is the preceding taxable year's rate minus three- tenths percent (0.3%)

##### Section 2. {Determining Increase in net adjusted gross income tax revenue}

(A) Before September 1 of each even-numbered year, the Budget Agency shall determine whether an increase in net adjusted gross income tax revenue has occurred using two (2) year average. In making this determination, the following shall be used:

(1) Returns processed during the three (3) calendar years that immediately precede the determination year.

## ALEC's Corporate Board

--in recent past or present

- AT&T Services, Inc.
- centerpoint360
- UPS
- Bayer Corporation
- GlaxoSmithKline
- Energy Future Holdings
- Johnson & Johnson
- Coca-Cola Company
- PhRMA
- Kraft Foods, Inc.
- Coca-Cola Co.
- Pfizer Inc.
- Reed Elsevier, Inc.
- DIAGEO
- Peabody Energy
- Intuit, Inc.
- Koch Industries, Inc.
- ExxonMobil
- Verizon
- Reynolds American Inc.
- Wal-Mart Stores, Inc.
- Salt River Project
- Altria Client Services, Inc.
- American Bail Coalition
- State Farm Insurance

For more on these corporations, search at [www.SourceWatch.org](http://www.SourceWatch.org).

(2) Net adjusted gross income tax revenue collected from all taxpayers under this article on these returns.

(3) Overpayments refunded to taxpayers during these calendar years shall be subtracted.

(4) The best information available to the Budget Agency at the time the determination is made.

(B) Beginning in year \_\_ , the Budget Agency shall compute two (2) year average and determine whether an increase has occurred and, if so, the amount of the two (2) year average percentage increase in revenue. The Budget Agency shall certify the results of the computation to the department of state revenue.

*Adopted by the Tax and Fiscal Policy Task Force at the Spring Task Force Meeting on April 23, 2010.*

*Approved by the ALEC Board of Directors on June 3, 2010.*

### Center for Media and Democracy's quick summary

This would automatically adjust individual and corporate income tax rates downward if income tax revenue collected by the state increased over the previous two years by an average of more than 3.1 percent. The size of the income tax rate reductions would increase in proportion to the amount by which the two-year average surpasses 3.1 percent. This would squeeze government and cause cuts even in times of budget surplus.

**About Us and ALEC EXPOSED.** The Center for Media and Democracy reports on corporate spin and government propaganda. We are located in Madison, Wisconsin, and publish [www.PRWatch.org](http://www.PRWatch.org), [www.SourceWatch.org](http://www.SourceWatch.org), and now [www.ALECexposed.org](http://www.ALECexposed.org). For more information contact: [editor@prwatch.org](mailto:editor@prwatch.org) or 608-260-9713.