

SB107 INTRODUCED



1 SB107
2 RAP5YYN-1
3 By Senators Sessions, Williams
4 RFD: Finance and Taxation General Fund
5 First Read: 05-Feb-25



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SYNOPSIS:

Under existing law, a percentage of the net proceeds from the simplified sellers use tax (SSUT) is distributed to municipalities. The distribution of the net proceeds is based on the ratio of the population of each municipality to the total population of all municipalities in the state as determined in the most recent federal census prior to distribution.

This bill would provide for the purposes of the distribution of the net proceeds from the SSUT to municipalities, that the population of a municipality, under certain circumstances, may be adjusted every fifth year after the release of a federal decennial census upon the submission of the required documentation to the Department of Revenue.

A BILL
TO BE ENTITLED
AN ACT

Relating to Simplified Sellers Use Tax (SSUT); to add Section 40-23-197.2 to the Code of Alabama 1975, to provide for the recalculation of the distribution of the proceeds to municipalities as a result of annexation, deannexation, or



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29 incorporation.

30 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

31 Section 1. Section 40-23-197.2 is added to the Code of
32 Alabama 1975, to read as follows:

33 §40-23-197.2

34 (a) A municipality may submit required documentation to
35 request a recalculation of the municipal distribution of the
36 proceeds provided for in Section 40-23-197(b) based on a
37 change in population of the municipality as a result of an
38 annexation, deannexation, or incorporation. The recalculation
39 of the municipal distribution shall take effect on January 1
40 of the fifth year after the release of the most recent federal
41 decennial census, with the first recalculation to be performed
42 on January 1, 2026. A municipality shall submit the
43 documentation required in subsections (b) and (c) by the
44 preceding October 1 to be included in the January 1
45 recalculation.

46 (b) In the event of a change in population due to an
47 annexation or deannexation for a municipality occurring
48 between the most recent federal census used in Section
49 40-23-197, the updated population may be included in the
50 distribution if the following certified documents are provided
51 to the department:

52 (1) A copy of the annexation or deannexation resolution
53 with the legal description of the area and its associated
54 population impact.

55 (2) Except in the case of an annexation by consent or
56 an act of the Legislature or a deannexation by consent, a copy



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57 of the notice of election and corresponding probate
58 declaration of election results by the probate court.

59 (3) A copy of the information submitted for inclusion
60 in the U.S. Census Bureau Boundary and Annexation Survey.

61 (c) (1) In the event of an incorporation of a
62 municipality pursuant to Article 1, Chapter 41, Title 11,
63 occurring between the most recent federal decennial census
64 used in Section 40-23-197, a newly incorporated municipality
65 may be included in the distribution provided under Section
66 40-23-197(b) if the following certified documents are provided
67 to the department:

68 a. A copy of the petition of incorporation and required
69 documents filed with the judge of probate of the county where
70 the property is situated.

71 b. A copy of the notice of election and corresponding
72 election results.

73 c. A copy of the completed census as ordered by the
74 judge of probate.

75 d. A copy of the elected officers and their contact
76 information.

77 (2) The distribution shall be determined by the census
78 population from the census ordered by the judge of probate.

79 (d) This section shall not apply to municipalities
80 subject to Section 11-41-7.

81 (e) The department may request additional documentation
82 as needed to verify the true and correct census data. The
83 census population recalculation used for the distribution
84 shall prevail until after the next federal decennial census



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85 and shall not be otherwise altered.

86 (f) The department shall notify the requesting
87 municipality of the determined population to be used in the
88 distribution as provided under this section.

89 (g) The department may adopt rules for the
90 implementation and administration of this section.

91 Section 2. This act shall become effective immediately.