

1 HB44
2 113789-1
3 By Representatives McLaughlin, Robinson (J), Ball, Letson,
4 Sanderford, Oden, Dukes, Taylor, Morrow, McDaniel, Hall,
5 Black, McCutcheon, Williams (P) and Fields
6 RFD: County and Municipal Government
7 First Read: 12-JAN-10
8 PFD: 11/05/2009

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8 SYNOPSIS: Under existing law, five percent of the
9 in-lieu-of-taxes payments made by the Tennessee
10 Valley Authority are distributed to dry counties
11 and municipalities that are not served by T.V.A.

12 This bill would reduce the current
13 distribution to dry counties and municipalities
14 that are not served by T.V.A. and provide for an
15 increase in those payments to the counties served
16 by T.V.A.

17 This bill would offset the reduced
18 distribution of in-lieu-of-taxes payments to the
19 dry counties and municipalities therein that are
20 not served by T.V.A. by reallocating certain liquor
21 tax revenues to the dry counties and municipalities
22 therein.

23
24 A BILL
25 TO BE ENTITLED
26 AN ACT
27

1 To amend Section 40-28-2, Code of Alabama 1975,
2 relating to the distribution of in-lieu-of-taxes payments made
3 by the Tennessee Valley Authority, to provide for the
4 redistribution of the payments; and to reallocate certain
5 liquor tax revenues.

6 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

7 Section 1. Section 40-28-2, Code of Alabama 1975, is
8 amended to read as follows:

9 "§40-28-2.

10 "(a) Beginning in the fiscal year ending September
11 30, 1980, the State of Alabama will annually transfer to the
12 counties in Alabama served by T.V.A. a portion of the
13 in-lieu-of-taxes payments made by T.V.A. to the State of Ala-
14 bama. Such transfer of funds shall be according to the follow-
15 ing schedule:

16 For the Fiscal Year:	17 Percentage of In-Lieu-of-Taxes 18 Payments Transferred to 19 T.V.A.-Served Counties by the State 20 Shall Be:
21 1979-80	22 20%
23 1980-81	24 30%
1981-82	40%
1982-83	50%
1983-84	60%

	For the Fiscal Year:	Percentage of In-Lieu-of-Taxes
1	1984-85	70%
2	1985-86 through 2004-05	75%
3	2005-2006 and each fiscal year	78%
4	thereafter	

5 "(b) The state shall distribute the in-lieu-of-taxes
6 payments each fiscal year to each of the counties served by
7 T.V.A., and the three percent increases after September 30,
8 2005, generated by the amendments to this section at the 2006
9 Regular Session of the Legislature shall be allocated by local
10 legislation.

11 "(c) (1) In addition to the distribution provided for
12 in subsection (a) of this section, the state shall distribute
13 each fiscal year five percent of the in-lieu-of-taxes payments
14 to the dry counties and municipalities therein which are not
15 served by T.V.A. Said five percent shall be distributed on the
16 same proportionate basis that each such county received in
17 fiscal year 1978-79 from A.B.C. payments as compared to the
18 total A.B.C. payments received by all dry counties not served
19 by T.V.A. during the same fiscal year. The distribution of
20 such in-lieu-of-taxes payments between each dry
21 non-T.V.A.-served county and the municipalities located
22 therein shall be made pro rata on the basis of A.B.C. payments
23 received by each such jurisdiction in the fiscal year 1979 to

1 the total A.B.C. payments to the county and all municipalities
2 in such county in the fiscal year 1979. Such distribution to
3 the municipalities will be administered by the county
4 governing body.

