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SYNOPSIS:

This bill provides a one-time refundable income tax credit to each qualified taxpayer to partially offset the amount of sales taxes paid on groceries throughout the tax year.

This bill provides that the Department of Revenue shall issue the one-time refundable credit which shall not be taxable for Alabama income tax purposes.

A BILL  
TO BE ENTITLED  
AN ACT

Relating to income taxes; to provide a one-time refundable income tax credit to qualified taxpayers to partially offset the amount of sales taxes paid on groceries throughout the tax year; to create the Refundable Tax Credit Fund in the State Treasury; to provide that refundable credits would not be taxable for Alabama income tax purposes; and to provide an effective date.

BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

Section 1. In addition to any other transfers that may be provided by law, the State Comptroller shall direct from the Education Trust Fund to the Refundable Tax Credit Fund the



29 amount needed to make the payments of the one-time refundable  
30 tax credit provided for in Section 2 of this act, as well as  
31 the amount necessary to offset the administrative cost for the  
32 implementation of this act to the Department of Revenue.

33 Section 2. (a) As used in this section, the term  
34 qualified taxpayer means an individual taxpayer who filed an  
35 Alabama individual income tax return pursuant to the tax levied  
36 in Section 40-18-5, Code of Alabama 1975, on or before October  
37 17, 2022, for the taxable year that began on January 1, 2021,  
38 including any extensions which have been granted. The term  
39 shall not include:

40 (1) A nonresident.

41 (2) An estate or trust.

42 (3) An individual who was claimed as a dependent by  
43 another taxpayer for federal or Alabama income tax purposes for  
44 the taxable year that began on January 1, 2021.

45 (b) Each qualified taxpayer is entitled to a one-time  
46 refundable income tax credit to partially offset the amount of  
47 sales tax paid on groceries in the taxable year in an amount  
48 based on the qualified taxpayer's filing status for the taxable  
49 year that began January 1, 2021, equal to:

50 (1) \$105 for single, head of family, and married filing  
51 separate.

52 (2) \$210 for married filing joint.

53 (c) The refundable income tax credit shall be sent by  
54 check to the qualified taxpayer based on the appropriate  
55 information as indicated on the return for the taxable year  
56 that began January 1, 2021.



57 (d) The Alabama Department of Revenue shall commence  
58 issuing refundable income tax credits no later than 90 days  
59 after the effective date of this Act.

60 (e) The refundable income tax credit shall not  
61 constitute taxable income for Alabama income tax purposes. The  
62 refundable income tax credit provided under this section shall  
63 not be subject to offset or debt collection against any  
64 liability.

65 (f) In no event shall the refundable income tax credit  
66 provided accrue interest for the benefit of the qualified  
67 taxpayer or be paid or credited to the qualified taxpayer with  
68 interest.

69 (g) The Department of Revenue may adopt rules for the  
70 implementation and administration of this act.

71 Section 3. It is not the intent of this act to make  
72 appropriations, but the funding required to implement this act  
73 shall be made in a supplemental appropriations act.

74 Section 4. This act shall become effective immediately  
75 following its passage and approval by the Governor, or its  
76 otherwise becoming law.