



**House Ways and Means Education Reported Substitute  
for HB28**

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5 A BILL

6 TO BE ENTITLED

7 AN ACT

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9 Relating to income tax; to establish a tax credit for  
10 restaurants that recycle oyster shells.

11 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

12 Section 1. The Legislature finds and declares that  
13 oyster shell material is a beneficial natural resource for  
14 local water quality, aquatic habitats, and the protection of  
15 the coastline of this state. An income tax credit for  
16 restaurants that participate in approved oyster recycling  
17 programs would incentivize the facilitation of more of this  
18 resource to the benefit of the state.

19 Section 2. (a) For purposes of this section, the  
20 following terms have the following meanings:

21 (1) DEPARTMENT. The Alabama Department of Revenue.

22 (2) INCOME TAX. The tax imposed by Chapter 18 of Title  
23 40, Code of Alabama 1975.

24 (3) OYSTER SHELL RECYCLING PROGRAM. The Oyster Shell  
25 Recycling Program or any other oyster shell recycling program  
26 or activity designated by rule by the Alabama Department of  
27 Revenue as an approved program or activity.

28 (4) OTHER ELIGIBLE PERSON. A state resident who



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29 possesses a valid license or permit issued pursuant to Section  
30 9-12-82, 9-12-87, or 9-12-125, Code of Alabama 1975.

31 (5) RESTAURANT. A facility that prepares and sells food  
32 directly to consumers for immediate consumption.

33 (b) (1) A restaurant or other eligible person that  
34 donates oyster shell material to an oyster shell recycling  
35 program may claim a credit against the state income tax  
36 liability as provided by this section. The amount of the  
37 credit shall equal the lesser of:

38 a. One dollar (\$1) for every 50 pounds of oyster shell  
39 material donated to a qualifying oyster shell recycling  
40 program or activity during the tax year; or

41 b. Two thousand dollars (\$2,000).

42 (2) The total amount of credits granted shall not  
43 exceed one hundred thousand dollars (\$100,000) per calendar  
44 year.

45 (3) The granting of the tax credits authorized by this  
46 section shall be on a first-come, first-served basis for the  
47 tax year in which the oyster shell recycling occurred.

48 (c) If the amount of the credit exceeds the amount of  
49 the taxpayer's tax liability for the taxable year, the excess  
50 tax credit amount shall constitute an overpayment as defined  
51 in Section 40-18-79, Code of Alabama 1975, and the department  
52 shall refund the overpayment from the collections of the taxes  
53 imposed.

54 (d) No tax credit provided by this section may be  
55 transferred or sold to another taxpayer.

56 (e) The department shall do the following:



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57                   (1) Provide a standardized format for a certificate to  
58 be signed by the restaurant and certified by the Oyster Shell  
59 Recycling Program to indicate the amount of oyster shells  
60 recycled to substantiate the credit being claimed.

61                   (2) Require the taxpayer to provide a copy of the  
62 certificate when claiming the tax credit pursuant to this  
63 section. Failure to file the required certificate shall result  
64 in the automatic denial of the credit.

65                   (f) The credit authorized in this section may be  
66 claimed by corporations, individuals, and other entities in  
67 accordance with the following provisions:

68                   (1) An entity taxed as a corporation for Alabama income  
69 tax purposes shall claim any credit authorized by this section  
70 on its corporation income tax return.

71                   (2) An individual shall claim any credit authorized by  
72 this section on its income tax return.

73                   (3) An entity taxed as a partnership, S-corporation, or  
74 electing pass-through entity shall pass through any credit  
75 authorized by the section to the partners, members, or  
76 shareholders on a pro rata share basis.

77                   (g) The department shall adopt rules to implement the  
78 provisions of this section. The department shall engage and  
79 collaborate with the Commissioner of the Department of  
80 Conservation and Natural Resources and may incorporate  
81 recommendations of the commissioner in any rules designating  
82 oyster shell recycling programs and activities.

83                   (h) The tax credit allowed under this section may be  
84 claimed beginning with the 2027 tax year and may not be



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85 claimed for tax years after the 2031 tax year.

86 Section 3. This act shall become effective on June 1,  
87 2026.