



This Week in State Tax (TWIST)

June 9, 2025



Alabama – Legislation Authorizing Local Governments to Opt-Out of New Sales Tax Exemptions Enacted

Alabama recently enacted H.B. 191 (Act No. 2025-280) that will significantly alter the applicability of state sales and use tax exemptions to county and municipal sales taxes in the state. The Alabama Local Procedures Act and the Local Tax Simplification Act of 1998 restructured Alabama local tax administration substantially by generally requiring the local sales taxes in over 450 jurisdictions to conform to the state sales and use tax base and procedures. This framework is altered by H.B. 191.

Under H.B. 191, any new legislation that enacts or amends a sales and use tax exemption will apply only to the state sales and use tax, and not to county and municipal taxes, unless a) the legislation explicitly allows local governments to opt into the exemption, and b) a local governing body adopts a resolution or ordinance to incorporate the exemption into the local tax. The ordinance or resolution must provide that the exemption is to become effective on September 1 of a given year, and it must specify the duration of the exemption. The local governing body is to provide notice to the Department of Revenue (Department) by July 1 that the exemption is to be adopted, and the Department is to maintain and publish a list of localities that have adopted sales tax exemptions under this procedure. A locality may also rescind the adoption of an exemption by a similar ordinance or resolution and notice to the Department.

The new law does not amend or repeal any sales and use tax exemption made generally applicable to localities by a law enacted prior to H.B. 191. There are, however, about 20 state sales and use tax exemptions enacted by the legislature in recent years that were not applied to local taxes unless a locality opted into the exemption. Under the new law, all localities will be deemed to have opted out of these exemptions effective September 1, 2025, unless they adopt a new resolution or ordinance incorporating the exemption into the local tax, as well as provide notice to the Department by July 1 and set forth a September 1 effective date. For questions regarding [H.B. 191](#), please reach out to [Scott Jackson](#) and [Justin Stringfield](#).

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