



2017

# Alabama Department of Revenue General Summary of State Taxes



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# **Department's Mission Statement**

*The Alabama Department of Revenue will efficiently and effectively administer the revenue laws in an equitable, courteous and professional manner to fund governmental services for the citizens of Alabama.*

## **Introduction**

The *General Summary of State Taxes* is published for the purpose of offering a concise handbook of the revenue sources -- taxes or fees -- currently available to the State of Alabama.

*General Information* of this publication features helpful information about the Alabama Department of Revenue, including the department's website, the duties and responsibilities of the department, descriptions of the various units within the organization, statistical information, and useful contact information.

*Tax Information* outlines the taxes with the statutory or constitutional authority, basis, rate, exemption, payment, and distribution through the 2017 regular session of the Alabama Legislature.

*Revenue Legislation* contains legislative changes made during the 2017 regular session of the Alabama Legislature.

# **General Information**

## **Revenue Department Website**

The Department maintains a website to provide quick and easy access to a variety of state and local tax information including printable tax forms and publications, news and statistics, legal rulings and opinions, tax policy, electronic filing services and taxpayer assistance information. The department's web site address is [www.revenue.alabama.gov](http://www.revenue.alabama.gov).

The Department has a feature called *My Alabama Taxes* (MAT). In MAT taxpayers can register to view their account online. Taxpayers can also file and pay certain business taxes, and print copies of their tax returns and letters. Taxpayers can access MAT by visiting the department's home page and selecting the available link or by going to <https://myalabamataxes.alabama.gov>.

## **Income Tax Refund Inquiry**

Taxpayers can check the status of a refund from their iPhone or Android device by downloading the free *My AL Refund* app from iTunes or Google Play.

## **Taxpayers' Bill of Rights, Uniform Revenue Procedures Act and Taxpayer Advocate**

Section 40-2A-1 et. seq., Code of Alabama 1975, guarantees taxpayers certain rights to uniform application and due process of Alabama's tax laws. It integrates, in a logical sequence, all the procedures and provisions into one chapter and provides an advocate to resolve certain taxpayer matters.

## **Alabama Department of Revenue**

### **Historical Outline**

The current revenue system of the State of Alabama has evolved through a series of legislative enactments dating back to the early 1900s.

One of the earliest revenue organizations was the State Board of Assessment. Composed of the governor, secretary of state, state auditor, and state treasurer, the board was responsible for assessing tangible property of public utilities and public service corporations.

A legislative act of 1898-99 provided for the office of state tax commissioner, whose duties were to "aid revenue officers in the state in the collection of escaped, delinquent, back taxes and licenses, in discovering and prosecuting by civil and criminal penalties and costs all evasions or violations of the revenue laws of this state, and in the perfecting of all tax titles made under laws of this state."

A major organizational change took place in 1915 with the dissolution of the State Board of Assessment and the creation of a State Board of Equalization. This board, which assumed the duties of the State Tax Commission (created in 1907 to directly assess the intangible property of public utilities), was required to assess all tangible and intangible property of public utilities and public service corporations.

The State Board of Equalization lasted until 1919, when the State Tax Commission was re-created. It was at that time that the first attempt was made to undertake the task of direct tax collection. Although an income tax law was passed, the Supreme Court declared the tax unconstitutional.

Also significant in 1919 was the passage of the General Revenue Act, which authorized the State Tax Commission to issue tags to motor vehicle dealers, issue replacement tags, and collect charges for those services. The office of tax adjuster was created as part of this act, but was abolished several years later.

A second Revenue Act, passed in 1923, gave the State Tax Commission the power to directly assess the shares of domestic corporations. During this year, the first of a series of taxes on gasoline was levied.

The next few years brought additional duties to the State Tax Commission with the levying and direct collection of various taxes, among them taxes on tobacco, lubricating oil, gross receipts of rail line transportation companies, sleeping car companies, express companies, hydroelectric energy, and gross receipts of motor buses and automobiles for hire. A license tax for registering foreign securities, in lieu of an ad valorem tax, was provided by the legislature. The first income tax was enacted in 1933.

The passage of a third Revenue Act in 1935 centralized the authority of the State Tax Commission in the areas of assessment and collection. Numerous licenses and taxes which had previously been collected by other state offices were finally placed under the control of the State Tax Commission.

Also resulting from this act was the designation of a member of the State Tax Commission as the state land commissioner. Appointed by the governor, the commissioner administered laws dealing with lands acquired by the state for the non-payment of taxes.

Influential revenue measures were enacted into law beginning with the Special Session in 1936. The first of these was the levy of a one and one-half percent gross receipts tax, which was later repealed and replaced with a two percent sales tax. Since the act approving the sales tax provided for the exemption of many essential commodities, it was referred to as a luxury tax act.

