

HB224 ENROLLED



1 HB224
2 XDIAR7Z-2
3 By Representatives McCampbell, Reynolds, Travis, Hall,
4 Blackshear, Sorrells, Whitt, Givens, Lamb
5 RFD: Ways and Means General Fund
6 First Read: 14-Jan-26



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1 Enrolled, An Act,

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3 To amend Sections 40-23-35 and 40-23-85, Code of
4 Alabama 1975 to provide further distribution of sales and use
5 tax funds.

6 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

7 Section 1. Section 40-23-35 Code of Alabama 1975 is
8 amended as follows:

9 "§40-23-35

10 (a) Such amount of money as shall be appropriated for
11 each fiscal year by the Legislature to the Department of
12 Revenue with which to pay the salaries, the cost of operation
13 and management of the department shall be deducted, as a first
14 charge thereon, from the taxes collected under the provisions
15 of this division; provided, that the expenditure of the sum so
16 appropriated shall be budgeted and allotted pursuant to
17 Article 4 of Chapter 4 of Title 41, and limited to the amount
18 appropriated to defray the expenses of operating the
19 department for each fiscal year. After the payment of the
20 expenses, so much of the amount remaining as may be necessary,
21 after first applying all sums of money received by reason of
22 the application of the surplus in the income tax as provided
23 by Section 40-18-58, for the replacement in the public school
24 fund of the three-mill constitutional levy for schools and in
25 the General Fund of the one-mill levy for soldiers' relief and
26 the two and one-half mills for general purposes lost by
27 exemption of homestead provided for in this division shall be
28 first charges against the proceeds of the licenses, taxes, or



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29 receipts levied or collected under this division. The
30 Comptroller, with the approval of the Governor, is hereby
31 directed to draw his or her warrants payable out of the total
32 proceeds of the licenses, taxes, or receipts levied or
33 collected under this division as herein provided in such sum
34 as shall be found necessary to take care of and replace the
35 three-mill constitutional school levy, the one-mill soldiers'
36 relief levy, and the two and one-half mill levy for general
37 purposes of the state ad valorem taxes lost as above set
38 forth.

39 (b) Of the amounts of such collections in any fiscal
40 year remaining after the payment of the expenses of
41 administration and replacement of the amounts in the several
42 funds as herein provided there shall be paid into the Treasury
43 sums to be credited as follows:

44 (1) To the credit of the 67 counties of the state, to
45 be divided and distributed as hereinafter provided, \$378,000;

46 (2) To the Department of Human Resources, \$1,322,000;

47 (3) Beginning June 1, 2000, to the Department of
48 Conservation and Natural Resources for capital outlay for
49 acquisition of land contiguous to existing state parks and
50 land acquired for lakes and or water reservoirs, provision,
51 construction, improvement, renovation, equipping, and
52 maintenance of the state parks system only and not for use by
53 the Department of Conservation and Natural Resources for
54 personnel or administrative use, the sum equal to the increase
55 in receipts accruing to the State of Alabama due to the cap on
56 discounts per license holder in Section 40-23-36(b), which



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57 increase shall be equal to the difference between the discount
58 rate or amount allowed under Section 40-23-36(b) and the
59 maximum discount rate allowable under Section 40-23-36(a);
60 provided, however, if at any time any bonds of the Alabama
61 State Parks System Improvement Corporation or the Alabama
62 Public Historical Sites and Parks Improvement Corporation are
63 outstanding (excluding bonds that have been refunded by the
64 establishment of an escrow trust for the payment thereof
65 consisting solely of bonds or other obligations which as to
66 principal and interest constitute direct obligations of, or
67 are unconditionally guaranteed by, the United States of
68 America) there shall first be paid into the State General Fund
69 from such collections an amount equal to the debt service
70 (principal, interest, and premium, if any) payable on such
71 bonds in the then current fiscal year of the state. Provided,
72 however, that one million dollars (\$1,000,000) of such
73 increase in receipts per fiscal year shall be credited to the
74 Department of Human Resources beginning October 1, 1996, until
75 September 30, 2002, and shall be expended for the foster
76 children program.