5 "Beginning in the fiscal year ending September 30,
6 2010, the distribution provided in this subsection to the dry
7 counties and municipalities that are not served by T.V.A.
8 shall be reduced by an amount equal to the funds allocated to
9 those dry counties and municipalities from liquor tax revenues
10 pursuant to Section 2 of this act until the aggregate annual
11 amount of revenue received by those dry counties and
12 municipalities from the provisions of Section 2 is equal to
13 the amount of T.V.A. payments distributed to the dry counties
14 and municipalities therein pursuant to this subdivision for
15 the fiscal year ending September 30, 2009. Until the aggregate
16 annual amount of liquor tax distributions to the dry counties
17 and municipalities not served by T.V.A. provided in Section 2
18 is equal to the amount of T.V.A. payments distributed to the
19 dry counties and municipalities therein pursuant to this
20 subdivision for the fiscal year ending September 30, 2009, the
21 annual amount by which any payments to such counties and
22 municipalities are reduced by liquor tax revenues pursuant to
23 Section 2 of this act shall be distributed to the counties
24 served by T.V.A. Thereafter, all payments distributed pursuant
25 to this subsection shall be distributed to the counties served
26 by T.V.A. The distribution to the counties served by T.V.A.
27 provided in this subsection is to be allocated in the same

1 manner as the increase generated by the amendment to this
2 section made during the 2006 Regular Session of the
3 Legislature that now appears as subsection (b).

4 "Notwithstanding the foregoing, the distributions to
5 Limestone County, to Madison County, to Marshall County, and
6 to Morgan County provided in this subsection shall be
7 allocated by local law.

8 "(2) Effective for transfers after July 1, 2006,
9 adding this subdivision, the distribution to the State General
10 Fund shall remain at the level received on July 1, 2006, until
11 the level received attains the amount of seventeen million
12 eight hundred forty thousand two hundred thirty-three dollars
13 (\$17,840,233) and thereafter the state shall receive 17
14 percent of the total amount of the in-lieu-of-taxes payments.

15 "(d) Any T.V.A.-served dry county which is eligible
16 to receive funds under Section 40-28-3 shall receive from that
17 portion of the in-lieu-of-taxes payments not less than that
18 amount which the county received in A.B.C. payments in the
19 fiscal year 1978-79."

20 Section 2. (a) Beginning with the fiscal year ending
21 September 30, 2010, the Public Welfare Trust Fund, the Special
22 Mental Health Fund, and the State General Fund shall annually
23 receive the same amount of revenue from the state taxes on
24 spirituous and vinous liquors pursuant to Sections 28-3-201,
25 28-3-202, 28-3-203, 28-3-204, and 28-3-205, Code of Alabama
26 1975, respectively, that such entities received for the fiscal
27 year ending September 30, 2009, until the annual growth in

1 such receipts above this amount equals the amount of T.V.A.
2 payments distributed to the dry counties and municipalities
3 therein pursuant to subsection (c) (1) of Section 40-28-2, Code
4 of Alabama 1975, for the fiscal year ending September 30,
5 2009. Thereafter, in addition to the above amounts, the Public
6 Welfare Trust Fund, the Special Mental Health Fund, and the
7 State General Fund shall annually receive the amount of growth
8 in those liquor tax receipts that exceeds the amount of T.V.A.
9 payments distributed to the dry counties and municipalities
10 therein pursuant to subsection (c) (1) of Section 40-28-2, Code
11 of Alabama 1975, for the fiscal year ending September 30,
12 2009.

13 (b) Beginning with the fiscal year ending September
14 30, 2010, an amount up to the amount of T.V.A. payments
15 distributed to the dry counties and municipalities therein
16 pursuant to subsection (c) (1) of Section 40-28-2, Code of
17 Alabama 1975, for the fiscal year ending September 30, 2009,
18 of the growth in state taxes on spirituous and vinous liquors
19 provided in subsection (a) above shall be distributed to the
20 dry counties and municipalities therein that are not served by
21 T.V.A. and that receive T.V.A. in-lieu-of-taxes payments
22 pursuant to Section 40-28-2(c) (1). Notwithstanding subsection
23 (a), in addition to the distributions provided for in this
24 subsection, the state shall distribute to the dry counties and
25 dry municipalities therein each fiscal year from the state
26 taxes on spirituous and vinous liquors an amount equal to the

1 percentage growth in T.V.A. in-lieu-of-taxes payments received
2 by the state.

3 Section 3. All laws or parts of laws which conflict
4 with this act are repealed.

5 Section 4. This act shall become effective
6 immediately following its passage and approval by the
7 Governor, or its otherwise becoming law.