The former State Tax Commission was abolished in 1939 with the creation of the present State Department of Revenue. Several acts resulted in a single executive officer being made Ex-Officio State Land Commissioner, and a Legal Counsel being provided to the department for assistance in tax litigation. Thus, the entire revenue department of the state was joined together under the new commissioner of revenue.

## **General Duties and Responsibilities of the Department**

Included among the duties of the Alabama Department of Revenue are the following:

To inspect and examine at all reasonable business hours any books, documents, records, or papers kept by any person, firm, corporation, trustee, or receiver;

To make all assessments of taxes or penalties which it is authorized to enforce or collect and report the same to the Attorney General;

To have and exercise general and complete supervision and control of the valuation, equalization, and assessment of property, privilege, or franchise and of the collection of all property, privilege, license, excise, intangible, franchise, or other taxes for the state;

To require individuals, partnerships, associations, corporations, trustees, and receivers, and the agents, officers, and employees thereof, to furnish information concerning their capital, funded or otherwise, gross receipts, net profits or income, excess profits, current assets and liabilities, values of franchises, intangibles, value of property, earnings, operating and other expenses, bonds, deeds, conduct of business, and all other facts, records, books, papers, documents, and other information of any kind demanded which may be needful in order to enable the department to ascertain the value and relative burden to be borne by every kind of property in this state and to ascertain the proper amount of license, privilege, excise, corporation, franchise, income, or ad valorem taxes;

To cause the deposition of witnesses residing within or without the state to be taken upon such notice to the interested party, if any, as the department may prescribe, in like manner as depositions of witnesses are taken in actions pending in circuit court, in any matter which the department has authority to investigate and determine. The depositions shall be taken upon a commission issued by the Department of Revenue, or the secretary thereof, in the name of the department, and returnable to the department;

To investigate the tax system of other states; to thoroughly inform itself upon the subject of taxation and of the progress made in other states and counties in improving their tax system, to formulate and recommend such legislation as may be deemed expedient to prevent evasion of existing tax laws and to secure just and equal taxation and improvements in the system of taxation in this state; and

To consult and confer with the Governor upon the subject of taxation and the administration of the laws and progress of the work of the department, and to furnish to the Governor from time to time such information as he may require.

To issue executions and writs of garnishment.

# **Office of the Commissioner of Revenue**

## **Commissioner**

The Commissioner of Revenue serves as the chief executive officer of the Alabama Department of Revenue. The commissioner is appointed by and serves at the pleasure of the governor.

As state revenue commissioner, the commissioner is responsible for the operation and management of the Alabama Department of Revenue. In addition to the administration, collection and enforcement of over 50 state taxes and fees, with annual collections exceeding \$9 billion, the commissioner is also, by law, the Ex-Officio Land Commissioner. As Ex-Officio Land Commissioner, the commissioner must oversee the sales of all property acquired and sold by the state for delinquent property taxes. By law, the Commissioner of Revenue also serves on the State Records Commission, the Alabama Education Authority, the Alabama Public School Corporation, the Enterprise Zone Advisory Council, the State Industrial Development Authority, and the Alabama Commerce Commission.

The appointment, term of office, and qualifications of State Revenue Commissioner are detailed in §40-2-41, Code of Alabama, 1975.

## **Assistant/Deputy Commissioners**

The Assistant/Deputy Commissioners of Revenue are appointed positions and hold offices according to the provisions of the state Merit System as provided by Chapter 26 of Title 36, Code of Alabama, 1975.

Code of Alabama §40-2-44 establishes the office of Assistant Commissioner of Revenue and provides that in the absence of the commissioner, the assistant commissioner will assume the duties of the office of the Commissioner of Revenue.

The Assistant/Deputy Commissioners provide for management continuity and stability for the department irrespective of changes in state administration. Duties include, but are not limited to: the development and communication of major tax policies; the creation and implementation of actions that increase the efficiency and effectiveness of the Revenue Department; liaison functions with the Governor and the Governor's staff; interactions with various legislators, business groups, and professional associations.

## **Secretary**

Duties of the secretary include keeping full and correct minutes and records of all hearings, transactions, proceedings, and findings of the department and other duties as may be required by law or by the department.

## **Legal Counsel**

The Commissioner of Revenue, with the approval of the Attorney General, appoints an attorney as legal counsel for the department who holds office at the pleasure of the Governor. The counsel shall be commissioned as an Assistant Attorney General and, in addition to the powers and duties conferred, have the authority and duties of an Assistant Attorney General; except, that his entire time shall be devoted to the Department of Revenue. He takes the oath required of other assistant attorneys general.

