

SB347 INTRODUCED



1 SB347
2 5VIKJ33-1
3 By Senators Albritton, Jones
4 RFD: Finance and Taxation General Fund
5 First Read: 05-Mar-26



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SYNOPSIS:

Under existing law, the proceeds from the simplified sellers use tax are divided equally between the state and local governments with the amount distributed to the counties and municipalities allocated on a prorated basis according to the most recent federal decennial census prior to the distribution.

This bill changes the methodology for distribution of the county and municipal share of the simplified sellers use tax to be based on population projections from the U.S. Census Bureau Population and Housing Estimates Program updated every five years.

A BILL
TO BE ENTITLED
AN ACT

Relating to simplified sellers use taxes; to amend Section 40-23-197, Code of Alabama 1975, to provide for the distribution of local funds to be based on population projections from the U.S. Census Bureau and updated every five years rather than the most recent federal decennial census; and to repeal Section 40-23-197.1, Code of Alabama 1975.



SB347 INTRODUCED

29 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

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

32 "§40-23-197

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

40 (1) Fifty percent to the State Treasury and allocated
41 75 percent to the General Fund and 25 percent to the Education
42 Trust Fund.

43 ~~(2) Twenty-five percent to each county in the state on~~
44 ~~a prorated basis according to population as determined in the~~
45 ~~most recent federal census prior to the distribution.~~

46 ~~(3) Twenty-five percent of funds to be distributed to~~
47 ~~each municipality in the state on a prorated basis according~~
48 ~~to population as determined in the most recent federal census~~
49 ~~prior to the distribution.~~

50 ~~(b) Effective for tax periods beginning on or after~~
51 ~~January 1, 2019, the~~ (2) The net proceeds after the
52 distribution provided in subdivision ~~(1) of subsection~~ (a) (1)
53 shall be distributed:

54 a. ~~60~~ Sixty percent to each municipality in the state on
55 a basis of the ratio of the population of each municipality to
56 the total population of all municipalities in the state as



SB347 INTRODUCED

57 determined ~~in the most recent federal census prior to~~
58 ~~distribution~~ according to population projections from the U.S.
59 Census Bureau Population and Housing Estimates Program or any
60 prior special federal census held in any municipality.
61 Beginning in 2027, the ratio of the population of each
62 municipality to the total population of the state shall be
63 updated every five years; and

64 b. ~~40~~Forty percent to each county in the state, and
65 deposited into the general fund of the respective county
66 commission, on a basis of the ratio of the population of each
67 county to the total population of all counties in the state as
68 determined ~~in the most recent federal census prior to the~~
69 ~~distribution~~ according to population projections from the U.S.
70 Census Bureau Population and Housing Estimates Program or any
71 prior special federal census held in any county. Beginning in
72 2027, the ratio of the population of each county to the total
73 population of the state shall be updated every five years.

74 (c) The distribution of the proceeds from the
75 simplified sellers use tax paid to counties and municipalities
76 shall occur ~~quarterly~~ monthly in a manner prescribed by the
77 department."

78 Section 2. Section 40-23-197.1, Code of Alabama 1975,
79 related to the timing of the distribution of simplified
80 sellers use tax, is hereby repealed.

81 Section 3. This act shall become effective on October
82 1, 2026.