

**HB175 ENGROSSED**



1 OZQ3MM-2  
2 By Representative Garrett  
3 RFD: Ways and Means Education  
4 First Read: 21-Mar-23  
5 2023 Regular Session



## HB175 Engrossed

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

Section 2. (a) As used in this section, the term qualified taxpayer means an individual taxpayer who filed an Alabama individual income tax return pursuant to the tax levied in Section 40-18-5, Code of Alabama 1975, on or before October 17, 2022, for the taxable year that began on January 1, 2021,



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29 including any extensions which have been granted. The term  
30 shall not include:

31 (1) A nonresident.

32 (2) An estate or trust.

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

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

41 (1) \$210 for single, head of family, and married filing  
42 separate.

43 (2) \$420 for married filing joint.

44 (c) The refundable income tax credit shall be  
45 electronically deposited into the bank account of the qualified  
46 taxpayer based on the appropriate information as indicated on  
47 the return for the taxable year that began January 1, 2021;  
48 except for any qualified taxpayer that the Department of  
49 Revenue does not have bank account information, in which case  
50 the refundable income tax credit shall be mailed by check to  
51 the qualified taxpayer.

52 (d) The Alabama Department of Revenue shall commence  
53 issuing refundable income tax credits no sooner than November  
54 30, 2023.

55 (e) The refundable income tax credit shall not  
56 constitute taxable income for Alabama income tax purposes. The



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57 refundable income tax credit provided under this section shall  
58 not be subject to offset or debt collection against any  
59 liability.

60 (f) In no event shall the refundable income tax credit  
61 provided accrue interest for the benefit of the qualified  
62 taxpayer or be paid or credited to the qualified taxpayer with  
63 interest.

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

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

69 Section 4. This act shall become effective immediately  
70 following its passage and approval by the Governor, or its  
71 otherwise becoming law.



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House of Representatives

Read for the first time and referred .....21-Mar-23  
to the House of Representatives  
committee on Ways and Means  
Education  
Read for the second time and placed .....24-May-23  
on the calendar:  
0 amendments  
Read for the third time and passed .....25-May-23  
as amended  
Yeas 101  
Nays 0  
Abstains 0

John Treadwell  
Clerk