



# AMERICANS *for* TAX REFORM

February 25, 2025

**To:** Members of the Alabama House of Representatives

**Re:** Opportunities for Further Reform in 2025, Avoiding Setbacks

Dear Chairman Garrett, Vice Chair Kiel, and Members of the Committee,

On behalf of Americans for Tax Reform (ATR) and our Alabama-based supporters, I commend you for the steps you've taken in recent years to enact conservative reforms, such as income tax relief and school choice. **I encourage you to build upon this impressive record with further tax and regulatory reforms in 2025 that will make Alabama an even more attractive place to live, work, and invest.**

In this era of heightened tax competition, it's not prudent to rest on laurels. Lawmakers in Georgia, South Carolina, North Carolina, Missouri, and elsewhere are pursuing further income tax rate reduction that will make their tax climates even more hospitable. Some governors and legislative leaders have announced their goal is eventual elimination of their state income tax. It's clear the race to become the nation's ninth no-income-tax state is on. As such, **I urge you to consider additional cuts to Alabama's personal income tax rates, which will benefit small businesses, along with individual and families.**

Pursuing income tax rate reduction and elimination is a laudable goal, but it's important to avoid imposing new taxes in the process. As you consider further income tax rate reduction and other pro-growth reforms, I urge you to reject proposals that would offset the benefits of tax relief or send the wrong message about Alabama as a place to do business.

Raising taxes on consumer transactions is especially inadvisable in a time of persistent inflation. Increasing the cost of legal money transfers in particular would result in negative unintended consequences, encouraging work-arounds and black-market arrangements. That's why **I urge you to oppose HB 192 and HB 297**, two bills that seek to impose new ad valorem taxes on wire transfers. Although these bills provide eligible residents a full tax credit for the amount paid, **this tax hike will still hit many legal residents.**

According to IRS data, one fifth of taxpayers eligible for the Earned Income Tax Credit fail to redeem it. Furthermore, residents of other states doing business in Alabama, tourists, and many more otherwise legal Americans will be left without the ability to redeem the tax credit. Members of the armed forces stationed in Alabama who file their income taxes in another state would also be adversely affected by these proposed tax hikes.

Illegal immigration is indeed a problem that needs to be addressed. While the situation at the border reached crisis levels during the Biden Administration, the Trump administration has already made considerable progress in rectifying the problem. Though more needs to be done, the state tax code is not the appropriate tool with which to combat illegal immigration. What's more, financial institutions are already subject to law enforcement oversight and regulation. Existing reporting requirements for large money transfers ensure that government authorities are alerted to suspicious activity.

I wish you the best of luck in the 2025 legislative session and I thank you for any consideration of this input. If I or ATR can be of assistance, please contact me or Patrick Gleason, ATR's VP of State Affairs, at 202-785-0266, or by email at [ptgleason@atr.org](mailto:ptgleason@atr.org).

Sincerely,

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