

HB36 INTRODUCED



1 HB36
2 AUUPSQ7-1
3 By Representative England
4 RFD: Ways and Means General Fund
5 First Read: 04-Feb-25
6 PFD: 29-Aug-24



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SYNOPSIS:

Under existing law, the state levies a simplified sellers use tax on sales of tangible personal property or a service by an eligible seller or marketplace facilitator participating in the program. The current tax rate is eight percent of the sale price, and the proceeds of the tax are distributed 50 percent to the state and 50 percent to the local governments of the state.

This bill would levy an additional simplified sellers use tax and provide for the distribution of the proceeds from the additional tax. This bill would also make nonsubstantive, technical revisions to existing code language.

A BILL
TO BE ENTITLED
AN ACT

Relating to the simplified sellers use tax; to amend Sections 40-23-193, 40-23-197, and 40-23-197.1, Code of Alabama 1975, to make nonsubstantive, technical revisions to update existing code language to current style; to add Sections 40-23-193.1 and 40-23-197.2 to the Code of Alabama



HB36 INTRODUCED

29 1975, to levy an additional simplified sellers use tax and
30 provide for the distribution of the proceeds.

31 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

32 Section 1. Sections 40-23-193, 40-23-197, and
33 40-23-197.1, Code of Alabama 1975, are amended to read as
34 follows:

35 "§40-23-193

36 (a) The simplified sellers use tax due under ~~the~~
37 ~~program~~this section is eight percent of the sales price on any
38 tangible personal property sold or delivered into Alabama by
39 an eligible seller participating in the program. The
40 collection and remittance of simplified sellers use tax
41 relieves the eligible seller and the purchaser from any
42 additional state or local sales and use taxes on the
43 transaction.

44 (b) The simplified sellers use tax collected by the
45 eligible seller, at the rate of eight percent, shall be
46 electronically reported in the manner prescribed by the
47 department on or before the 20th day of the month next
48 succeeding the month in which the tax accrues. The eligible
49 seller shall remit the tax at the required rate or the amount
50 of the tax collected, whichever is greater. The required
51 monthly reporting from the eligible seller shall only include
52 statewide totals of the simplified sellers use taxes collected
53 and remitted, and shall not require information related to the
54 location of purchasers or amount of sales into a specific
55 locality. The department may not require an eligible seller to
56 report and remit the simplified sellers use tax more



HB36 INTRODUCED

57 frequently than is required for other sellers.

58 (c) ~~No~~Except as otherwise provided in this division, no
59 eligible seller shall be required to collect the tax at a rate
60 greater than eight percent, regardless of the combined actual
61 tax rates that may otherwise be applicable. Additionally, no
62 sales for which the simplified sellers use tax is collected
63 shall be subject to any additional sales or use tax from any
64 locality levying a sales or use tax with respect to the
65 purchase or use of the property, regardless of the actual tax
66 rate that might have otherwise been applicable.

67 (d) The participating eligible seller shall collect the
68 tax on all purchases delivered into Alabama unless the
69 purchaser furnishes the eligible seller with a valid exemption
70 certificate, sales tax license, or direct pay permit issued by
71 the department. The eligible seller shall retain all exemption
72 certificates, sales tax licenses, or direct pay permits in its
73 files, or in such other manner as directed by the department.

74 (e) The eligible seller shall provide the purchaser
75 with a statement or invoice showing that the simplified
76 sellers use tax was collected and is to be remitted on the
77 purchaser's behalf. The statement shall be in a manner
78 prescribed by the department.

79 (f) The simplified sellers use tax levied under this
80 section shall not be collected and remitted in lieu of the
81 sales and use tax collected by a licensing official pursuant
82 to Section 40-23-104."

83 "§40-23-197

84 (a) The proceeds ~~of~~from the eight percent simplified



HB36 INTRODUCED

85 sellers use tax paid pursuant to ~~this part~~Section 40-23-193
86 shall be appropriated to the department, which shall retain
87 the amount necessary to fund the administrative costs of
88 implementing and operating the program and to cover the
89 amounts paid for refunds authorized in Section 40-23-196. The
90 balance of the amounts collected shall be distributed ~~as~~
91 ~~follows:~~

92 ~~(1) Fifty~~50 percent to the State Treasury and allocated
93 75 percent to the State General Fund and 25 percent to the
94 Education Trust Fund.

95 ~~(2) Twenty-five percent to each county in the state on~~
96 ~~a prorated basis according to population as determined in the~~
97 ~~most recent federal census prior to the distribution.~~

98 ~~(3) Twenty-five percent of funds to be distributed to~~
99 ~~each municipality in the state on a prorated basis according~~
100 ~~to population as determined in the most recent federal census~~
101 ~~prior to the distribution.~~

102 ~~(b) Effective for tax periods beginning on or after~~
103 ~~January 1, 2019, the net proceeds after the distribution~~
104 ~~provided in subdivision (1) of subsection (a) shall be.~~ The
105 remaining 50 percent of the net proceeds shall be distributed
106 60 percent to each municipality in the state on a basis of the
107 ratio of the population of each municipality to the total
108 population of all municipalities in the state as determined in
109 the most recent federal census prior to distribution and 40
110 percent to each county in the state, and deposited into the
111 general fund of the respective county commission, on a basis
112 of the ratio of the population of each county to the total



HB36 INTRODUCED

113 population of all counties in the state as determined in the
114 most recent federal census prior to the distribution.

115 (c) The distribution of the proceeds from the
116 simplified sellers use tax paid to counties and municipalities
117 shall occur quarterly in a manner prescribed by the
118 department."

119 "§40-23-197.1

120 Notwithstanding the provisions of Section 40-23-197,
121 the department may initiate monthly distributions of the
122 proceeds from the simplified sellers use tax paid to counties,
123 ~~and~~ municipalities, and local boards of education."

124 Section 2. Sections 40-23-193.1 and 40-23-197.2, are
125 added to Chapter 23 of Title 40, Code of Alabama 1975, to read
126 as follows:

127 §40-23-193.1

128 (a) In addition to the tax levied under Section
129 40-23-193, there is levied an additional simplified sellers
130 use tax of one and twenty-five hundredths percent on the sales
131 price on any tangible personal property sold or delivered into
132 Alabama by an eligible seller participating in the program or
133 the sale of which is facilitated by a marketplace facilitator,
134 as defined by Section 40-23-199.2.

135 (b) The tax levied in this section shall be reported,
136 collected, and administered in the same manner as the tax
137 levied in Section 40-23-193.

138 §40-23-197.2

139 All proceeds from the tax levied by Section 40-23-193.1
140 shall be distributed to local boards of education on the basis



HB36 INTRODUCED

141 of the average daily membership of the preceding school year
142 in public schools.

143 Section 3. This act shall become effective on September
144 1, 2025.