



This Week in State Tax (TWIST)

June 26, 2023



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Multistate: Alabama and Texas Enact Laws Reducing Taxes on Necessities

Over the last couple years, several states have adopted permanent or temporary sales and use tax exemptions for certain personal necessities, such as food and food ingredients, diapers, and feminine hygiene products. A few additional bills of this sort were recently signed into law. In Alabama, House Bill 479 reduces the sales and use tax rate applied food (newly defined with reference to the federal Supplemental Nutrition Assistance Program definition) from four percent to three percent on September 1, 2023. The rate drops to two percent on September 1, 2024, if the average of the estimated growth in total net receipts from all revenue sources to the Education Trust Fund for the fiscal year ending September 30, 2025 is at least three and a half percent higher than the previous fiscal year. If the revenue growth requirement is not satisfied the rate will be reduced in a subsequent fiscal year when it is met. The bill also prohibits increases in the rate of current local sales and use taxes on food as well as the enactment of new local taxes on food.

Effective September 1, 2023, Texas Senate Bill 379 adopts new sales and use tax exemptions for certain “family care” items, including wound care dressings, adult or children’s diapers, baby wipes, baby bottles, feminine hygiene products, maternity clothing, and breast milk pumping products, including the pump and its power source. The bill includes definitions for the soon to be exempt products. Please stay tuned to TWIST for additional sales tax exemption updates.



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