

HB17 INTRODUCED



1 HB17
2 GDS8622-1
3 By Representative England
4 RFD: Ways and Means Education
5 First Read: 06-Feb-24
6 PFD: 01-Dec-23



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SYNOPSIS:

Under existing law, the state levies a simplified sellers use tax on eligible sellers that sell tangible personal property in Alabama, but are not otherwise required to collect and remit state and local sales or use taxes for sales delivered into the state. The tax rate is eight percent of the sales price on any tangible personal property sold or delivered by an eligible seller participating in the program, and the proceeds of the tax are distributed 50 percent to the state and 50 percent to the local governments of the state.

This bill would increase the simplified sellers use tax rate and further provide for the distribution of the additional proceeds from the tax.

A BILL
TO BE ENTITLED
AN ACT

Relating to the simplified sellers use tax; to amend Sections 40-23-193 and 40-23-197, Code of Alabama 1975; to increase the rate of tax; to provide for the distribution of



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29 the additional tax proceeds; and to provide an effective date.

30 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

31 Section 1. Sections 40-23-193 and 40-23-197, Code of
32 Alabama 1975, are amended to read as follows:

33 "§40-23-193

34 (a) The simplified sellers use tax due under the
35 program is ~~eight~~nine and twenty-five hundredths percent of the
36 sales price on any tangible personal property sold or
37 delivered into Alabama by an eligible seller participating in
38 the program. The collection and remittance of simplified
39 sellers use tax relieves the eligible seller and the purchaser
40 from any additional state or local sales and use taxes on the
41 transaction.

42 (b) The simplified sellers use tax collected by the
43 eligible seller, at the rate of ~~eight~~nine and twenty-five
44 hundredths percent, shall be electronically reported in the
45 manner prescribed by the department on or before the 20th day
46 of the month next succeeding the month in which the tax
47 accrues. The eligible seller shall remit the tax at the
48 required rate or the amount of the tax collected, whichever is
49 greater. The required monthly reporting from the eligible
50 seller shall only include statewide totals of the simplified
51 sellers use taxes collected and remitted, and shall not
52 require information related to the location of purchasers or
53 amount of sales into a specific locality. The department may
54 not require an eligible seller to report and remit the
55 simplified sellers use tax more frequently than is required
56 for other sellers.



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57 (c) No eligible seller shall be required to collect the
58 tax at a rate greater than ~~eight~~nine and twenty-five
59 hundredths percent, regardless of the combined actual tax
60 rates that may otherwise be applicable. Additionally, no sales
61 for which the simplified sellers use tax is collected shall be
62 subject to any additional sales or use tax from any locality
63 levying a sales or use tax with respect to the purchase or use
64 of the property, regardless of the actual tax rate that might
65 have otherwise been applicable.

66 (d) The participating eligible seller shall collect the
67 tax on all purchases delivered into Alabama unless the
68 purchaser furnishes the eligible seller with a valid exemption
69 certificate, sales tax license, or direct pay permit issued by
70 the department. The eligible seller shall retain all exemption
71 certificates, sales tax licenses, or direct pay permits in its
72 files, or in such other manner as directed by the department.

73 (e) The eligible seller shall provide the purchaser
74 with a statement or invoice showing that the simplified
75 sellers use tax was collected and is to be remitted on the
76 purchaser's behalf. The statement shall be in a manner
77 prescribed by the department.

78 (f) The simplified sellers use tax levied under this
79 section shall not be collected and remitted in lieu of the
80 sales and use tax collected by a licensing official pursuant
81 to Section 40-23-104."

82 "§40-23-197

83 (a) The proceeds ~~of~~from eight percent of the nine and
84 twenty-five hundredths percent simplified sellers use tax paid



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85 pursuant to this part shall be appropriated to the department,
86 which shall retain the amount necessary to fund the
87 administrative costs of implementing and operating the program
88 and to cover the amounts paid for refunds authorized in
89 Section 40-23-196. The balance of the amounts collected shall
90 be distributed ~~as follows:~~

91 ~~(1) Fifty~~50 percent to the State Treasury and allocated
92 75 percent to the State General Fund and 25 percent to the
93 Education Trust Fund.

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

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

101 ~~(b) Effective for tax periods beginning on or after~~
102 ~~January 1, 2019, the net proceeds after the distribution~~
103 ~~provided in subdivision (1) of subsection (a) and the net~~
104 proceeds remaining shall be distributed 60 percent to each
105 municipality in the state on a basis of the ratio of the
106 population of each municipality to the total population of all
107 municipalities in the state as determined in the most recent
108 federal census prior to distribution and 40 percent to each
109 county in the state, and deposited into the general fund of
110 the respective county commission, on a basis of the ratio of
111 the population of each county to the total population of all
112 counties in the state as determined in the most recent federal



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113 census prior to the distribution.

114 (b) The proceeds from one and twenty-five hundredths of
115 the nine and twenty-five hundredths percent simplified sellers
116 use tax shall be distributed to local boards of education on
117 the basis of the average daily membership of the preceding
118 school year in public schools.

119 (c) The distribution of the proceeds from the
120 simplified sellers use tax paid to counties and municipalities
121 shall occur quarterly in a manner prescribed by the
122 department."

123 Section 2. This act shall become effective on September
124 1, 2024.