

HB28 INTRODUCED



1 HB28
2 RBVX1MN-1
3 By Representative Brown
4 RFD: Ways and Means Education
5 First Read: 13-Jan-26
6 PFD: 11-Aug-25



SYNOPSIS:

This bill would establish a state income tax credit for restaurants that recycle oyster shells.

A BILL
TO BE ENTITLED
AN ACT

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

BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

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

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

(1) DEPARTMENT. The Alabama Department of Revenue.

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

(3) OYSTER SHELL RECYCLING PROGRAM. The Oyster Shell



HB28 INTRODUCED

Recycling Program or any other oyster shell recycling program or activity designated by rule by the Alabama Department of Revenue as an approved program or activity.

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

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

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

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

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

(3) a. The granting of tax credits authorized by this section shall be on a first-come, first-served basis.

b. The department, by rule, shall provide for any credits not granted due to the cap provided in subdivision (2) to receive first priority in the subsequent tax year.

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

(d) No tax credit provided by this section may be



HB28 INTRODUCED

transferred or sold to another taxpayer.

(e) Any taxpayer claiming the credit shall maintain all records necessary to verify his or her eligibility for the credit and for the amount of credit claimed. Upon request, a taxpayer shall submit to the department any records required to be maintained by this section in connection with the filing of the income tax return.

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

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

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

(3) An entity that is not taxed as a corporation shall claim any credit authorized by this section on the returns of the partners or members in accordance with the following requirements:

a. Corporate partners or members shall claim their share of the credit, respectively, on their corporation income tax returns.

b. Individual partners or members shall claim their share of the credit, respectively, on their individual income tax returns.

(g) The department shall adopt rules to implement the provisions of this section. The department shall engage and collaborate with the Commissioner of the Department of



HB28 INTRODUCED

85 Conservation and Natural Resources and may incorporate
86 recommendations of the commissioner in any rules designating
87 oyster shell recycling programs and activities.

88 (h) The tax credit allowed under this section may be
89 claimed beginning with the 2026 tax year and may not be
90 claimed for tax years after the 2030 tax year.

91 Section 3. This act shall become effective on June 1,
92 2026.