77 (4)a. On October 1, 2002, to the Department of
78 Conservation and Natural Resources for capital outlay, repairs
79 and maintenance of the state parks system only, the minimum
80 sum of five million dollars (\$5,000,000) from the increase in
81 receipts accruing to the State of Alabama due to the cap on
82 discounts per license holder in Section 40-23-36(b) as
83 calculated in Section 40-23-35(b) (3). Beginning October 1,
84 2003 through September 30, 2021, annually, to the Department



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85 of Conservation and Natural Resources for capital outlay,
86 repairs, and maintenance of the state parks system only, the
87 sum calculated by a fraction, the numerator of which is five
88 million dollars (\$5,000,000) and the denominator of which is
89 equal to the increase in receipts as calculated in Section
90 40-23-35(b) (3) for fiscal year 2002 accruing to the State of
91 Alabama multiplied by the increase in receipts as calculated
92 in Section 40-23-35(b) (3) for the then current fiscal year, or
93 the sum of five million dollars (\$5,000,000), whichever is
94 greater. Notwithstanding the previous sentence, for the fiscal
95 years ending September 30, 2012, and September 30, 2013, only,
96 the five million dollars (\$5,000,000) shall be transferred to
97 the State General Fund.

98 b. Beginning October 1, 2021, annually, to the
99 Department of Conservation and Natural Resources for capital
100 outlay, repairs, and maintenance of the state parks system
101 only, seven million dollars (\$7,000,000). Beginning with the
102 fiscal year that starts October 1, 2022, the State Treasurer
103 shall annually adjust the dollar amount in this paragraph to
104 reflect the cumulative change in the Consumer Price Index for
105 All Urban Consumers (CPI-U), as published by the Bureau of
106 Labor Statistics of the United States Department of Labor, or
107 a successor index, for the annual period ending on the
108 December 31 preceding the adjustment date and rounded to the
109 nearest one thousand dollars (\$1,000).

110 c. Beginning October 1, 2002, to the credit of the
111 State General Fund, the balance of the sum equal to the
112 increase in receipts accruing to the State of Alabama due to



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113 the cap on discounts per license holder in Section
114 40-23-36(b).

115 (c) One-half of the amount deposited to the credit of
116 the 67 counties as above provided, shall be divided and
117 distributed proportionately among the 67 counties of the state
118 according to the population of the counties as shown by the
119 last federal census as proclaimed, published, or certified by
120 the Director of the Bureau of the Census; and one-half of the
121 proceeds shall be divided or distributed equally among 67
122 counties; provided, that the funds divided and distributed to
123 the several counties of the state as hereinabove provided for
124 shall be used exclusively for full-time health service in
125 cooperation with the State Board of Health or the federal
126 government, and for extension services in cooperation with the
127 Alabama Agriculture Extension Service or the federal
128 government, at the discretion of the county commissions of the
129 several counties of the state.

130 (d) The amounts provided in subsection (b) for the
131 Department of Human Resources shall be used for general
132 welfare purposes. For purposes of this division, "general
133 welfare purposes" means:

134 (1) The administration of public assistance as set out
135 in Sections 38-2-5 and 38-4-1;

136 (2) Services, including supplementation and
137 supplementary services under the federal Social Security Act,
138 to or on behalf of persons to whom such public assistance may
139 be given under Section 38-4-1;

140 (3) Services to and on behalf of dependent, neglected,



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141 or delinquent children; and

142 (4) Investigative and referral services to and on
143 behalf of needy persons.

