

1 HB184
2 216111-1
3 By Representatives Moore (M), Daniels, Rafferty, Gray, Boyd,
4 Rogers, Morris, Givan, Hall, Jones (S), Bracy, Lawrence,
5 Hassell, McClammy, Drummond, Alexander, Hollis, Coleman
6 and Howard
7 RFD: Ways and Means Education
8 First Read: 01-FEB-22

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8 SYNOPSIS: Under existing law, the state imposes sales
9 or use taxes upon certain persons, firms, or
10 corporations. Sales of certain items are taxed at a
11 reduced rate. Sales of other items are exempt from
12 the taxes.

13 This bill would phase out the state sales
14 and use taxes on food by reducing the rates by one
15 percentage point over a four-part reduction
16 schedule beginning September 1, 2022.

17 This bill would exempt sales of food from
18 the sales and use taxes beginning September 1,
19 2025.

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21 A BILL
22 TO BE ENTITLED
23 AN ACT
24

25 To phase out the state sales and use taxes on food
26 by reducing the rates by one percentage point over a four-part
27 reduction schedule beginning September 1, 2022; and to exempt

1 sales of food from the sales and use taxes beginning September
2 1, 2025.

3 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

4 Section 1. LEGISLATIVE INTENT. The Legislature
5 hereby finds that the requirement to pay sales tax on food
6 places a burden on all taxpayers in the state, especially the
7 less fortunate.

8 Section 2. For purposes of Section 2, the following
9 terms are defined as follows:

10 (1) FOOD. Food as defined in 7 U.S.C § 2011, et
11 seq., for the purposes of the federal Supplemental Nutrition
12 Assistance Program regardless of where or by what means food
13 is sold. In the event that the federal Supplemental Nutrition
14 Assistance Program definition no longer exists, the
15 Legislature shall provide a new definition of food by general
16 law.

17 (2) SALES TAX. The tax levied in Section 40-23-2,
18 Code of Alabama 1975, on the gross sales or gross receipts
19 from the sale of tangible personal property.

20 (3) USE TAX. The tax levied in Section 40-23-61,
21 Code of Alabama 1975, on the storage, use, or other
22 consumption of tangible personal property in Alabama.

23 Section 3. (a) Notwithstanding any other provision
24 of law to the contrary:

25 (1) For taxable periods beginning on and after
26 September 1, 2022, the state sales and use tax rate on food

1 shall be three percent of the gross receipts from the sale or
2 use of food.

3 (2) For taxable periods beginning on and after
4 September 1, 2023, the state sales and use tax rate on food
5 shall be two percent of the gross receipts from the sale or
6 use of food.

7 (3) For taxable periods beginning on and after
8 September 1, 2024, the state sales and use tax rate on food
9 shall be one percent of the gross receipts from the sale or
10 use of food.

11 (4) For taxable periods beginning on and after
12 September 1, 2025, the gross receipts from the sale or use of
13 food shall be exempt from the state sales and use taxes.

14 (b) Local governments shall continue to collect
15 sales taxes on food at the same rate collected for the local
16 portion of the retail sales tax.

17 Section 4. This act shall become effective on the
18 first day of the third month following its passage and
19 approval by the Governor, or its otherwise becoming a law.