



FISCAL NOTE

House Bill 479

Committee: Ways and Means Education

Sponsor: Representative Danny Garrett

Analyst: JT Mathis

Date: 05/22/2023

House Bill 479 as introduced would decrease receipts to the Education Trust Fund (ETF) by the following estimated amounts for the fiscal years listed by: (1) defining "food" for sales and use tax as the federal definition under the Supplemental Nutrition Assistance Program (SNAP) and reducing the state sales and use tax rate on food from 4%, currently, to 3.5% on September 1, 2023; and (2) further decreasing the state sales and use tax rate on food by an additional 0.5% on November 1, 2024, and each November 1 thereafter, until the state sales and use tax rate on food is reduced to 2%, provided that net receipts to the ETF increased by at least 2% over the prior fiscal year.

FISCAL YEAR	ESTIMATED LOSS TO ETF
2024	\$ 73 million
2025	\$ 152 million
2026	\$ 233 million
2027 and each fiscal year thereafter	\$ 318 million

This bill would also: (1) establish the sales and use tax rate on food for counties and municipalities as the respective general/retail rate in effect for the local government on the effective date of this bill; (2) prohibit the levy of an additional sales and use tax on food by a county or municipality; and (3) allow a county or municipal governing body, by resolution or ordinance, to reduce the local sales and use tax rate on food.

Pursuant to the provisions of the ETF Rolling Reserve Act contained in Section 29-9-3(b)(3), Code of Alabama 1975, the provisions of this act would reduce the ETF fiscal year appropriation cap for fiscal year 2024 by an estimated \$73 million.