

## HB434 INTRODUCED



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



SYNOPSIS:

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

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

A BILL  
TO BE ENTITLED  
AN ACT

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

BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

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

"§40-23-197



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

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

(2) ~~25~~Eleven and one-quarter percent to the State Treasury and allocated to the Education Trust Fund.

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

~~(2)~~ (4) ~~Twenty-five percent~~Twenty percent to ~~each the~~ county ~~counties~~ in the state and deposited into the general fund of the respective county commission on ~~the a-prorated~~ basis ~~according of the ratio of the to~~ population of each county to the total population of all counties in the state as determined in the most recent federal census prior to the distribution.

~~(3)~~ (5) ~~Twenty-five~~Thirty percent ~~of funds to be distributed to each the municipality municipalities~~ in the state on ~~a-prorated the~~ basis of the ratio of the ~~according to~~ population of each municipality to the total population of all municipalities in the state as determined in the most recent



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federal census prior to the distribution.

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

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

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

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