

1 SB363  
2 211392-1  
3 By Senator Scofield  
4 RFD: Finance and Taxation General Fund  
5 First Read: 30-MAR-21

SYNOPSIS: Under existing law, the distribution of the revenues from the imposition of the sales tax discount are determined by a formula which could vary from year to year without a cap on the maximum amount. Any remainder is deposited into the General Fund.

This bill would eliminate the formula and cap the revenues at a specific amount to provide more certainty as to the funds available for deposit into the state General Fund.

A BILL  
TO BE ENTITLED  
AN ACT

Relating to taxation; to amend Section 40-23-35, Code of Alabama 1975, to further provide for the distribution and expenditure of the sales tax revenue.

BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

1           Section 1. Section 40-23-35, Code of Alabama 1975,  
2 is amended to read as follows:

3           "§40-23-35.

4           "(a) Such amount of money as shall be appropriated  
5 for each fiscal year by the Legislature to the Department of  
6 Revenue with which to pay the salaries, the cost of operation  
7 and management of the department shall be deducted, as a first  
8 charge thereon, from the taxes collected under the provisions  
9 of this division; provided, that the expenditure of the sum so  
10 appropriated shall be budgeted and allotted pursuant to  
11 Article 4 of Chapter 4 of Title 41, and limited to the amount  
12 appropriated to defray the expenses of operating the  
13 department for each fiscal year. After the payment of the  
14 expenses, so much of the amount remaining as may be necessary,  
15 after first applying all sums of money received by reason of  
16 the application of the surplus in the income tax as provided  
17 by Section 40-18-58, for the replacement in the public school  
18 fund of the three-mill constitutional levy for schools and in  
19 the General Fund of the one-mill levy for soldiers' relief and  
20 the two and one-half mills for general purposes lost by  
21 exemption of homestead provided for in this division shall be  
22 first charges against the proceeds of the licenses, taxes or  
23 receipts levied or collected under this division. The  
24 Comptroller, with the approval of the Governor, is hereby  
25 directed to draw his or her warrants payable out of the total  
26 proceeds of the licenses, taxes or receipts levied or  
27 collected under this division as herein provided in such sum

1 as shall be found necessary to take care of and replace the  
2 three-mill constitutional school levy, the one-mill soldiers'  
3 relief levy and the two and one-half mill levy for general  
4 purposes of the state ad valorem taxes lost as above set  
5 forth.

6 "(b) Of the amounts of such collections in any  
7 fiscal year, remaining after the payment of the expenses of  
8 administration and replacement of the amounts in the several  
9 funds as herein provided there shall be paid into the Treasury  
10 sums to be credited as follows:

11 "(1) To the credit of the 67 counties of the state,  
12 to be divided and distributed as hereinafter provided,  
13 \$378,000;

14 "(2) To the Department of Human Resources,  
15 \$1,322,000;

16 "(3) Beginning June 1, 2000, to the Department of  
17 Conservation and Natural Resources for capital outlay for  
18 acquisition of land contiguous to existing state parks and  
19 land acquired for lakes and or water reservoirs, provision,  
20 construction, improvement, renovation, equipping, and  
21 maintenance of the state parks system only and not for use by  
22 the Department of Conservation and Natural Resources for  
23 personnel or administrative use, the sum equal to the increase  
24 in receipts accruing to the State of Alabama due to the cap on  
25 discounts per license holder in Section 40-23-36(b), which  
26 increase shall be equal to the difference between the discount  
27 rate or amount allowed under Section 40-23-36(b) and the

1 maximum discount rate allowable under Section 40-23-36(a);  
2 provided, however, if at any time any bonds of the Alabama  
3 State Parks System Improvement Corporation or the Alabama  
4 Public Historical Sites and Parks Improvement Corporation are  
5 outstanding (excluding bonds that have been refunded by the  
6 establishment of an escrow trust for the payment thereof  
7 consisting solely of bonds or other obligations which as to  
8 principal and interest constitute direct obligations of, or  
9 are unconditionally guaranteed by, the United States of  
10 America) there shall first be paid into the State General Fund  
11 from such collections an amount equal to the debt service  
12 (principal, interest, and premium, if any) payable on such  
13 bonds in the then current fiscal year of the state. Provided,  
14 however, that one million dollars (\$1,000,000) of such  
15 increase in receipts per fiscal year shall be credited to the  
16 Department of Human Resources beginning October 1, 1996, until  
17 September 30, 2002, and shall be expended for the foster  
18 children program.

19 "(4)a. On October 1, 2002, to the Department of  
20 Conservation and Natural Resources for capital outlay, repairs  
21 and maintenance of the state parks system only, the minimum  
22 sum of five million dollars (\$5,000,000) from the increase in  
23 receipts accruing to the State of Alabama due to the cap on  
24 discounts per license holder in Section 40-23-36(b) as  
25 calculated in Section 40-23-35(b)(3). Beginning October 1,  
26 2003, annually, to the Department of Conservation and Natural  
27 Resources for capital outlay, repairs, and maintenance of the

1 state parks system only, the sum calculated by a fraction, the  
2 numerator of which is five million dollars (\$5,000,000) and  
3 the denominator of which is equal to the increase in receipts  
4 as calculated in Section 40-23-35(b) (3) for fiscal year 2002  
5 accruing to the State of Alabama multiplied by the increase in  
6 receipts as calculated in Section 40-23-35(b) (3) for the then  
7 current fiscal year, or the sum of five million dollars  
8 (\$5,000,000), whichever is greater. Notwithstanding the  
9 previous sentence, for the fiscal years ending September 30,  
10 2012, and September 30, 2013, only, the five million dollars  
11 (\$5,000,000) shall be transferred to the State General Fund.

