

HB434 INTRODUCED



1 HB434
2 PS4BJRE-1
3 By Representative England
4 RFD: Ways and Means Education
5 First Read: 12-Feb-26



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4 SYNOPSIS:

5 Under existing law, the proceeds from the
6 simplified sellers use tax (SSUT) are distributed to
7 the State General Fund, Education Trust Fund, and the
8 counties and municipalities in this state.

9 This bill would reduce the portion allocated to
10 the Education Trust Fund and reallocate these SSUT
11 proceeds to the local boards of education.

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14 A BILL

15 TO BE ENTITLED

16 AN ACT

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18 Relating to the simplified sellers use tax; to amend
19 Section 40-23-197, Code of Alabama 1975, to reduce the
20 Education Trust Fund share of the distributions and to
21 reallocate that portion of SSUT proceeds to the local boards
22 of education; and to repeal Section 40-23-197.1, Code of
23 Alabama 1975, regarding monthly distributions of SSUT
24 proceeds.

25 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

26 Section 1. Section 40-23-197, Code of Alabama 1975, is
27 amended to read as follows:

28 "§40-23-197



29 (a) The proceeds of the simplified sellers use tax paid
30 pursuant to this part shall be appropriated to the department,
31 which shall retain the amount necessary to fund the
32 administrative costs of implementing and operating the program
33 and to cover the amounts paid for refunds authorized in
34 Section 40-23-196. The balance of the amounts collected shall
35 be distributed as follows:

36 (1) ~~Fifty~~Thirty-seven and one-half percent to the State
37 Treasury and allocated ~~75 percent~~ to the State General Fund.
38 and

41 (3) One and one-quarter percent to the local boards of
42 education in the state on the basis of the ratio of the
43 average daily membership of each board to the total statewide
44 average daily membership for the preceding school year.



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57 federal census prior to the distribution.

58 (b) ~~Effective for tax periods beginning on or after~~
59 ~~January 1, 2019, the net proceeds after the distribution~~
60 ~~provided in subdivision (1) of subsection (a) shall be~~
61 ~~distributed 60 percent to each municipality in the state on a~~
62 ~~basis of the ratio of the population of each municipality to~~
63 ~~the total population of all municipalities in the state as~~
64 ~~determined in the most recent federal census prior to~~
65 ~~distribution and 40 percent to each county in the state, and~~
66 ~~deposited into the general fund of the respective county~~
67 ~~commission, on a basis of the ratio of the population of each~~
68 ~~county to the total population of all counties in the state as~~
69 ~~determined in the most recent federal census prior to the~~
70 ~~distribution.~~

71 (c) The distribution of the proceeds from the
72 simplified sellers use tax distributed pursuant to
73 subdivisions (a) (3) through (5) paid to counties and
74 municipalities shall occur ~~quarterly~~ monthly in a manner
75 prescribed by the department."

76 Section 2. Section 40-23-197.1, Code of Alabama 1975,
77 regarding monthly distributions of simplified sellers use tax
78 proceeds, is repealed.

79 Section 3. This act shall become effective on October
80 1, 2026.