

**HB388 INTRODUCED**



1      HB388  
2      PS97VER-1  
3      By Representative Faulkner  
4      RFD: Ways and Means Education  
5      First Read: 05-Feb-26



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4     SYNOPSIS:

5                 Under existing law, certain community foundation  
6     entities are exempt from paying any state, county, and  
7     municipal sales and use taxes through the 2026 tax  
8     year.

9                 This bill would revise the list of community  
10    foundations that would be exempt from sales and use  
11    taxes and would extend the state sales and use tax  
12    exemptions through August 31, 2031.

13                 This bill would allow municipalities and  
14    counties to exempt these entities from local sales and  
15    use taxes beginning September 1, 2026.

16                 This bill would also repeal the law providing  
17    for the existing sales and use tax exemptions for these  
18    entities.

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21                     A BILL  
22                     TO BE ENTITLED  
23                     AN ACT

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25                 Relating to sales and use taxes; to add Section  
26    40-9-39.41 to the Code of Alabama 1975, to exempt certain  
27    community foundations from state sales and use taxes; to allow  
28    municipalities and counties to exempt these entities from

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29 local sales and use taxes; and to repeal Section 40-9-39.4,  
30 Code of Alabama 1975, regarding the existing community  
31 foundation sales and use tax exemptions.

32 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

33 Section 1. Section 40-9-39.41 is added to the Code of  
34 Alabama 1975, to read as follows:

35 §40-9-39.41

36 (a) All of the following community foundation entities  
37 are exempted from paying any state sales and use taxes:

38 (1) The Black Belt Community Foundation.  
39 (2) The Central Alabama Community Foundation.  
40 (3) The Community Foundation of Greater Birmingham.  
41 (4) The Community Foundation of Greater Decatur.  
42 (5) The Community Foundation of Greater Huntsville.  
43 (6) The Community Foundation of Northeast Alabama.  
44 (7) The Community Foundation of South Alabama.  
45 (8) The Community Foundation of West Alabama.  
46 (9) The Limestone Area Community Foundation.  
47 (10) The Walker Area Community Foundation.

48 (b) Each entity listed in subsection (a) shall file an  
49 annual informational report in a manner as prescribed by the  
50 Department of Revenue. The information on such reports shall  
51 be consistent with the information required by the Department  
52 of Revenue pursuant to Section 40-9-61 and rules adopted  
53 thereunder. Information provided pursuant to this section is  
54 exempted from the confidentiality provisions of Section  
55 40-2A-10, and shall be provided by the Department of Revenue  
56 to the Legislative Services Agency, Fiscal Division, on an



57 annual basis.

58 (c) The sales and use tax exemption authorized under  
59 this section shall be effective September 1, 2026, and shall  
60 continue through August 31, 2031.

61 (d) Any county or municipality may exempt the entities  
62 listed in subsection (a) from county or municipal sales and  
63 use taxes in accordance with Section 40-23-4.01.

64 Section 2. Section 40-9-39.4, Code of Alabama 1975,  
65 relating to the existing sales and use tax exemptions for the  
66 entities in Section 1(a), is repealed.

67 Section 3. Section 1 of this act shall become effective  
68 immediately. Section 2 of this act shall become effective  
69 January 1, 2027.

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