

HB480 INTRODUCED



1 HB480
2 NRVGY8T-1
3 By Representative England
4 RFD: Fiscal Responsibility
5 First Read: 19-Feb-26



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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 require each county and municipality to distribute a portion of SSUT proceeds to the local boards of education serving students in the respective jurisdictions.

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 require each county and municipality to allocate a portion of its simplified sellers use tax proceeds to the local boards of education; and to repeal Section 40-23-197.1, Code of Alabama 1975, regarding monthly distributions of simplified sellers use tax 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:



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29 "§40-23-197

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

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

40 (2) ~~25~~Twelve and one-half percent to the State
41 Treasury and allocated to the Education Trust Fund.

42 ~~(2) (3) a. Twenty-five percent~~Twenty percent to ~~each~~the
43 ~~county~~counties in the state and deposited into the general
44 fund of the respective county commission on ~~the~~a prorated
45 basis ~~according of the ratio of the~~to population of each
46 county to the total population of all counties in the state as
47 determined in the most recent federal census prior to the
48 distribution.

49 b.1. On a monthly basis, each county commission shall
50 distribute a minimum of 40 percent of the proceeds received
51 pursuant to this subdivision to the local boards of education
52 serving any portion of the county in the same manner as
53 countywide taxes are apportioned pursuant to Section 16-13-31.

54 2. The distribution required by subparagraph 1. shall
55 not apply to any county where the county commission has
56 adopted a resolution, prior to October 1, 2027, to distribute



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57 a portion of these proceeds to the local boards of education
58 that serve the county.

59 ~~(3) (4) a. Twenty-five~~Thirty percent ~~of funds to be~~
60 ~~distributed to each the municipality municipalities~~ in the
61 state on ~~a prorated~~the basis of the ratio of the~~according to~~
62 population of each municipality to the total population of all
63 municipalities in the state as determined in the most recent
64 federal census prior to the distribution.

65 b.1. On a monthly basis, each municipal governing body
66 shall distribute a minimum of 40 percent of the proceeds
67 received pursuant to this subdivision to the local boards of
68 education serving any portion of the municipality in the same
69 manner as countywide taxes are apportioned pursuant to Section
70 16-13-31.

71 2. The distribution required by subparagraph 1. shall
72 not apply to any municipality where the municipal governing
73 body has adopted an ordinance, prior to October 1, 2027, to
74 distribute a portion of these proceeds to the local boards of
75 education that serve the municipality.

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



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85 ~~commission, on a basis of the ratio of the population of each~~
86 ~~county to the total population of all counties in the state as~~
87 ~~determined in the most recent federal census prior to the~~
88 ~~distribution.~~

89 ~~(c)~~The distribution of the proceeds from the
90 simplified sellers use tax distributed pursuant to
91 subdivisions (a) (3) through (4)~~paid to counties and~~
92 ~~municipalities~~ shall occur ~~quarterly~~ monthly in a manner
93 prescribed by the department."

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

97 Section 3. This act shall become effective on January
98 1, 2028.