

1 HB442  
2 210648-1  
3 By Representatives Moore (M), Givan, Rafferty, Morris,  
4 McCampbell, Gray, Lawrence, Faulkner, Jones (S), Daniels,  
5 Hatcher, Chestnut, Coleman, Clarke, Hall, Howard, Jackson,  
6 Boyd, Bracy, Forte, Drummond, Hollis and McClammy  
7 RFD: Ways and Means Education  
8 First Read: 23-FEB-21

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8 SYNOPSIS: Under existing law, the state imposes sales  
9 or use taxes upon certain persons, firms, or  
10 corporations. Sales of certain items are taxed at a  
11 reduced rate. Sales of other items are exempt from  
12 the taxes.

13 This bill would phase out the state sales  
14 and use taxes on food by reducing the rates by one  
15 percentage point over a four-part reduction  
16 schedule beginning October 1, 2021.

17 This bill would exempt sales of food from  
18 the sales and use taxes beginning October 1, 2025.

19  
20 A BILL  
21 TO BE ENTITLED  
22 AN ACT  
23

24 To phase out the state sales and use taxes on food  
25 by reducing the rates by one percentage point over a four-part  
26 reduction schedule beginning October 1, 2021; and to exempt

1 sales of food from the sales and use taxes beginning October  
2 1, 2025.

3 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

4 Section 1. LEGISLATIVE INTENT. The Legislature  
5 hereby finds that the requirement to pay sales tax on food  
6 places a burden on all taxpayers in the state, especially the  
7 less fortunate.

8 Section 2. For purposes of Section 2, the following  
9 terms are defined as follows:

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. In the event that the federal Supplemental Nutrition  
14 Assistance Program definition no longer exists, the  
15 Legislature shall provide a new definition of food by general  
16 law.

17 (2) SALES TAX. The tax levied in Section 40-23-2,  
18 Code of Alabama 1975, on the gross sales or gross receipts  
19 from the sale of tangible personal property.

20 (3) USE TAX. The tax levied in Section 40-23-61,  
21 Code of Alabama 1975, on the storage, use, or other  
22 consumption of tangible personal property in Alabama.

23 Section 3. Notwithstanding any other provision of  
24 law to the contrary:

25 (1) For taxable periods beginning on and after  
26 October 1, 2021, the state sales and use tax rate on food

1 shall be three percent of the gross receipts from the sale or  
2 use of food.

3 (2) For taxable periods beginning on and after  
4 October 1, 2022, the state sales and use tax rate on food  
5 shall be two percent of the gross receipts from the sale or  
6 use of food.

7 (3) For taxable periods beginning on and after  
8 October 1, 2023, the state sales and use tax rate on food  
9 shall be one percent of the gross receipts from the sale or  
10 use of food.

11 (4) For taxable periods beginning on and after  
12 October 1, 2025, the gross receipts from the sale or use of  
13 food shall be exempt from the state sales and use taxes.

14 Section 4. This act shall become effective on the  
15 first day of the third month following its passage and  
16 approval by the Governor, or its otherwise becoming a law.