

1 HB305
2 174588-1
3 By Representatives Knight, Daniels, Clarke, Robinson,
4 Moore (M), Rogers, Forte, Lawrence, Coleman, Drummond,
5 McClammy, Holmes (A), England, Warren, Scott and Hall
6 RFD: Ways and Means Education
7 First Read: 24-FEB-16

2
3
4
5
6
7
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 phase out the state sales
14 and use taxes on food over a four-year period by
15 reducing the rates by one percentage point per year
16 beginning September 1, 2016.

17
18 A BILL
19 TO BE ENTITLED
20 AN ACT
21

22 To phase out the state sales and use taxes on food
23 by reducing the rates by one percentage point per year
24 beginning September 1, 2016 and to exempt sales of food from
25 the sales and use taxes beginning September 1, 2019.

26 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

1 Section 1. For purposes of Section 2 of this act,
2 the following terms are defined as follows:

3 (1) FOOD. Food as defined in 7 U.S.C §2011, et seq.,
4 for the purposes of the federal Supplemental Nutrition
5 Assistance Program regardless of where or by what means food
6 is sold. In the event that the federal Supplemental Nutrition
7 Assistance Program definition no longer exists, the
8 Legislature shall provide a new definition of food by general
9 law.

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

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

16 Section 2. Notwithstanding any other provision of
17 law:

18 (a) For taxable periods beginning on and after
19 September 1, 2016, the state sales and use tax rate on food
20 shall be three percent of the gross receipts from the sale or
21 use of food.

22 (b) For taxable periods beginning on and after
23 September 1, 2017, the state sales and use tax rate on food
24 shall be two percent of the gross receipts from the sale or
25 use of food.

26 (c) For taxable periods beginning on and after
27 September 1, 2018, the state sales and use tax rate on food

1 shall be one percent of the gross receipts from the sale or
2 use of food.

3 (d) For taxable periods beginning on and after
4 September 1, 2019, the gross receipts from the sale or use of
5 food shall be exempt from the state sales and use taxes.

6 (e) The provisions of this section do not apply to
7 local sales taxes. Local governments shall continue to collect
8 sales taxes on food at the same rate collected for the local
9 portion of the retail sales tax.

10 Section 3. This act shall become effective
11 immediately following its passage and approval by the
12 Governor, or its otherwise becoming a law.