



**FISCAL NOTE**

**House Bill 479**

Committee: Finance and Taxation Education      Sponsor: Representative Danny Garrett

Analyst: JT Mathis      Date: 05/31/2023

**House Bill 479** as passed the House of Representatives would decrease receipts to the Education Trust Fund (ETF) by the following estimated amounts for the fiscal years listed below by: (1) defining "food" for sales and use tax as the federal definition under the Supplemental Nutrition Assistance Program (SNAP); (2) reducing the state sales and use tax rate on food from 4%, currently, to 3% on September 1, 2023; and (3) further reducing the state sales and use tax rate on food to 2% on September 1, 2025, provided that net receipts to the ETF for Fiscal Year 2026 are projected to increase by at least 2% over Fiscal Year 2025.

<b>FISCAL YEAR</b>	<b>ESTIMATED LOSS TO ETF</b>
2024	\$152 million
2025 and each fiscal year thereafter	\$ 318 million

This bill would also: (1) establish the sales and use tax rate on food for counties and municipalities as the respective general/retail rate in effect for the local government on the effective date of this bill; (2) prohibit the levy of an additional sales and use tax on food by a county or municipality; and (3) allow a county or municipal governing body, by resolution or ordinance, to reduce the local sales and use tax rate on food, and subsequently increase the rate to no more than the rate in effect on the effective date of this bill.

Pursuant to the provisions of the ETF Rolling Reserve Act contained in Section 29-9-3(b)(3), Code of Alabama 1975, the provisions of this act would reduce the ETF fiscal year appropriation cap for fiscal year 2024 by an estimated \$152 million.