

1 SB471
2 160495-1
3 By Senator Taylor (Constitutional Amendment)
4 RFD: Finance and Taxation Education
5 First Read: 18-MAR-14

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8 SYNOPSIS: This bill would propose an amendment to the
9 Constitution of Alabama of 1901, to phase-out the
10 state sales and use tax on food and increase the
11 state tax on cigarettes over a four-year period.

12
13 A BILL
14 TO BE ENTITLED
15 AN ACT
16

17 To propose an amendment to the Constitution of
18 Alabama of 1901, to phase-out the state sales and use tax on
19 food and increase the state tax on cigarettes over a four-year
20 period.

21 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

22 Section 1. The following amendment to the
23 Constitution of Alabama of 1901, as amended, is proposed and
24 shall become valid as a part thereof when approved by a
25 majority of the qualified electors voting thereon and in
26 accordance with Sections 284, 285, and 287 of the Constitution
27 of Alabama of 1901, as amended:

1 PROPOSED AMENDMENT

2 I. For purposes of this amendment, the following
3 terms shall have the following meanings:

4 (1) FOOD. Food as defined for supplemental nutrition
5 assistance program purposes in the Food Nutrition Act of 2008,
6 in 7 U.S.C §2011, et seq., except that food shall not include
7 candy or soft drinks. In the event that the federal
8 Supplemental Nutrition Assistance Program definition no longer
9 exists, the Legislature shall provide a new definition of food
10 by general law.

11 (2) CANDY. A preparation of sugar, honey, or other
12 natural or artificial sweeteners in combination with
13 chocolate, fruit, nuts, or other ingredients or flavorings in
14 the form of bars, drops, or pieces. Candy shall not include
15 any preparation containing flour and shall require no
16 refrigeration.

17 (3) CIGARETTE TAX. The license or privilege tax
18 levied in Section 40-25-2, Code of Alabama 1975, on the sale
19 of each cigarette made of tobacco, or any substitute therefor.

20 (4) SOFT DRINKS. Non-alcoholic beverages that
21 contain natural or artificial sweeteners. Soft drinks do not
22 include beverages that contain milk or milk products, soy,
23 rice, or similar milk substitutes or greater than 50 percent
24 of vegetable or fruit juice by volume.

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

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

4 II. (1) For taxable periods beginning on and after
5 January 1, 2015, the state sales and use tax rate on food
6 shall be three percent of the gross receipts from the sale or
7 use of food.

8 (2) For taxable periods beginning on and after
9 September 1, 2015, the state sales and use tax rate on food
10 shall be two percent of the gross receipts from the sale or
11 use of food.

12 (3) For taxable periods beginning on and after
13 September 1, 2016, the state sales and use tax rate on food
14 shall be one percent of the gross receipts from the sale or
15 use of food.

16 (4) For taxable periods beginning on and after
17 September 1, 2017, the sale or use of food shall be exempt
18 from the state sales and use taxes.

19 III. (1) For taxable periods beginning on and after
20 January 1, 2015, the state cigarette tax rate shall be 33.75
21 mills on each cigarette.

22 (2) For taxable periods beginning on and after
23 September 1, 2015, the state cigarette tax rate shall be 46.25
24 mills on each cigarette.

25 (3) For taxable periods beginning on and after
26 September 1, 2016, the state cigarette tax rate shall be 58.75
27 mills on each cigarette.

1 (4) For taxable periods beginning on and after
2 September 1, 2017, the state cigarette tax rate shall be 71.25
3 mills on each cigarette.

4 IV. For purposes of Chapter 9 of Title 29 of the
5 Code of Alabama 1975, "The Education Trust Fund Rolling
6 Reserve Act", the reduction in sales and use tax revenue
7 received by the Education Trust Fund pursuant to this
8 amendment after September 30, 2014 shall not be considered
9 when calculating the annual Fiscal Year Appropriation Cap.

10 Section 2. An election upon the proposed amendment
11 shall be held in accordance with Sections 284 and 285 of the
12 Constitution of Alabama of 1901, as amended, and the election
13 laws of this state at the next statewide primary, general or
14 special election held for that purpose.

15 Section 3. The appropriate election official shall
16 assign a ballot number for the proposed constitutional
17 amendment on the election ballot and shall set forth the
18 following description of the substance or subject matter of
19 the proposed constitutional amendment:

20 "Proposing an amendment to the Constitution of
21 Alabama of 1901, to phase-out the state sales and use tax on
22 food provide further for the minimum state tax on cigarettes
23 over a four-year period.

24 "Proposed by Act _____."

25 This description shall be followed by the following
26 language:

27 "Yes () No ()."

