



FISCAL NOTE

House Bill 479

Committee: ENACTED

Sponsor: Representative Danny Garrett

Analyst: JT Mathis

Date: 01/25/2024

House Bill 479 (Act 2023-554) as enacted will 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 3.5% over Fiscal Year 2025.

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

This act also: (1) establishes 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) prohibits the levy of an additional sales and use tax on food by a county or municipality; and (3) allows 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 act.

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 will reduce the ETF fiscal year appropriation cap for fiscal year 2024 by an estimated \$152 million.