

1 HB591
2 200733-1
3 By Representative England
4 RFD: County and Municipal Government
5 First Read: 08-MAY-19

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8 SYNOPSIS: Under existing 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 city council
21 of a Class 4 municipality to reduce or eliminate
22 its local sales and use tax rate on food.

23
24 A BILL
25 TO BE ENTITLED
26 AN ACT
27

1 Relating to any Class 4 municipality; to authorize
2 the city council of a Class 4 municipality to reduce or
3 eliminate its local sales and use tax rate on food; and to
4 provide an effective date.

5 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

6 Section 1. This act shall only apply to a Class 4
7 municipality.

8 Section 2. For the purposes of this act, the
9 following words have the following meanings:

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

16 (2) LOCAL SALES TAX. A tax levied by the city
17 council of a Class 4 municipality pursuant to a general or
18 local act on the gross sales or receipts from the sale of
19 tangible personal property.

20 (3) LOCAL USE TAX. A tax levied by the city council
21 pursuant to a general or local act on the storage, use, or
22 other consumption of tangible personal property.

23 Section 3. (a) The city council of a Class 4
24 municipality may at any time reduce or eliminate its local
25 sales and use tax rate on food, provided that the proposal
26 shall have been (1) proposed by the city council after a
27 public hearing on the issue; and (2) approved by resolution of

1 the city council. Any reduction or elimination of the local
2 sales and use tax rate made pursuant to this section shall not
3 become effective until the fiscal year following approval of
4 the resolution by the city council.

5 (b) The city council of a municipality that reduces
6 or eliminates its local sales and use tax rate on food
7 pursuant to subsection (a) may subsequently increase the rate
8 or levy a new tax on food by following the process outlined in
9 subsection (a).

10 Section 4. This act shall become effective
11 immediately following its passage and approval by the
12 Governor, or its otherwise becoming a law.