

HB224 INTRODUCED



1 HB224
2 XDIAR7Z-1
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

SYNOPSIS:

Under existing law, The Department of Human Resources receives funds for the administration of the food stamp program in an amount equal to 5% of the value of food stamp benefits issued statewide. In order to comply with the provisions set forth in the One Big Beautiful Act, this bill would increase that amount of 7.5%.

Under existing law, the Children's Health Insurance Program (CHIP) is funded as a first charge against the use tax allocated to the General Fund. This bill would amend that provision to allow for other sources of revenue to be used to fund CHIP.

A BILL
TO BE ENTITLED
AN ACT

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

BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

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

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"§40-23-35

(a) Such amount of money as shall be appropriated for each fiscal year by the Legislature to the Department of Revenue with which to pay the salaries, the cost of operation and management of the department shall be deducted, as a first charge thereon, from the taxes collected under the provisions of this division; provided, that the expenditure of the sum so appropriated shall be budgeted and allotted pursuant to Article 4 of Chapter 4 of Title 41, and limited to the amount appropriated to defray the expenses of operating the department for each fiscal year. After the payment of the expenses, so much of the amount remaining as may be necessary, after first applying all sums of money received by reason of the application of the surplus in the income tax as provided by Section 40-18-58, for the replacement in the public school fund of the three-mill constitutional levy for schools and in the General Fund of the one-mill levy for soldiers' relief and the two and one-half mills for general purposes lost by exemption of homestead provided for in this division shall be first charges against the proceeds of the licenses, taxes, or receipts levied or collected under this division. The Comptroller, with the approval of the Governor, is hereby directed to draw his or her warrants payable out of the total proceeds of the licenses, taxes, or receipts levied or collected under this division as herein provided in such sum as shall be found necessary to take care of and replace the three-mill constitutional school levy, the one-mill soldiers' relief levy, and the two and one-half mill levy for general

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purposes of the state ad valorem taxes lost as above set forth.

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

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

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

(3) Beginning June 1, 2000, to the Department of Conservation and Natural Resources for capital outlay for acquisition of land contiguous to existing state parks and land acquired for lakes and or water reservoirs, provision, construction, improvement, renovation, equipping, and maintenance of the state parks system only and not for use by the Department of Conservation and Natural Resources for personnel or administrative use, the sum equal to the increase in receipts accruing to the State of Alabama due to the cap on discounts per license holder in Section 40-23-36(b), which increase shall be equal to the difference between the discount rate or amount allowed under Section 40-23-36(b) and the maximum discount rate allowable under Section 40-23-36(a); provided, however, if at any time any bonds of the Alabama State Parks System Improvement Corporation or the Alabama Public Historical Sites and Parks Improvement Corporation are outstanding (excluding bonds that have been refunded by the establishment of an escrow trust for the payment thereof

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consisting solely of bonds or other obligations which as to principal and interest constitute direct obligations of, or are unconditionally guaranteed by, the United States of America) there shall first be paid into the State General Fund from such collections an amount equal to the debt service (principal, interest, and premium, if any) payable on such bonds in the then current fiscal year of the state. Provided, however, that one million dollars (\$1,000,000) of such increase in receipts per fiscal year shall be credited to the Department of Human Resources beginning October 1, 1996, until September 30, 2002, and shall be expended for the foster children program.

(4)a. On October 1, 2002, to the Department of Conservation and Natural Resources for capital outlay, repairs and maintenance of the state parks system only, the minimum sum of five million dollars (\$5,000,000) from the increase in receipts accruing to the State of Alabama due to the cap on discounts per license holder in Section 40-23-36(b) as calculated in Section 40-23-35(b)(3). Beginning October 1, 2003 through September 30, 2021, annually, to the Department of Conservation and Natural Resources for capital outlay, repairs, and maintenance of the state parks system only, the sum calculated by a fraction, the numerator of which is five million dollars (\$5,000,000) and the denominator of which is equal to the increase in receipts as calculated in Section 40-23-35(b)(3) for fiscal year 2002 accruing to the State of Alabama multiplied by the increase in receipts as calculated in Section 40-23-35(b)(3) for the then current fiscal year, or

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the sum of five million dollars (\$5,000,000), whichever is greater. Notwithstanding the previous sentence, for the fiscal years ending September 30, 2012, and September 30, 2013, only, the five million dollars (\$5,000,000) shall be transferred to the State General Fund.

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

c. Beginning October 1, 2002, to the credit of the State General Fund, the balance of the sum equal to the increase in receipts accruing to the State of Alabama due to the cap on discounts per license holder in Section 40-23-36(b).

