

1 SB248  
2 106930-2  
3 By Senator Beason  
4 RFD: Finance and Taxation Education  
5 First Read: 14-JAN-10

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8 SYNOPSIS: Under existing law, the state imposes sales  
9 or use taxes upon certain persons, firms, or  
10 corporations. Sales of certain items are taxed at a  
11 reduced rate. Sales of other items are exempt from  
12 the taxes.

13 This bill would provide that the state sales  
14 and use taxes on food would be reduced by one  
15 percentage point per year at the beginning of each  
16 fiscal year after the Education Trust Fund has a  
17 three percent growth in revenue.

18 This bill would provide that counties and  
19 municipalities may not increase their sales and use  
20 tax rates on food over the rates in effect on the  
21 effective date of this act.

22  
23 A BILL  
24 TO BE ENTITLED  
25 AN ACT  
26

1           Relating to state sales and use taxes on food; to  
2 provide that the state sales and use taxes on food would be  
3 reduced by one percentage point per year at the beginning of  
4 each fiscal year after the Education Trust Fund has a three  
5 percent growth in revenue; and to provide that counties and  
6 municipalities may not increase their sales and use tax rates  
7 on food over the rates in effect on the effective date of this  
8 act.

9 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

10           Section 1. For purposes of this act, the following  
11 terms shall have the following meanings:

12           (1) FOOD. Food as defined for food stamp purposes in  
13 the Federal Food Stamp Act, 7 U.S.C., Section 2012.

14           (2) SALES TAX. The tax levied in Section 40-23-2,  
15 Code of Alabama 1975, on the gross sales or gross receipts  
16 from the sale of tangible personal property.

17           (3) USE TAX. The tax levied in Section 40-23-61,  
18 Code of Alabama 1975, on the storage, use, or other  
19 consumption of tangible personal property in Alabama.

20           Section 2. Notwithstanding any other provision of  
21 law, the state sales and use taxes on food shall be reduced by  
22 one percentage point per year at the beginning of each fiscal  
23 year after the Education Trust Fund has a three percent growth  
24 in revenue.

25           Section 3. Notwithstanding any other provision of  
26 law, counties and municipalities may not increase their sales

1 and use tax rates on food over the rates in effect on the  
2 effective date of this act.

3 Section 4. This act shall become effective on the  
4 first day of the third month following its passage and  
5 approval by the Governor, or its otherwise becoming law.