

HB17 INTRODUCED



1 HB17
2 GDS8622-1
3 By Representative England
4 RFD: Ways and Means Education
5 First Read: 06-Feb-24
6 PFD: 01-Dec-23



4 SYNOPSIS:

5 Under existing law, the state levies a
6 simplified sellers use tax on eligible sellers that
7 sell tangible personal property in Alabama, but are not
8 otherwise required to collect and remit state and local
9 sales or use taxes for sales delivered into the state.
10 The tax rate is eight percent of the sales price on any
11 tangible personal property sold or delivered by an
12 eligible seller participating in the program, and the
13 proceeds of the tax are distributed 50 percent to the
14 state and 50 percent to the local governments of the
15 state.

16 This bill would increase the simplified sellers
17 use tax rate and further provide for the distribution
18 of the additional proceeds from the tax.

22 A BILL
23 TO BE ENTITLED
24 AN ACT

25
26 Relating to the simplified sellers use tax; to amend
27 Sections 40-23-193 and 40-23-197, Code of Alabama 1975; to
28 increase the rate of tax; to provide for the distribution of



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the additional tax proceeds; and to provide an effective date.

BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

Section 1. Sections 40-23-193 and 40-23-197, Code of Alabama 1975, are amended to read as follows:

"§40-23-193

(a) The simplified sellers use tax due under the program is ~~eight~~nine and twenty-five hundredths percent of the sales price on any tangible personal property sold or delivered into Alabama by an eligible seller participating in the program. The collection and remittance of simplified sellers use tax relieves the eligible seller and the purchaser from any additional state or local sales and use taxes on the transaction.

(b) The simplified sellers use tax collected by the eligible seller, at the rate of ~~eight~~nine and twenty-five hundredths percent, shall be electronically reported in the manner prescribed by the department on or before the 20th day of the month next succeeding the month in which the tax accrues. The eligible seller shall remit the tax at the required rate or the amount of the tax collected, whichever is greater. The required monthly reporting from the eligible seller shall only include statewide totals of the simplified sellers use taxes collected and remitted, and shall not require information related to the location of purchasers or amount of sales into a specific locality. The department may not require an eligible seller to report and remit the simplified sellers use tax more frequently than is required for other sellers.



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(c) No eligible seller shall be required to collect the tax at a rate greater than ~~eight~~nine and twenty-five hundredths percent, regardless of the combined actual tax rates that may otherwise be applicable. Additionally, no sales for which the simplified sellers use tax is collected shall be subject to any additional sales or use tax from any locality levying a sales or use tax with respect to the purchase or use of the property, regardless of the actual tax rate that might have otherwise been applicable.

(d) The participating eligible seller shall collect the tax on all purchases delivered into Alabama unless the purchaser furnishes the eligible seller with a valid exemption certificate, sales tax license, or direct pay permit issued by the department. The eligible seller shall retain all exemption certificates, sales tax licenses, or direct pay permits in its files, or in such other manner as directed by the department.

(e) The eligible seller shall provide the purchaser with a statement or invoice showing that the simplified sellers use tax was collected and is to be remitted on the purchaser's behalf. The statement shall be in a manner prescribed by the department.

(f) The simplified sellers use tax levied under this section shall not be collected and remitted in lieu of the sales and use tax collected by a licensing official pursuant to Section 40-23-104."

"§40-23-197

(a) The proceeds ~~of~~from eight percent of the nine and twenty-five hundredths percent simplified sellers use tax paid



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pursuant to this part shall be appropriated to the department, which shall retain the amount necessary to fund the administrative costs of implementing and operating the program and to cover the amounts paid for refunds authorized in Section 40-23-196. The balance of the amounts collected shall be distributed ~~as follows:~~

~~(1) Fifty~~50 percent to the State Treasury and allocated 75 percent to the State General Fund and 25 percent to the Education Trust Fund.

~~(2) Twenty-five percent to each county in the state on a prorated basis according to population as determined in the most recent federal census prior to the distribution.~~

~~(3) Twenty-five percent of funds to be distributed to each municipality in the state on a prorated basis according to population as determined in the most recent federal census prior to the distribution.~~

~~(b) Effective for tax periods beginning on or after January 1, 2019, the net proceeds after the distribution provided in subdivision (1) of subsection (a) and the net~~
proceeds remaining shall be distributed 60 percent to each municipality in the state on a basis of the ratio of the population of each municipality to the total population of all municipalities in the state as determined in the most recent federal census prior to distribution and 40 percent to each county in the state, and deposited into the general fund of the respective county commission, on a basis of the ratio of the population of each county to the total population of all counties in the state as determined in the most recent federal



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census prior to the distribution.

(b) The proceeds from one and twenty-five hundredths of the nine and twenty-five hundredths percent simplified sellers use tax shall be distributed to local boards of education on the basis of the average daily membership of the preceding school year in public schools.

(c) The distribution of the proceeds from the simplified sellers use tax paid to counties and municipalities shall occur quarterly in a manner prescribed by the department."

Section 2. This act shall become effective on September 1, 2024.