12 "b. Beginning October 1, 2021, annually, to the  
13 Department of Conservation and Natural Resources for capital  
14 outlay, repairs, and maintenance of the state parks system  
15 only, seven million five hundred thousand dollars  
16 (\$7,500,000). Beginning with the fiscal year that starts  
17 October 1, 2022, the State Treasurer shall annually adjust the  
18 dollar amount in this subsection to reflect the cumulative  
19 change in the Consumer Price Index for All Urban Consumers  
20 (CPI-U), as published by the Bureau of Labor Statistics of the  
21 United States Department of Labor, or a successor index, for  
22 the annual period ending on the December 31 preceding the  
23 adjustment date and rounded to the nearest one thousand  
24 dollars (\$1,000).

25 ~~"b.~~ c. Beginning October 1, 2002, to the credit of  
26 the State General Fund, the balance of the sum equal to the  
27 increase in receipts accruing to the State of Alabama due to

1 the cap on discounts per license holder in Section  
2 40-23-36(b).

3 "(c) One-half of the amount deposited to the credit  
4 of the 67 counties as above provided, shall be divided and  
5 distributed proportionately among the 67 counties of the state  
6 according to the population of the counties as shown by the  
7 last federal census as proclaimed, published or certified by  
8 the Director of the Bureau of the Census; and one-half of the  
9 proceeds shall be divided or distributed equally among 67  
10 counties; provided, that the funds divided and distributed to  
11 the several counties of the state as hereinabove provided for  
12 shall be used exclusively for full-time health service in  
13 cooperation with the State Board of Health or the federal  
14 government, and for extension services in cooperation with the  
15 Alabama Agriculture Extension Service or the federal  
16 government, at the discretion of the county commissions of the  
17 several counties of the state.

18 "(d) The amounts provided in subsection (b) for the  
19 Department of Human Resources shall be used for general  
20 welfare purposes. For purposes of this division, "general  
21 welfare purposes" means:

22 "(1) The administration of public assistance as set  
23 out in Sections 38-2-5 and 38-4-1;

24 "(2) Services, including supplementation and  
25 supplementary services under the federal Social Security Act,  
26 to or on behalf of persons to whom such public assistance may  
27 be given under Section 38-4-1;

1           "(3) Services to and on behalf of dependent,  
2 neglected or delinquent children; and

3           "(4) Investigative and referral services to and on  
4 behalf of needy persons.

5           "(e) In addition, there shall be paid, commencing on  
6 January 1, 1978, and on the first day of each fiscal quarter  
7 thereafter, to the Department of Human Resources for a  
8 statewide, state-administered food stamp program, as  
9 authorized by the Food Stamp Act of 1964, Public Law 88-525,  
10 88th Congress, and amendments thereto, an amount equal to five  
11 percent of the value of food stamp benefits issued statewide  
12 in excess of the amount paid by recipients (bonus or free  
13 stamps) during the immediate prior fiscal quarter, which sum  
14 so appropriated shall be paid quarterly to the Department of  
15 Human Resources Trust Fund for administration of the food  
16 stamp program in conformity with rules and regulations  
17 promulgated by the United States Department of Agriculture and  
18 in conformity with Sections 38-1-1 through 38-6-9. Such  
19 administrative funds shall be limited to and based on fiscal  
20 year 1976-77 administrative costs, normal inflationary  
21 increases and mandated administration requirements of the  
22 Alabama Legislature and the United States Department of  
23 Agriculture. The Department of Human Resources will not staff  
24 any county food stamp office at a level which exceeds the  
25 average staff-to-recipient ratios which existed in Alabama  
26 during fiscal year 1976-77. This restriction will apply in  
27 coordination with those provided hereinabove and, should



1 conflict occur, the lesser amount of expenditure shall be  
2 required. At the end of each fiscal year, an accounting shall  
3 be made of the sum so that any unexpended and unencumbered  
4 balance of funds may be determined for the purpose of paying  
5 such balance to the Education Trust Fund.

6 "(f) The amount of the proceeds of all taxes levied  
7 by this division remaining after the payment of the expenses  
8 of administration and enforcement and the replacement in the  
9 several funds of the amount lost by any homestead exemptions  
10 and the distribution as provided in subsections (b) and (d),  
11 shall be paid into the Education Trust Fund except as provided  
12 in subdivision (4) of Section 40-23-2 and subsection (c) of  
13 Section 40-23-61 and, beginning January 1, 2016, except those  
14 collected on consumable vapor products as defined in  
15 subdivision (15) of subsection (a) of Section 40-23-1, which  
16 shall be distributed to the State General Fund."

17 Section 2. This act shall become effective  
18 immediately following its passage and approval by the  
19 Governor, or its otherwise becoming law.