

1 HB606  
2 183930-1  
3 By Representative Pringle  
4 RFD: Ways and Means Education  
5 First Read: 16-MAY-17

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8 SYNOPSIS: Under existing law, a total of eighty-three  
9 percent of the in-lieu-of-taxes payments made by  
10 the Tennessee Valley Authority (T.V.A.) are  
11 distributed to counties and municipalities that are  
12 served by T.V.A.

13 This bill would phase-out the current  
14 distribution to counties and municipalities that  
15 are served by T.V.A. over a three-year period and  
16 provide for an increase from those payments to the  
17 State General Fund.

18  
19 A BILL  
20 TO BE ENTITLED  
21 AN ACT  
22

23 To amend Section 40-28-2, Code of Alabama 1975,  
24 relating to the distribution of in-lieu-of-taxes payments made  
25 by the Tennessee Valley Authority, to provide for the  
26 redistribution of the payments.

27 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

1 Section 1. Section 40-28-2, Code of Alabama 1975, is  
2 amended to read as follows:

3 "§40-28-2.

4 "(a) Beginning in the fiscal year ending September  
5 30, 1980, the State of Alabama will annually transfer to the  
6 counties in Alabama served by T.V.A. a portion of the  
7 in-lieu-of-taxes payments made by T.V.A. to the State of Ala-  
8 bama. Such transfer of funds shall be according to the follow-  
9 ing schedule:

10	For the Fiscal Year:	Percentage of In-Lieu-of-Taxes
11		Payments Transferred to
12		T.V.A.-Served Counties by the State
13		Shall Be:
14	1979-80	20%
15	1980-81	30%
16	1981-82	40%
17	1982-83	50%
18	1983-84	60%
19	1984-85	70%
20	1985-86 through 2004-05	75%
21	2005-2006 <del>and each fiscal year</del>	78%
22	<del>thereafter</del> <u>through 2016-2017</u>	
23	<u>2017-18</u>	<u>52%</u>

	For the Fiscal Year:	Percentage of In-Lieu-of-Taxes
1	<u>2018-19</u>	<u>26%</u>
2	<u>2019-20 and each fiscal year</u>	
3	<u>thereafter</u>	<u>0%</u>

4           "(b) The state shall distribute the in-lieu-of-taxes  
5 payments each fiscal year to each of the counties served by  
6 T.V.A., and the three percent increases after September 30,  
7 2005, generated by the amendments to this section at the 2006  
8 Regular Session of the Legislature shall be allocated by local  
9 legislation and shall expire September 30, 2017.

10           "(c) (1) In addition to the distribution provided for  
11 in subsection (a) of this section, the state shall distribute  
12 each fiscal year until September 30, 2017 five percent of the  
13 in-lieu-of-taxes payments to the dry counties and  
14 municipalities therein which are not served by T.V.A. Said  
15 five percent shall be distributed on the same proportionate  
16 basis that each such county received in fiscal year 1978-79  
17 from A.B.C. payments as compared to the total A.B.C. payments  
18 received by all dry counties not served by T.V.A. during the  
19 same fiscal year. The distribution of such in-lieu-of-taxes  
20 payments between each dry non-T.V.A.-served county and the  
21 municipalities located therein shall be made pro rata on the  
22 basis of A.B.C. payments received by each such jurisdiction in  
23 the fiscal year 1979 to the total A.B.C. payments to the  
24 county and all municipalities in such county in the fiscal

1 year 1979. Such distribution to the municipalities will be  
2 administered by the county governing body.

3 "Beginning in the fiscal year ending September 30,  
4 2010, the distribution provided in this subsection to the dry  
5 counties and municipalities that are not served by T.V.A.  
6 shall be reduced by an amount equal to the funds allocated to  
7 those dry counties and municipalities from liquor tax revenues  
8 pursuant to Section 40-28-5 until the aggregate annual amount  
9 of revenue received by those dry counties and municipalities  
10 from the provisions of Section 40-28-5 is equal to the amount  
11 of T.V.A. payments distributed to the dry counties and  
12 municipalities therein pursuant to this subdivision for the  
13 fiscal year ending September 30, 2009. Until the aggregate  
14 annual amount of liquor tax distributions to the dry counties  
15 and municipalities not served by T.V.A. provided in Section  
16 40-28-5 is equal to the amount of T.V.A. payments distributed  
17 to the dry counties and municipalities therein pursuant to  
18 this subdivision for the fiscal year ending September 30,  
19 2009, the annual amount by which any payments to such counties  
20 and municipalities are reduced by liquor tax revenues pursuant  
21 to Section 40-28-5 shall be distributed to the counties served  
22 by T.V.A. Thereafter, but concluding with the fiscal year  
23 ending September 30, 2017, all payments distributed pursuant  
24 to this subsection shall be distributed to the counties served  
25 by T.V.A. The distribution to the counties served by T.V.A.  
26 provided in this subsection is to be allocated in the same  
27 manner as the increase generated by the amendment to this

1 section made during the 2006 Regular Session of the  
2 Legislature that now appears as subsection (b).

3 "Notwithstanding the foregoing, the distributions to  
4 Limestone County, to Madison County, to Marshall County, and  
5 to Morgan County provided in this subsection shall be  
6 allocated by local law.

7 "The additional distributions to the above listed  
8 counties pursuant to Act 2010-135 shall be held by the  
9 respective county separate and apart from other T.V.A.  
10 distributions and shall not be expended by the county until  
11 the effective date of the local law providing for the  
12 allocation of such funds.

13 "(2) Effective for transfers after July 1, 2006, the  
14 distribution to the State General Fund shall remain at the  
15 level received on July 1, 2006, until the level received  
16 attains the amount of seventeen million eight hundred forty  
17 thousand two hundred thirty-three dollars (\$17,840,233) and  
18 ~~thereafter~~ through the fiscal year ending September 30, 2017,  
19 the state shall receive ~~17~~ seventeen percent of the total  
20 amount of the in-lieu-of-taxes payments. For the fiscal year  
21 ending September 30, 2018, the state shall receive forty-eight  
22 percent of the total amount of the in-lieu-of-taxes payments.  
23 For the fiscal year ending September 30, 2019, the state shall  
24 receive seventy-four percent of the in-lieu-of-taxes payments.  
25 For the fiscal year ending September 30, 2020, and each fiscal  
26 year thereafter, the state shall receive one hundred percent  
27 of the in-lieu-of-taxes payments.

1                   "(d) Any T.V.A.-served dry county which is eligible  
2 to receive funds under Section 40-28-3 shall receive from that  
3 portion of the in-lieu-of-taxes payments not less than that  
4 amount which the county received in A.B.C. payments in the  
5 fiscal year 1978-79."

6                   Section 2. All laws or parts of laws which conflict  
7 with this act are repealed.

8                   Section 3. This act shall become effective  
9 immediately following its passage and approval by the  
10 Governor, or its otherwise becoming law.