SB273

4N2VRRR-1

By Senator Sessions

RFD: Finance and Taxation Education

First Read: 02-Apr-24

SYNOPSIS:

Under existing law, a percentage of the net proceeds from the simplified sellers use tax (SSUT) is distributed to municipalities. The distribution of the net proceeds is based on 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.

This bill would provide that for the purpose of the distribution of the net proceeds from the SSUT to municipalities, the ratio of the population of each municipality to the total population of all municipalities would be adjusted annually to include increases in population as a result of annexations.

A BILL
TO BE ENTITLED
AN ACT

Relating to the simplified sellers use tax; to amend Section 40-23-197 of the Code of Alabama 1975, to provide that the ratio for the distribution of the net proceeds distributed to municipalities would be adjusted to include increases in population as a result of annexations.

BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

Section 1. Section 40-23-197 of the Code of Alabama 1975, is amended to read as follows:

"§40-23-197

(a) The proceeds of simplified sellers use tax paid 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 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) shall be distributed ~~60~~ as follows:

(1)a. Sixty 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, except, as provided herein, the ratio of the population of each municipality to the total population of all municipalities shall be adjusted to include any increase in population as a result of any annexation by a municipality which occurs in the period between the release of a federal decennial census and the release of the next federal decennial census.

b. For the purpose of computing the ratio of the population of each municipality to the total population of all municipalities for the purposes of this subdivision, the population ratio shall be adjusted upon request by the municipality to include any increase as a result of annexation. The municipality shall provide notice to the Department of Revenue and provide all census blocks or portions thereof involved in the annexation so that the office may maintain accurate information concerning the corporate limits of each municipality located in the state.

(2) Forty ~~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 census prior to the distribution.

(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 be effective June 1, 2024.