

SB273 INTRODUCED



1 SB273
2 4N2VRRR-1
3 By Senator Sessions
4 RFD: Finance and Taxation Education
5 First Read: 02-Apr-24



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SYNOPSIS:

Under existing law, a percentage of the net proceeds from the simplified sellers use tax (SSUT) is distributed to municipalities. The distribution of the net proceeds is based on the ratio of the population of each municipality to the total population of all municipalities in the state as determined in the most recent federal census prior to distribution.

This bill would provide that for the purpose of the distribution of the net proceeds from the SSUT to municipalities, the ratio of the population of each municipality to the total population of all municipalities would be adjusted annually to include increases in population as a result of annexations.

A BILL
TO BE ENTITLED
AN ACT

Relating to the simplified sellers use tax; to amend Section 40-23-197 of the Code of Alabama 1975, to provide that the ratio for the distribution of the net proceeds distributed to municipalities would be adjusted to include increases in



SB273 INTRODUCED

29 population as a result of annexations.

30 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

31 Section 1. Section 40-23-197 of the Code of Alabama
32 1975, is amended to read as follows:

33 "§40-23-197

34 (a) The proceeds of simplified sellers use tax paid
35 pursuant to this part shall be appropriated to the department,
36 which shall retain the amount necessary to fund the
37 administrative costs of implementing and operating the program
38 and to cover the amounts paid for refunds authorized in
39 Section 40-23-196. The balance of the amounts collected shall
40 be distributed as follows:

41 (1) Fifty percent to the State Treasury and allocated
42 75 percent to the State General Fund and 25 percent to the
43 Education Trust Fund.

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

47 (3) Twenty-five percent of funds to be distributed to
48 each municipality in the state on a prorated basis according
49 to population as determined in the most recent federal census
50 prior to the distribution.

51 (b) Effective for tax periods beginning on or after
52 January 1, 2019, the net proceeds after the distribution
53 provided in subdivision (1) of subsection (a) shall be
54 distributed ~~60~~ as follows:

55 (1)a. Sixty percent to each municipality in the state
56 on a basis of the ratio of the population of each municipality



SB273 INTRODUCED

57 to the total population of all municipalities in the state as
58 determined in the most recent federal census prior to
59 distribution, except, as provided herein, the ratio of the
60 population of each municipality to the total population of all
61 municipalities shall be adjusted to include any increase in
62 population as a result of any annexation by a municipality
63 which occurs in the period between the release of a federal
64 decennial census and the release of the next federal decennial
65 census.

66 b. For the purpose of computing the ratio of the
67 population of each municipality to the total population of all
68 municipalities for the purposes of this subdivision, the
69 population ratio shall be adjusted upon request by the
70 municipality to include any increase as a result of
71 annexation. The municipality shall provide notice to the
72 Department of Revenue and provide all census blocks or
73 portions thereof involved in the annexation so that the office
74 may maintain accurate information concerning the corporate
75 limits of each municipality located in the state.

76 (2) Forty and 40 percent to each county in the state,
77 and deposited into the general fund of the respective county
78 commission, on a basis of the ratio of the population of each
79 county to the total population of all counties in the state as
80 determined in the most recent federal census prior to the
81 distribution.

82 (c) The distribution of the proceeds from the
83 simplified sellers use tax paid to counties and municipalities
84 shall occur quarterly in a manner prescribed by the



SB273 INTRODUCED

85 department."

86 Section 2. This act shall be effective June 1, 2024.