



FISCAL NOTE

House Bill 175

Committee: Finance and Taxation Education Sponsor: Representative Danny Garrett

Analyst: JT Mathis

Date: 05/31/2023

House Bill 175 as reported by the Committee on Finance and Taxation Education would increase the obligations of the Education Trust Fund by an estimated \$390 million for fiscal year 2023 by providing a one-time refundable income tax credit check to certain qualified individual income taxpayers to partially offset the amount of sales tax paid on groceries in an amount equal to: (1) \$150 for taxpayers that are married filing separate, head of family, or single; or (2) \$300 for taxpayers that are married filing jointly. This bill provides that this tax credit shall not constitute taxable income for Alabama income tax purposes.

Further, this bill requires the Department of Revenue to electronically deposit the income tax credit into the bank account of the qualified taxpayers based on the information indicated from their return submitted for the taxable year that began January 1, 2021; and to mail tax credit checks to taxpayers that the Department does not have bank account information for, no sooner than November 30, 2023. These requirements would increase the obligations of the Department by an undetermined amount; however, any increased obligation could be offset, in part or in whole, by any interest that may accrue to the Refundable Tax Credit Fund, pursuant to the provisions of this bill.