(c) One-half of the amount deposited to the credit of the 67 counties as above provided, shall be divided and distributed proportionately among the 67 counties of the state according to the population of the counties as shown by the last federal census as proclaimed, published, or certified by the Director of the Bureau of the Census; and one-half of the

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proceeds shall be divided or distributed equally among 67 counties; provided, that the funds divided and distributed to the several counties of the state as hereinabove provided for shall be used exclusively for full-time health service in cooperation with the State Board of Health or the federal government, and for extension services in cooperation with the Alabama Agriculture Extension Service or the federal government, at the discretion of the county commissions of the several counties of the state.

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

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

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

(3) Services to and on behalf of dependent, neglected, or delinquent children; and

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

(e) In addition, there shall be paid, commencing on January 1, 1978, and on the first day of each fiscal quarter thereafter, to the Department of Human Resources for a statewide, state-administered food stamp program, as authorized by the Food Stamp Act of 1964, Public Law 88-525,

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169 88th Congress, and amendments thereto, an amount equal to ~~five~~
170 seven and one-half percent of the value of food stamp
171 benefits issued statewide in excess of the amount paid by
172 recipients (bonus or free stamps) during the immediate prior
173 fiscal quarter, which sum so appropriated shall be paid
174 quarterly to the Department of Human Resources Trust Fund for
175 administration of the food stamp program in conformity with
176 rules and regulations promulgated by the United States
177 Department of Agriculture and in conformity with Sections
178 38-1-1 through 38-6-9. The administrative funds shall be
179 limited to and based on fiscal year 1976-77 administrative
180 costs, normal inflationary increases, and mandated
181 administration requirements of the Alabama Legislature and the
182 United States Department of Agriculture. The Department of
183 Human Resources will not staff any county food stamp office at
184 a level that exceeds the average staff-to-recipient ratios
185 that existed in Alabama during fiscal year 1976-77. This
186 restriction will apply in coordination with those provided
187 hereinabove and, should conflict occur, the lesser amount of
188 expenditure shall be required. At the end of each fiscal year,
189 an accounting shall be made of the sum so that any unexpended
190 and unencumbered balance of funds may be determined for the
191 purpose of paying such balance to the Education Trust Fund.

192 (f) The amount of the proceeds of all taxes levied by
193 this division remaining after the payment of the expenses of
194 administration and enforcement and the replacement in the
195 several funds of the amount lost by any homestead exemptions
196 and the distribution as provided in subsections (b) and (d),

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shall be paid into the Education Trust Fund except as provided in subdivision (4) of Section 40-23-2 and subsection (c) of Section 40-23-61 and, beginning January 1, 2016, except those collected on consumable vapor products as defined in subdivision (15) of subsection (a) of Section 40-23-1, which shall be distributed to the State General Fund."

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

"§40-23-85

All taxes, fees, interest, or penalties imposed and all amounts of tax herein required to be paid to the state under this article must be paid to the Department of Revenue at Montgomery, Alabama, with remittance payable to the Treasurer of Alabama. Such amount of money as shall be appropriated for each fiscal year by the Legislature to the Department of Revenue with which to pay the salaries, the cost of operation and the management of the department shall be deducted, as a first charge thereon, from the taxes collected under and pursuant to Section 40-23-61; provided, that the expenditure of the sum so appropriated shall be budgeted and allotted pursuant to Article 4 of Chapter 4 of Title 41, and limited to the amount appropriated to defray the expenses of operating the department for each fiscal year. After the distributions provided herein and the distributions of use tax on automobiles to the General Fund as provided in Section 40-23-61(c), the balance of the tax collected under and pursuant to Section 40-23-61 shall be distributed as follows:

(1) remote use tax amounts, seventy-five percent (75%) to the

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225 General Fund and twenty-five percent (25%) to the Education
226 Trust Fund, and (2) any remaining amounts, forty-seven percent
227 (47%) to the Education Trust Fund and fifty-three percent
228 (53%) to the General Fund. ~~An amount sufficient to fund the~~
229 ~~Children's Health Insurance Program (CHIP) shall be~~
230 ~~distributed annually as a first charge against the amounts~~
231 ~~allocated to the General Fund under this section.~~ It is the
232 legislative intent that all amounts collected on transactions
233 involving a seller located outside the State of Alabama when
234 the property is shipped or transported from outside the state
235 shall be considered use tax for the purpose of this
236 distribution, regardless of whether the taxes may be
237 considered sales taxes for other purposes."

238 Section 3. This act shall become effective September 1,
239 2026.