

1 SB119
2 162675-1
3 By Senators Hightower, Glover, Albritton, Melson, Stutts,
4 Reed, Beasley, Coleman, Dunn, Ross, Smith, Figures, Orr,
5 Waggoner, Dial, Holley, Chambliss, Allen, Bussman, Smitherman,
6 Marsh, Whatley and Williams
7 RFD: Finance and Taxation Education
8 First Read: 03-MAR-15

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8 SYNOPSIS: Under current tax statutes there are
9 several taxes which are dedicated to: the Education
10 Trust Fund to be appropriated by the Legislature
11 for educational purposes and to the State General
12 Fund to be appropriated by the Legislature for any
13 lawful purpose. There are also many exemptions from
14 those taxes which although not appropriated
15 annually by the Legislature nevertheless provide a
16 benefit to those entities, groups or organizations
17 which are the recipients of these tax expenditures.
18 Most states require a report to be prepared
19 providing the estimated revenue loss to the state
20 caused by each tax exemption. Alabama is currently
21 not one of those states.

22 This bill would require the Legislative
23 Fiscal Office to annually submit a report to the
24 Legislature which lists all of the tax expenditures
25 in effect for each fiscal year with an estimate of
26 the amount of the exemption (tax expenditure) and

1 the fund source to which the revenue source is
2 dedicated.

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4 A BILL
5 TO BE ENTITLED
6 AN ACT

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8 To provide for the preparation and distribution of a
9 tax expenditure report by the Legislative Fiscal Office for
10 the Legislature at the same time the Governor is required to
11 submit his or her budget to the Legislature; and to provide an
12 effective date.

13 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

14 Section 1. (a) Beginning in 2017 Regular Session of
15 the Legislature, the Legislative Fiscal Office shall prepare
16 and submit an annual report to the Legislature which lists all
17 state tax expenditures and the estimated cost associated with
18 each of the tax expenditures. For purposes of this act, "tax
19 expenditures" means those state revenue losses attributable to
20 the provisions of the constitution, state tax statutes or
21 rules promulgated pursuant to the statutes, which allow a
22 special exclusion, exemption or deduction, or which provide a
23 special credit or preferential tax rate. The report shall be
24 organized according to the funds into which the tax
25 expenditures would be dedicated but for the exemptions and
26 rate differentials. The report shall be submitted at the same

1 time that the Governor is required to submit his or her budget
2 proposal to the Legislature.

3 (b) The annual tax expenditure report shall include
4 the following:

5 (1) Each tax exemption and its constitutional and/or
6 statutory citation.

7 (2) An estimate of the revenue loss to the state
8 caused by each of the tax expenditures for the most recently
9 completed fiscal year.

10 (c) The Legislative Fiscal Office is authorized to
11 request and receive from the Department of Revenue or any
12 other state or local agency or official any information
13 necessary to complete the report required by this act. Such
14 information shall be subject to the confidentiality and
15 disclosure provisions of Section 40-2A-10, Code of Alabama
16 1975. In the event that lack of information prevents the
17 Legislative Fiscal Office from making a reasonable estimate
18 for any tax expenditure, the Legislative Fiscal Office shall
19 list the expenditure with a notation that an estimate cannot
20 be determined.

21 (d) The House Ways and Means Education Committee and
22 the Senate Committee on Finance and Taxation - Education,
23 shall conduct joint hearings on the tax expenditure report
24 every even-numbered year, to be concluded thirty days before
25 the beginning of the regular session of the Legislature. From
26 time to time, the committees may report to the legislature

1 findings or recommendations developed as a result of the
2 hearings.

3 Section 2. This act shall become effective
4 immediately following its passage and approval by the
5 Governor, or its otherwise becoming law.