

**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

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4       SYNOPSIS:

5               Under existing law, The Department of Human  
6               Resources receives funds for the administration of the  
7               food stamp program in an amount equal to 5% of the  
8               value of food stamp benefits issued statewide. In order  
9               to comply with the provisions set forth in the One Big  
10              Beautiful Act, this bill would increase that amount of  
11              7.5%.

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

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19                   A BILL  
20                   TO BE ENTITLED  
21                   AN ACT

22  
23              To amend Sections 40-23-35 and 40-23-85, Code of  
24              Alabama 1975 to provide further distribution of sales and use  
25              tax funds.

26              BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

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

**HB224 INTRODUCED**

29                   "§40-23-35

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

**HB224 INTRODUCED**

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

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

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

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

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

**HB224 INTRODUCED**

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

97 (4)a. On October 1, 2002, to the Department of  
98 Conservation and Natural Resources for capital outlay, repairs  
99 and maintenance of the state parks system only, the minimum  
100 sum of five million dollars (\$5,000,000) from the increase in  
101 receipts accruing to the State of Alabama due to the cap on  
102 discounts per license holder in Section 40-23-36(b) as  
103 calculated in Section 40-23-35(b) (3). Beginning October 1,  
104 2003 through September 30, 2021, annually, to the Department  
105 of Conservation and Natural Resources for capital outlay,  
106 repairs, and maintenance of the state parks system only, the  
107 sum calculated by a fraction, the numerator of which is five  
108 million dollars (\$5,000,000) and the denominator of which is  
109 equal to the increase in receipts as calculated in Section  
110 40-23-35(b) (3) for fiscal year 2002 accruing to the State of  
111 Alabama multiplied by the increase in receipts as calculated  
112 in Section 40-23-35(b) (3) for the then current fiscal year, or

**HB224 INTRODUCED**

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

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

130 c. Beginning October 1, 2002, to the credit of the  
131 State General Fund, the balance of the sum equal to the  
132 increase in receipts accruing to the State of Alabama due to  
133 the cap on discounts per license holder in Section  
134 40-23-36(b).

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

**HB224 INTRODUCED**

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

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

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

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

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

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

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

**HB224 INTRODUCED**

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),

**HB224 INTRODUCED**

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

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

205 "§40-23-85

206 All taxes, fees, interest, or penalties imposed and all  
207 amounts of tax herein required to be paid to the state under  
208 this article must be paid to the Department of Revenue at  
209 Montgomery, Alabama, with remittance payable to the Treasurer  
210 of Alabama. Such amount of money as shall be appropriated for  
211 each fiscal year by the Legislature to the Department of  
212 Revenue with which to pay the salaries, the cost of operation  
213 and the management of the department shall be deducted, as a  
214 first charge thereon, from the taxes collected under and  
215 pursuant to Section 40-23-61; provided, that the expenditure  
216 of the sum so appropriated shall be budgeted and allotted  
217 pursuant to Article 4 of Chapter 4 of Title 41, and limited to  
218 the amount appropriated to defray the expenses of operating  
219 the department for each fiscal year. After the distributions  
220 provided herein and the distributions of use tax on  
221 automobiles to the General Fund as provided in Section  
222 40-23-61(c), the balance of the tax collected under and  
223 pursuant to Section 40-23-61 shall be distributed as follows:  
224 (1) remote use tax amounts, seventy-five percent (75%) to the

**HB224 INTRODUCED**

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.