HB258

N75688J-1

By Representative England

RFD: Ways and Means General Fund

First Read: 28-Feb-24

SYNOPSIS:

Under current law, the Simplified Sellers Use Tax Remittance Program allows an eligible seller and marketplace facilitator to voluntarily participate in the program and collect and remit simplified sellers use tax at a rate of eight percent. The proceeds of this tax are distributed 50% to the state and 50% to the local governments of the state.

This bill would levy an additional simplified sellers use tax and provide for the distribution of the proceeds to each municipality and county in the state.

A BILL

TO BE ENTITLED

AN ACT

Relating to the simplified sellers use tax; to add Sections 40-23-193.1 and 40-23-197.2 to the Code of Alabama 1975; to levy an additional simplified sellers use tax; and to provide for the distribution of the proceeds.

BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

Section 1. The Legislature finds that the Simplified Sellers Use Tax has taken great strides towards tax fairness

and has opened vast, new marketplaces for Alabama consumers. While the Simplified Sellers Use Tax has benefited Medicaid, care for seniors and children, and helped provide public safety services, it has done so at the expense of Alabama brick-and-mortar businesses on the streets of our cities and towns. The aim of this legislation is to level the playing field and to encourage the longevity of Alabama businesses that employ our citizens and add to the vibrancy of our communities.

Section 2. Sections 40-23-193.1 and 40-23-197.2, are added to Chapter 23 of Title 40, Code of Alabama 1975, to read as follows:

§40-23-193.1.

(a) Notwithstanding any language to the contrary in Section 40-23-193, Code of Alabama 1975, in addition to the tax levied under Section 40-23-193, Code of Alabama 1975, there is levied under the program an additional simplified sellers use tax, equal to the rate calculated in (b), on the sales price on any tangible personal property sold or delivered into Alabama by an eligible seller participating in the program or the sale of which is facilitated by a marketplace facilitator, as defined by Section 40-23-199.2, Code of Alabama 1975.

(b)(1) The Department of Revenue shall calculate the rate using the following calculation rounded to the nearest tenth percent and shall publish notice and further establish the rate by administrative rule:

(i) The general state sales tax rate set in Section

40-23-2(1), Code of Alabama 1975;

PLUS

(ii) the sum of the following:

A. the average of all county general sales tax rates, levied pursuant to Chapter 3 of Title 11, Code of Alabama 1975, as of January 1 of the current calendar year, and

B. the average of all municipal general sales tax rates, levied pursuant to Section 11-51-200, Code of Alabama 1975, as of January 1 of the current calendar year.

LESS

(iii) the simplified sellers use tax rate set in Section 40-23-193, Code of Alabama 1975.

(2) Prior to September 1, 2029 the Department of Revenue shall recalculate the rate. The new calculated rate shall be effective on September 1, 2029 and shall be adjusted in the same manner to be effective on September first every five years thereafter.

(c) The tax levied in this section shall be reported, collected and administered in the same manner as the tax levied in Section 40-23-193, Code of Alabama 1975.

§40-23-197.2

Notwithstanding any language to the contrary in Sections 40-23-197 and 40-23-197.1, Code of Alabama 1975, all proceeds from the tax levied by Section 40-23-193.1, Code of Alabama 1975, shall be distributed to municipalities and counties as follows:

(1) Eighty percent (80%) to each municipality in the state on a prorated basis according to population in the state

as determined in the most recent federal census prior to the distribution.

(2) Twenty percent (20%) 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.

Section 3. This act shall become effective on September 1, 2024, only upon the enactment of House Bill __ of the 2024 Regular Session, regarding the Alabama Adventure Awaits sales tax holiday.