

1 HB42
2 196919-2
3 By Representative England
4 RFD: County and Municipal Government
5 First Read: 05-MAR-19
6 PFD: 02/14/2019

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8 SYNOPSIS: Under current law, the state and many
9 counties and municipalities impose sales or use
10 taxes upon certain persons, firms, or corporations.
11 Sales and use taxes levied by counties and
12 municipalities are collected and administered in
13 the same manner as the state sales and use taxes,
14 except for the tax rate. Items subject to the sales
15 and use tax levied by the state are generally
16 subject to local sales and use taxes. Counties and
17 municipalities do not have the authority to
18 establish a reduced sales tax rate for individual
19 items or exempt items from local sales and use tax.

20 This bill would authorize the local
21 governing body of certain counties or
22 municipalities, to reduce or eliminate their local
23 sales and use tax rate on food.

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25 A BILL
26 TO BE ENTITLED
27 AN ACT

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2 Regarding local sales and use taxes; to authorize
3 the local governing body of certain counties or
4 municipalities, to reduce or eliminate their local sales and
5 use tax rate on food; and to provide an effective date.

6 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

7 Section 1. For the purposes of this act, the
8 following terms are defined as followed:

9 (1) ELIGIBLE LOCAL GOVERNMENT. A county or
10 municipality in Alabama that levies a local sales and use tax
11 and does not utilize the Alabama Department of Revenue or
12 their services to collect the local tax.

13 (2) FOOD. Food as defined in 7 U.S.C §2011, et seq.,
14 for the purposes of the federal Supplemental Nutrition
15 Assistance Program regardless of where or by what means food
16 is sold. If the federal Supplemental Nutrition Assistance
17 Program definition no longer exists, the Legislature shall
18 provide a new definition of food by general law.

19 (3) LOCAL GOVERNING BODY. The county commission or
20 city council of an eligible local government.

21 (4) LOCAL SALES TAX. A tax levied by an eligible
22 local government pursuant to a general or local act, or
23 resolution on the gross sales or receipts from the sale of
24 tangible personal property.

25 (5) LOCAL USE TAX. A tax levied by an eligible local
26 government pursuant to a general or local act, or resolution

1 on the storage, use, or other consumption of tangible personal
2 property.

3 Section 2. (a) The local governing body of an
4 eligible local government, may at any time reduce or eliminate
5 their local sales and use tax rate on food provided, that the
6 proposal shall have been (1) proposed by the local governing
7 body after a public hearing on the issue, and (2) approved by
8 resolution of the local governing body. Any reduction or
9 elimination of the local sales and use tax rate on food made
10 pursuant to this section, shall not become effective until the
11 fiscal year following approval of the resolution by the local
12 governing body.

13 (b) A local governing body of an eligible local
14 government that reduces or eliminates their local sales and
15 use tax rate on food may subsequently increase the rate or
16 levy a new tax on food by following the process outlined in
17 subsection (a) above.

18 Section 3. This act shall become effective
19 immediately following its passage and approval by the
20 Governor, or its otherwise becoming a law.