ACT No. 2015-534

SB24

171008-3

By Senator Pittman

RFD: Finance and Taxation Education

First Read: 03-AUG-15

AUG 11 2015
RECEIVED
GOVERNOR'S OFFICE

SB24

ENROLLED, An Act,

To require all persons or companies exempt from the payment of sales, use, and lodgings taxes, other than governmental entities, to annually obtain a certificate of exemption from the Department of Revenue; to require persons or companies exempt from the payment of sales, use, and lodgings taxes to file information reports with the Department of Revenue; to provide penalties for noncompliance; to require the Department of Revenue to promulgate rules; and to provide effective dates.

BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

Section 1. (a) All persons or companies, including but not limited to those cited in Title 40, Chapter 9, other than governmental entities, which have statutory exemption from the payment of Alabama sales and use taxes levied in, including but not limited to, Title 40, Chapter 23, or lodgings taxes levied in Title 40, Chapter 26, regardless of the type of transaction or whether the tangible personal property is subject to sales and use tax or whether the accommodations are subject to lodgings tax, shall be required to annually obtain a certificate of exemption from the Department of Revenue. This requirement does not supersede or

1 replace the provisions of Section 40-9-14.1 or any other
2 provision of statute requiring an entity to obtain a
3 certificate of exemption.
4 This act only applies to entities that have been
5 granted a general exemption from sales, use, or lodging taxes.
6 The requirements of this act are not triggered by the purchase
7 of tangible personal property that is exempt from sales and
8 use tax.
9 (1) For purposes of this act, the term governmental
10 entity means the Federal Government, the State of Alabama,
11 Alabama public schools, Alabama public universities,
12 healthcare authorities, Alabama counties and municipalities,
13 and public corporations incorporated under any of the
14 provisions of Chapter 50 of Title 11, Chapter 50A of Title 11,
15 Chapter 5 of Title 37, or Chapter 7 of Title 39.
16 (2) The term governmental entity does not include
17 public corporations, other than those public corporations
18 described in subdivision (1), private schools, or private
19 universities.
20 (3) For purposes of this act, the term lodgings tax
21 means Transient Occupancy Tax, levied in Title 40, Chapter 26,
22 Code of Alabama 1975.
23 (4) For the purposes of this act, the terms person
24 or company shall have the same meaning as prescribed in Title
25 40, Chapter 23, Section 1, Code of Alabama 1975.

1 (b) Certificates of exemption shall be valid for one
2 year from the date of issuance and shall be renewed annually
3 each subsequent year. Any person or company that fails to
4 obtain or renew a certificate of exemption, prior to its
5 expiration, will no longer be allowed to make tax exempt
6 purchases or rent tax exempt accommodations. The Department of
7 Revenue may assess any person or company with state and local
8 sales, use, and lodgings tax for any transaction conducted
9 with a certificate of exemption not properly accounted for and
10 reported as required in Section 2 of this act. Any reports
11 required by the Department of Revenue shall be filed as a
12 prerequisite to the renewal of a certificate of exemption.
13 (c) Any person or company that intentionally uses a
14 certificate of exemption in violation of its intended purpose
15 shall, in addition to the actual sales, use, and lodgings tax
16 liability due, be subject to a civil penalty levied by the
17 Department of Revenue in an amount of not less than
18 two-thousand dollars ($2,000) or two times any state and local
19 sales, use, and lodgings tax due for the transactions,
20 whichever is greater, and based on the person or company's
21 willful misuse of the certificate of exemption, may be barred
22 from the use of any certificate of exemption for up to two
23 years.
24 (d) This section shall be operative for all
25 applicable exempt persons or companies on January 1, 2016.

1 (e) The Department of Revenue may adopt rules to
2 administer and implement this section and may adopt rules
3 requiring an annual exemption certificate for persons or
4 companies not subject to the provisions of subsection (a),
5 other than government entities, providing for an annual
6 information report from such persons or companies, and
7 imposing penalties equivalent to the penalties provided for in
8 subsection (c) for noncompliance by such persons or companies
9 in order to verify exemptions and make reports to the
10 Legislature.
11 Section 2. (a) All persons or companies, other than
12 governmental entities as defined in Section 1, exempt from the
13 payment of Alabama sales, use, and lodgings tax, regardless of
14 the type of transaction or whether the tangible personal
15 property is subject to sales and use tax, or whether the
16 accommodations are subject to lodgings tax, may be required to
17 file an information report in a manner as prescribed by the
18 Department of Revenue.
19 (b) Any person or company that does not comply with
20 the reporting requirements of this act and any rules
21 promulgated thereunder, may be barred from the use of any
22 certificate of exemption for up to six months for the first
23 offense and one year for the second offense. On the third
24 offense, such person or company shall be barred from the use
25 of any certificate of exemption until such time as the person

or company is authorized to obtain a certificate of exemption pursuant to a joint resolution by the Alabama legislature.

Section 3. This act shall become effective immediately following its passage and approval by the Governor, or its otherwise becoming law.

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3 Kay Ivey
4 President and Presiding Officer of the Senate

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6 Speaker of the House of Representatives

7 SB24
8 Senate 05-AUG-15
9 I hereby certify that the within Act originated in and passed
10 the Senate, as amended.
11
12 Patrick Harris
13 Secretary
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15

16
17 House of Representatives
18 Passed: 11-AUG-15
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20
21 By: Senator Pittman

APPROVED 8-19-2015
TIME 9:00 AM
Robert Bentley
GOVERNOR

Alabama Secretary Of State
Act Num....: 2015-534
Bill Num...: S-24
Recv'd 08/19/15 01:48pmSAM

ONSOR

Pittman

-SPONSORS

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I hereby certify that the Resolution as required in Section C of Act No. 81-889 was adopted and is attached to the Bill, SB _____.

yeas nays abstain

PATRICK HARRIS, Secretary

I hereby certify that the notice & proof is attached to the Bill, SB _____ as required in the General Acts of Alabama, 1975 Act No. 919.

PATRICK HARRIS, Secretary

CONFERENCE COMMITTEE

Senate Conferees

DATE: 8-5 2015

RD 1 RFD WMGF

REPORT OF STANDING COMMITTEE

This bill having been referred by the House to its standing committee on WMJ was acted upon by such committee in session, and returned therefrom to the House with the recommendation that it be Passed, w/amend(s) _____ w/sub_____.

This 4th day of August, 2015.

Chairperson

DATE: 8-6 2015

RF **RD 2 CAL**

DATE: 20__

RE-REFERRED RE-COMMITTED

Committee _____

I hereby certify that the Resolution as required in Section C of Act No. 81-889 was adopted and is attached to the Bill, SB _____.

YEAS_____ **NAYS**_____

JEFF WOODARD, Clerk

FURTHER HOUSE ACTION (OVER)