



FISCAL NOTE

House Bill 257

Committee: Ways and Means Education

Sponsor: Representative Joe Lovvorn

Analyst: Riley Aaron

Date: 04/10/2024

House Bill 257 as reported by the committee on Ways and Means Education would establish the Alabama Adventure Awaits sales tax holiday, which would exempt certain items related to boating and water activities, camping, sports, fishing, and hunting from state sales and use tax during the first weekend of May, beginning in 2025 through 2027.

This bill would also: (1) allow counties and municipalities to adopt a concurrent, equivalent sales tax holiday; and (2) require the Alabama Department of Revenue (ADOR) to adjust the dollar figure caps for the exempt items every five years, beginning in 2030.

This bill would reduce sales tax receipts to the following funds/entities by the annual estimated amounts listed below for Fiscal Years 2025, 2026, and 2027, based on consumer spending during similar sales tax holidays in other states. The cumulative amounts listed for counties and municipalities assume adoption of the holiday by all local governments.

| Fund/Entity | Education Trust Fund (ETF) | County | Municipal | Total |
|--------------------|----------------------------|--------|-----------|-----------------|
| Tax Loss | \$14.2 M | \$7.6M | \$11.3 M | \$33.1 M |

This bill would further reduce sales tax receipts to the ETF and local governments by an additional undetermined amount dependent on: (1) the sales price of any items not exempt during sales tax holidays considered in other states; and (2) the applicable state and local sales tax rates.

Finally, this bill would also require ADOR to adjust the dollar figure caps for items exempt under the current sales tax holidays (Severe Weather Preparedness and Back-to-School) every



five years, beginning in 2025, which could further decrease receipts to the ETF and local governments by an undetermined amount dependent on: (1) the sales price of items purchased during the existing sales tax holidays that otherwise would not have been purchased if not for the increased caps, and (2) the applicable state and local tax rates.

This bill would only be effective on the passage of House Bill 258 regarding the levy of an additional simplified sellers use tax.