144 (e) In addition, there shall be paid, commencing on
145 January 1, 1978, and on the first day of each fiscal quarter
146 thereafter, to the Department of Human Resources for a
147 statewide, state-administered food stamp program, as
148 authorized by the Food Stamp Act of 1964, Public Law 88-525,
149 88th Congress, and amendments thereto, an amount equal to ~~five~~
150 seven and one-half percent of the value of food stamp
151 benefits issued statewide in excess of the amount paid by
152 recipients (bonus or free stamps) during the immediate prior
153 fiscal quarter, which sum so appropriated shall be paid
154 quarterly to the Department of Human Resources Trust Fund for
155 administration of the food stamp program in conformity with
156 rules and regulations promulgated by the United States
157 Department of Agriculture and in conformity with Sections
158 38-1-1 through 38-6-9. The administrative funds shall be
159 limited to and based on fiscal year 1976-77 administrative
160 costs, normal inflationary increases, and mandated
161 administration requirements of the Alabama Legislature and the
162 United States Department of Agriculture. The Department of
163 Human Resources will not staff any county food stamp office at
164 a level that exceeds the average staff-to-recipient ratios
165 that existed in Alabama during fiscal year 1976-77. This
166 restriction will apply in coordination with those provided
167 hereinabove and, should conflict occur, the lesser amount of
168 expenditure shall be required. At the end of each fiscal year,



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169 an accounting shall be made of the sum so that any unexpended
170 and unencumbered balance of funds may be determined for the
171 purpose of paying such balance to the Education Trust Fund.

172 (f) The amount of the proceeds of all taxes levied by
173 this division remaining after the payment of the expenses of
174 administration and enforcement and the replacement in the
175 several funds of the amount lost by any homestead exemptions
176 and the distribution as provided in subsections (b) and (d),
177 shall be paid into the Education Trust Fund except as provided
178 in subdivision (4) of Section 40-23-2 and subsection (c) of
179 Section 40-23-61 and, beginning January 1, 2016, except those
180 collected on consumable vapor products as defined in
181 subdivision (15) of subsection (a) of Section 40-23-1, which
182 shall be distributed to the State General Fund."

183 Section 2. Section 40-23-85 Code of Alabama 1975 is
184 amended as follows:

185 "§40-23-85

186 All taxes, fees, interest, or penalties imposed and all
187 amounts of tax herein required to be paid to the state under
188 this article must be paid to the Department of Revenue at
189 Montgomery, Alabama, with remittance payable to the Treasurer
190 of Alabama. Such amount of money as shall be appropriated for
191 each fiscal year by the Legislature to the Department of
192 Revenue with which to pay the salaries, the cost of operation
193 and the management of the department shall be deducted, as a
194 first charge thereon, from the taxes collected under and
195 pursuant to Section 40-23-61; provided, that the expenditure
196 of the sum so appropriated shall be budgeted and allotted



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197 pursuant to Article 4 of Chapter 4 of Title 41, and limited to
198 the amount appropriated to defray the expenses of operating
199 the department for each fiscal year. After the distributions
200 provided herein and the distributions of use tax on
201 automobiles to the General Fund as provided in Section
202 40-23-61(c), the balance of the tax collected under and
203 pursuant to Section 40-23-61 shall be distributed as follows:
204 (1) remote use tax amounts, seventy-five percent (75%) to the
205 General Fund and twenty-five percent (25%) to the Education
206 Trust Fund, and (2) any remaining amounts, forty-seven percent
207 (47%) to the Education Trust Fund and fifty-three percent
208 (53%) to the General Fund. ~~An amount sufficient to fund the~~
209 ~~Children's Health Insurance Program (CHIP) shall be~~
210 ~~distributed annually as a first charge against the amounts~~
211 ~~allocated to the General Fund under this section.~~ It is the
212 legislative intent that all amounts collected on transactions
213 involving a seller located outside the State of Alabama when
214 the property is shipped or transported from outside the state
215 shall be considered use tax for the purpose of this
216 distribution, regardless of whether the taxes may be
217 considered sales taxes for other purposes."

218 Section 3. This act shall become effective September 1,
219 2026.



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Speaker of the House of Representatives

President and Presiding Officer of the Senate

House of Representatives

I hereby certify that the within Act originated in and was passed by the House 01-Apr-26.

John Treadwell
Clerk

Senate **08-Apr-26**

Passed