

HB657 INTRODUCED



1 HB657
2 9J8S9BP-1
3 By Representatives Datcher, Lawrence
4 RFD: Ways and Means Education
5 First Read: 31-Mar-26



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SYNOPSIS:

This bill would provide a one-time tax credit to certain individual income taxpayers for the 2025 tax year.

A BILL
TO BE ENTITLED
AN ACT

Relating to income taxes; to add Section 40-18-513 to the Code of Alabama 1975, to provide a one-time tax credit to certain individual income taxpayers for the 2025 tax year.

BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

Section 1. Section 40-18-513 is added to the Code of Alabama 1975, to read as follows:

§40-18-513

(a) As used in this section, the term "qualified taxpayer" means an individual taxpayer who filed an Alabama individual income tax return pursuant to the tax levied in Section 40-18-5, for both the 2024 and 2025 tax years, including any extensions that have been granted.

(1) The term shall not include:

a. A nonresident;



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29 b. An estate or trust; or

30 c. An individual who was claimed as a dependent by
31 another taxpayer for federal or Alabama income tax purposes
32 for the 2024 tax year.

33 (2) The term shall include any individual taxpayer
34 excluded solely due to paragraph (1)c. of this section,
35 provided that such individual had earned income for the 2024
36 tax year.

37 (b) (1) Once a qualified taxpayer files an individual
38 income tax return for the 2025 tax year, the department shall
39 automatically credit such qualified taxpayer with a one-time
40 refund amount equal to the lesser of:

41 a. The qualified taxpayer's 2024 individual income tax
42 liability as properly reported on Line 17 of the 2024 Alabama
43 Form 40 or Line 17 of the 2024 Alabama Form 40A; or

44 b. An amount, which is based on such taxpayer's filing
45 status for the 2025 tax year, equal to:

46 1. In the case of a single taxpayer or married taxpayer
47 filing a separate return, two hundred fifty dollars (\$250);

48 2. In the case of a head of household, three hundred
49 seventy-five dollars (\$375); or

50 3. In the case of a married couple filing a joint
51 return, five hundred dollars (\$500).

52 (2) Notwithstanding the provisions of subdivision (1),
53 in the case of any taxable nonresident or part-year resident
54 whose tax was prorated as provided by this chapter, the amount
55 of the refund credit determined pursuant to subdivision (1)
56 shall be prorated based on the ratio of income taxable in



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57 Alabama as properly reported on Line 10 of the 2024 Alabama
58 Form 40NR.

59 (3) In no event shall the department credit, pursuant
60 to this section, any taxpayer with a refund greater than the
61 taxpayer's individual income tax liability as properly
62 reported on Line 17 of the 2025 Alabama Form 40 or Line 17 of
63 the 2025 Alabama Form 40A.

64 (c) The refunds and credits provided for in this
65 section shall not constitute taxable income for Alabama
66 individual income tax purposes.

67 (d) Any refunds due under this section to a taxpayer
68 shall be either electronically transmitted or sent by check to
69 such taxpayer, based on the taxpayer's refund instructions, if
70 any, as indicated on the taxpayer's income tax return for the
71 2025 tax year, provided that such refund shall first be
72 credited against any outstanding liability existing at the
73 time the refund provided for in this section is to be issued.

74 (e) The amount of a refund or credit provided for in
75 this section may not accrue interest for the benefit of the
76 taxpayer or be paid or credited to the taxpayer with interest.

77 (f) Any amount due to be refunded or credited to a
78 taxpayer pursuant to this section shall be subject to the
79 setoff debt collection provisions of Article 3 of Chapter 40.

80 (g) The department may adopt rules necessary to
81 implement and administer this section.

82 Section 2. This act shall become effective immediately.