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to Washington,
ARA is there
to benefit you!

Friday, May 16, 2008

SPECIAL SMALL BUSINESS ACTION ALERT

Make Sure Your Senator Knows to Double the Deduction!

Monday, May 19, is the final legislative day of the 2008 regular legislative session. For small businesses like yours, the primary issue of concern to you will be before the Alabama Senate.

If you haven't already spoken with your senator, please call your senator at his on Monday and ask your senator to support the **Marsh amendment to HB 144**, which contains a double income tax **deduction for your business AND your employees** who earn less than \$50,000. Also make sure your senator knows that that **full 200 percent deduction should be reached in phases triggered by 3 percent growth** in education revenue.

Keep reading to better understand how HB 144 in this amended form will help your business.

HB 144 by Rep. Jay Love, R-Montgomery, allows qualified businesses and their qualified employees to take a special deduction, in addition to what they normally deduct on their Alabama income tax return, for the amounts they pay for health insurance premiums. If enacted, this legislation will be effective starting in 2009 and will be fully phased in by the year 2013. When fully phased in, the full deduction will be 200 percent of the health insurance costs.

Qualified businesses are defined as employers with fewer than 25 employees. Our records at the Alabama Retail Association show that your business could be among the qualifying businesses. Qualified employees are Alabama resident employees who are employed by qualified businesses and earn no more than \$50,000 in wages and have no more than \$75,000 of adjusted gross income on their Alabama individual income tax return (\$150,000 if married filing jointly).

The additional deduction for employers will be added to the normal deductions that are taken for employer health

CRR EXTRAS

BILLS

- [HB 144](#)

IN THE NEWS

- [Legislators to tackle many issues Monday](#)
- [PAC-to-PAC transfer ban likely to die](#)
- [Riley outlines tax cut plan to rival Knight's](#)
- [Riley says he will sign ban on indoor smoking](#)
- [Alabama immigration bills unpassed as end of session nears](#)

ARA CONTACTS

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LEGISLATIVE CONTACTS

To contact members

insurance on their Alabama business income tax return. For employees, the additional deduction will be taken as an adjustment toward adjusted gross income and not as an itemized deduction on their Alabama individual income tax return.

The additional 100 percent deduction will be phased in over five years in 20 percent increments. The additional deduction is subject each year to approval by the Alabama Legislature based on a 3 percent estimated growth rate in the Education Trust Fund, which is determined before the applicable tax year. Here's a typical example of how the deduction would work.

EXAMPLE

Business XYZ's monthly health insurance cost per employee is \$600, of which \$400 is paid by the employer and \$200 is paid by the employee. Assume that the Education Trust Fund has grown the applicable 3 percent per year. The business has 20 employees. The below example is for the year 2013, the year the full deduction is phased in.

BUSINESS:

| # of Employees | Company pays \$400 each month | Additional Annual Company Deduction | Effective Annual Tax Savings assuming blended 5.5% tax rate |
|----------------|-------------------------------|-------------------------------------|---|
| 20 | \$96,000 annually | \$96,000 | \$5,280 |

INDIVIDUAL:

| Individual pays \$200 each month | Additional Annual Deduction | Effective Annual Tax Savings assuming blended 5.5% tax rate |
|----------------------------------|-----------------------------|---|
| \$2,400 annually | \$2,400 | \$120 |

of the Alabama Legislature:

WRITE:

Alabama State House
11 South Union Street
Montgomery , AL 36130

CALL:

HOUSE: (334) 242-7600
SENATE: (334) 242-7800

E-MAIL:

Most representatives can be reached through the House e-mail system by using the following format:

firstname.lastname@alhouse.org

Those without e-mail addresses can be reached through the general e-mail address:

house3@alhouse.org

There is no general e-mail address for senators. [Click here](#) for a roster of the state senators with their complete contact information.

LINKS GO TO CONTACT INFO:

The link to each lawmaker mentioned in this publication goes to their individual websites, which have contact information. You can also find out whose legislative district you live or work in under [Find Your Lawmaker](#) in the [Political Affairs](#) section of alabamaretail.org.



For committee assignments and clerk

Your business and your employees deserve nothing less than the full double deduction . As the largest segment of employers in the state, you can make a difference if you let your senator know your position on this legislation. If you have already spoken with your senator, thank you. If you haven't, **now is the time to let the voice of Alabama's small retailers be heard.** The Alabama Senate convenes at 10 a.m. Monday for the 30th and final legislative day of the 2008 regular session. Give your senator a call at his/her State House office early in the day and **ask for support for the double deduction triggered in phases by 3 percent growth in education revenue.**

>> Other News

NEXT LEGISLATIVE DAY

2009 Session Begins in February

Another Summer Special Session Possible

Lawmakers will return for the **first legislative meeting day of the 2009 regular session at noon Tuesday, Feb. 3, 2009 .**

However, the governor could call lawmakers back for another special session later this summer.

contacts for the Alabama Legislature, see [ARA's 2011 Legislative Roster](#).

BENEFIT FROM THE VALUE

Now, Even More Benefits from ARA



Your Business Can Save Thousands

ARA constantly strives to increase the Value its members received from membership. Many members have been using our low-cost workers' comp program for years, but were asking for more. In January, we announced more savings. ARA members now have access to:

Cost-Saving Credit Card Processing:

Through a partnership with Huntsville-based **CHECKredi**, ARA members get rates normally reserved for only the largest stores.

Discounted Inbound and Outbound Shipping:

Through our arrangement with **PartnerShip** ARA members can save up to 27% on FedEx services and up to 70% on other shipping needs.

Budget Friendly Email Marketing:

Constant Contact brings ARA members cutting edge e-mail marketing technology for as low as \$15 a month; members save up to 25%

[Find Out More Today](#)

**IMPORTANT EVENT
THIS WEEK**

WHAT: **Birmingham
Business Leadership
Exchange**

WHEN: **6 p.m. Wednesday,
April 6**

WHERE: Regions Center
Upper Lobby Auditorium,
1900 5th Avenue North

*Complimentary parking
available at Regions Center
deck via 19th St. North*

The Speaker's
Commission on Job
Creation is partnering with
the Birmingham Business
Alliance to invite business
owners of companies
across the industrial
spectrum to attend a
"Business Leadership
Exchange," and share
their ideas about how to
improve the business
climate in the state. If
you have any questions,
please **contact the
office of House
Speaker Mike Hubbard
at 334-242-7668**. If you
are unable to come to
the Birmingham exchange
but would like to submit
ideas and
recommendations, you
may [email them to
Alabama Jobs Commission](#)

or join the conversation
on Facebook at

[facebook.com/
speakersjobscommission](https://facebook.com/speakersjobscommission)

The *Capitol Retail Report* is another **Benefit from the Value** of **Alabama Retail Association** membership. For more benefits,
go to www.alabamaretail.org