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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 on 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 on 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. In the event this act and Senate Bill 86 are  
82 both enacted during the 2023 Regular Session, the refundable  
83 income tax credit provided by this act shall prevail and the  
84 refundable income tax credit in Senate Bill 86 shall be



85 inoperable.

86           Section 5. This act shall become effective immediately  
87 following its passage and approval by the Governor, or its  
88 otherwise becoming law.