



**House Ways and Means Education Reported Substitute
for HB258**

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A BILL
TO BE ENTITLED
AN ACT

Relating to the simplified sellers use tax; to add Sections 40-23-193.1 and 40-23-197.2 to the Code of Alabama 1975; to levy an additional simplified sellers use tax; and to provide for the distribution of the proceeds.

BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

Section 1. The Legislature finds that the Simplified Sellers Use Tax has taken great strides towards tax fairness and has opened vast, new marketplaces for Alabama consumers. While the Simplified Sellers Use Tax has benefited Medicaid, care for seniors and children, and helped provide public safety services, it has done so at the expense of Alabama brick-and-mortar businesses on the streets of our cities and towns. The aim of this legislation is to level the playing field and to encourage the longevity of Alabama businesses that employ our citizens and add to the vibrancy of our communities.

Section 2. Sections 40-23-193.1 and 40-23-197.2, are added to Chapter 23 of Title 40, Code of Alabama 1975, to read as follows:

§40-23-193.1.



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29 (a) Notwithstanding any language to the contrary in
30 Section 40-23-193, Code of Alabama 1975, in addition to the
31 tax levied under Section 40-23-193, Code of Alabama 1975,
32 there is levied under the program an additional simplified
33 sellers use tax, equal to the rate calculated in (b), on the
34 sales price on any tangible personal property sold or
35 delivered into Alabama by an eligible seller participating in
36 the program or the sale of which is facilitated by a
37 marketplace facilitator, as defined by Section 40-23-199.2,
38 Code of Alabama 1975.

39 (b) (1) The Department of Revenue shall calculate the
40 rate using the following calculation rounded to the nearest
41 tenth percent and shall publish notice and further establish
42 the rate by administrative rule:

43 (i) The general state sales tax rate set in Section
44 40-23-2(1), Code of Alabama 1975;

45 PLUS

46 (ii) the sum of the following:

47 A. the average of all county general sales tax rates,
48 levied pursuant to Chapter 3 of Title 11, Code of Alabama
49 1975, as of January 1 of the current calendar year, and

50 B. the average of all municipal general sales tax
51 rates, levied pursuant to Section 11-51-200, Code of Alabama
52 1975, as of January 1 of the current calendar year.

53 LESS

54 (iii) the simplified sellers use tax rate set in
55 Section 40-23-193, Code of Alabama 1975.

56 (2) Prior to September 1, 2029 the Department of



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57 Revenue shall recalculate the rate. The new calculated rate
58 shall be effective on September 1, 2029 and shall be adjusted
59 in the same manner to be effective on September first every
60 five years thereafter.

61 (c) The tax levied in this section shall be reported,
62 collected and administered in the same manner as the tax
63 levied in Section 40-23-193, Code of Alabama 1975.

64 §40-23-197.2

65 Notwithstanding any language to the contrary in
66 Sections 40-23-197 and 40-23-197.1, Code of Alabama 1975, all
67 proceeds from the tax levied by Section 40-23-193.1, Code of
68 Alabama 1975, shall be distributed to municipalities and
69 counties as follows:

70 (1) Sixty five percent (65%) to each municipality in
71 the state to be distributed as follows:

72 a. Sixty five percent (65%) to each municipality with a
73 population greater than or equal to 50,000 as determined in
74 the most recent federal census prior to the distribution.

75 b. Thirty five percent (35%) to each municipality with
76 a population less than 50,000 as determined in the most recent
77 federal census prior to the distribution.

78 (2) Fifteen percent (15%) to each county in the state
79 on a prorated basis according to population as determined in
80 the most recent federal census prior to the distribution.

81 (3) Twenty percent (20%) to the State Department of
82 Education to be distributed to each county or municipal school
83 board on a prorated basis according to the average daily
84 membership for the preceding academic year.



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85 Section 3. This act shall become effective on **January**
86 **1, 2025**, only upon the enactment of House Bill **257** of the 2024
87 Regular Session, regarding the Alabama Adventure Awaits sales
88 tax holiday.