

SB125 INTRODUCED



1 SB125
2 EJRM12C-1
3 By Senator Sessions
4 RFD: Agriculture, Conservation, and Forestry
5 First Read: 13-Jan-26



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4 SYNOPSIS:

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A BILL

TO BE ENTITLED

AN ACT

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

15 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

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

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

25 (1) DEPARTMENT. The Alabama Department of Revenue.

28 (3) OYSTER SHELL RECYCLING PROGRAM. The Oyster Shell



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

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

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

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

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

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

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

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

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

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

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57 transferred or sold to another taxpayer.

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

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

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

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

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

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

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

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

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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.