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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. The
33 fund may accrue interest that shall be used to offset the
34 administrative costs associated with the implementation of this
35 act.

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

43 (1) A nonresident.

44 (2) An estate or trust.

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

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

53 (1) \$150 for single, head of family, and married filing
54 separate.

55 (2) \$300 for married filing joint.

56 (c) The refundable income tax credit shall be



57 electronically deposited into the bank account of the qualified
58 taxpayer based on the appropriate information as indicated on
59 the return for the taxable year that began January 1, 2021;
60 except for any qualified taxpayer of which the Department of
61 Revenue does not have bank account information, in which case
62 the refundable income tax credit shall be mailed by check to
63 the qualified taxpayer.

64 (d) The Alabama Department of Revenue shall commence
65 issuing refundable income tax credits no sooner than November
66 30, 2023.

67 (e) The refundable income tax credit shall not
68 constitute taxable income for Alabama income tax purposes. The
69 refundable income tax credit provided under this section shall
70 not be subject to offset or debt collection against any
71 liability.

72 (f) In no event shall the refundable income tax credit
73 provided accrue interest for the benefit of the qualified
74 taxpayer or be paid or credited to the qualified taxpayer with
75 interest.

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

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

81 Section 4. This act shall become effective immediately
82 following its passage and approval by the Governor, or its
83 otherwise becoming law.