



FISCAL NOTE

House Bill 258

Committee: Ways and Means Education

Sponsor: Representative Chris England

Analyst: Riley Aaron

Date: 04/10/2024

House Bill 258 as reported by the Committee on Ways and Means Education would levy an additional amount of simplified sellers use tax (SSUT) at a rate calculated as shown below and provide for Alabama Department of Revenue to recalculate this rate every five years, beginning September 1, 2029. The unweighted averages, as provided by the department, are shown below.

Tax	Tax Rate
General State Sales Tax Rate	4%
PLUS	
County General Sales Tax, average	2.39%
PLUS	
Municipal General Sales Tax, average	2.94%
LESS	
Current SSUT	8%
EQUALS	
Difference	1.33%
New Additional Levy (rounded to the nearest tenth)	1.3%

This bill would increase SSUT collections by an estimated total of \$121 million annually, beginning in Fiscal Year 2025, and would provide for these funds to be distributed as follows:

Receipient	Distribution	Collections, Est.
Municipalities:		
• 35% to municipalities with population under 50,000;	65%	\$79 million
• 65% to municipalities with population of 50,000 or more		
Counties: pro rata basis	15%	\$18 million
State Department of Education: to county and municipal school boards by average daily membership	20%	\$24 million

This bill would only be effective on the passage of House Bill 257, regarding the Alabama Adventure Awaits Sales Tax Holiday.