

**HB28 ENGROSSED**



1      HB28  
2      2JV3QKS-2  
3      By Representative Brown  
4      RFD: Ways and Means Education  
5      First Read: 13-Jan-26  
6      PFD: 11-Aug-25



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Relating to income tax; to establish a tax credit for restaurants that recycle oyster shells.

11 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

12                   Section 1. The Legislature finds and declares that  
13                   oyster shell material is a beneficial natural resource for  
14                   local water quality, aquatic habitats, and the protection of  
15                   the coastline of this state. An income tax credit for  
16                   restaurants that participate in approved oyster recycling  
17                   programs would incentivize the facilitation of more of this  
18                   resource to the benefit of the state.

19                   Section 2. (a) For purposes of this section, the  
20 following terms have the following meanings:

21 (1) DEPARTMENT. The Alabama Department of Revenue.

22 (2) INCOME TAX. The tax imposed by Chapter 18 of Title  
23 40, Code of Alabama 1975.

24 (3) OYSTER SHELL RECYCLING PROGRAM. The Oyster Shell  
25 Recycling Program or any other oyster shell recycling program  
26 or activity designated by rule by the Alabama Department of  
27 Revenue as an approved program or activity.

28 (4) OTHER ELIGIBLE PERSON. A state resident who



29 possesses a valid license or permit issued pursuant to Section  
30 9-12-82, 9-12-87, or 9-12-125, Code of Alabama 1975.

31 (5) RESTAURANT. A facility that prepares and sells food  
32 directly to consumers for immediate consumption.

33 (b) (1) A restaurant or other eligible person that  
34 donates oyster shell material to an oyster shell recycling  
35 program may claim a credit against the state income tax  
36 liability as provided by this section. The amount of the  
37 credit shall equal the lesser of:

38 a. One dollar (\$1) for every 50 pounds of oyster shell  
39 material donated to a qualifying oyster shell recycling  
40 program or activity during the tax year; or

41 b. Two thousand dollars (\$2,000).

42 (2) The total amount of credits granted shall not  
43 exceed one hundred thousand dollars (\$100,000) per calendar  
44 year.

45 (3) The granting of the tax credits authorized by this  
46 section shall be on a first-come, first-served basis for the  
47 tax year in which the oyster shell recycling occurred.

48 (c) If the amount of the credit exceeds the amount of  
49 the taxpayer's tax liability for the taxable year, the excess  
50 tax credit amount shall constitute an overpayment as defined  
51 in Section 40-18-79, Code of Alabama 1975, and the department  
52 shall refund the overpayment from the collections of the taxes  
53 imposed.

54 (d) No tax credit provided by this section may be  
55 transferred or sold to another taxpayer.

56 (e) The department shall do the following:



57 (1) Provide a standardized format for a certificate to  
58 be signed by the restaurant and certified by the Oyster Shell  
59 Recycling Program to indicate the amount of oyster shells  
60 recycled to substantiate the credit being claimed.

65 (f) The credit authorized in this section may be  
66 claimed by corporations, individuals, and other entities in  
67 accordance with the following provisions:

83 (h) The tax credit allowed under this section may be  
84 claimed beginning with the 2027 tax year and may not be



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85 claimed for tax years after the 2031 tax year.

86 Section 3. This act shall become effective on June 1,  
87 2026.



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House of Representatives

91 Read for the first time and referred .....13-Jan-26  
92 to the House of Representatives  
93 committee on Ways and Means  
94 Education  
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96 Read for the second time and placed .....14-Jan-26  
97 on the calendar:  
98 1 amendment  
99  
100 Read for the third time and passed .....20-Jan-26  
101 as amended  
102 Yeas 101  
103 Nays 0  
104 Abstains 1  
105  
106  
107 John Treadwell  
108 Clerk  
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