

## HB388 INTRODUCED



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



## 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.

21 A BILL  
22 TO BE ENTITLED  
23 AN ACT

24  
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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local sales and use taxes; and to repeal Section 40-9-39.4, Code of Alabama 1975, regarding the existing community foundation sales and use tax exemptions.

BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

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

### §40-9-39.41

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

- (1) The Black Belt Community Foundation.
- (2) The Central Alabama Community Foundation.
- (3) The Community Foundation of Greater Birmingham.
- (4) The Community Foundation of Greater Decatur.
- (5) The Community Foundation of Greater Huntsville.
- (6) The Community Foundation of Northeast Alabama.
- (7) The Community Foundation of South Alabama.
- (8) The Community Foundation of West Alabama.
- (9) The Limestone Area Community Foundation.
- (10) The Walker Area Community Foundation.

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



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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.