## **Taxpayer Advocate**

The person designated by the Commissioner to assist the taxpayers of the State of Alabama with regard to tax issues resulting from any taxes administered or collected by the department.

# **Department Directory**

## **Alabama Department of Revenue**

Gordon Persons Building  
50 N. Ripley Street  
Montgomery, Alabama 36132

### **Commissioner**

Vernon Barnett

Rm. 4112, Gordon Persons Bldg.  
334-242-1175

## **Office of the Commissioner of Revenue**

### **Deputy Commissioner**

Joe Garrett

Rm. 4112, GPB, 334-242-1175

### **Deputy Commissioner**

Curtis Stewart

Rm. 4112, GPB, 334-242-1175

### **Deputy Commissioner**

Brenda R. Coone

Rm. 4112, GPB, 334-242-1175

### **Deputy Commissioner**

Mike Gamble

Rm. 4112, GPB, 334-242-1175

## **Legal Division**

Mark Griffin, Chief Counsel  
Rm. 3114, GPB  
334-242-9690

## **Tax Policy and**

## **Governmental Affairs**

Kelley Gillikin, Acting Director  
Rm. 4131, GPB  
334-242-1380

## **Taxpayer Advocate**

Brenda Russ, Director  
Rm. 1226, GPB  
334-242-1055

## **Divisions**

### **Business and License Tax Division**

Janet W. Stathopoulos, Director

Randy Winkler, Assistant Director

Rm. 1210, GPB, 334-242-9600

**Business Privilege Licenses, Severance Taxes, (Oil and Gas, Forest Products, Coal, Alabama Uniform Natural Minerals Tax and Local Solid Minerals), Tobacco Taxes (State and County), Escrow and Complimentary Legislation Provisions relating to the Tobacco Master Settlement Agreement, Hazardous Waste Fees, Dog Race Track Pari-Mutuel Pool Tax, State Horse Racing Fee, Underground/Aboveground Storage Tank Trust Fund Charge, Solid Waste Disposal Fees, Gasoline and Diesel Fuels Taxes, Lubricating Oil Tax, Aviation Fuels Tax, Wholesale Oil/Import License Fee, Motor Carrier Mileage Tax, Scrap Tire Environmental Fee, State Inspection Fee, and County Fuel Taxes**

### **Collection Services Division**

Donald J. Graham, Director

John Q. Davis, Assistant Director

Rm. 3143, GPB, 334-242-1220

**Final Assessment Collection, Executions, Garnishments, Seizures, 100% Penalty Assessments**

### **Economic Development**

Kelly Graham

Rm. 4112, GPB, 334-242-1175

### **Human Resources Division**

Linda Ellis, Director

Rm. 4102, GPB, 334-242-1670

### **Individual and Corporate Tax Division**

Kathleen Abrams, Director

Rm. 4212, GPB, 334-242-1103

Craig Davis, Assistant Director, Individual Income Tax Section, Rm. 4212, GPB

Barry Estes, Assistant Director, Business Tax Section, Rm. 4340, GPB

**Individual and Corporate Income Tax, Withholding, Financial Institutional Excise Tax, Business Privilege Tax, Partnership, Fiduciary and Trusts**

**Information Technology Division**

Debbie Hornsby, Director

Gary Graham, Assistant Director, Rm. 1115, 334-353-7634

Rm. 1115, GPB, 334-242-8500

**Investigations Division**

Glen Powers, Director

955 Downtowner Blvd., Mobile, AL, 251-344-4737

**Motor Vehicle Division**

Jay Starling, Director

Sherry Helms, Assistant Director

Montgomery Taxpayer Service Center

2545 Taylor Road, 334-242-9008

**Titles, Motor Vehicle Registration, Mandatory Liability Insurance, International Fuel Tax Agreement, International Registration Plan, Motor Vehicle Dealer, Rebuilder, Wholesaler and Off-Site Licenses, Automotive Dismantler and Parts Recycler License, Buyer's Identification Cards**

**Entity Registration and Processing Services Division**

Anne Glenn, Director

Theodora Davis, Assistant Director

Rm. 1103, GPB, 334-242-1820

Entity Registration – Pamela Hill  
Montgomery Taxpayer Service Center  
2545 Taylor Road, 334-242-1584

**Property Tax Division**

Derrick Coleman, Director

Will Martin, Assistant Director, Rm. 4126, 334-242-1525

Rm. 4103, GPB, 334-242-1525

**Property Tax, Real Property Valuation, Personal Property Valuation, Motor Vehicle Valuation, Public Utility Assessments, Freight Line Equipment Tax, Land Sales**

**Sales and Use Tax Division**

Rouen Reynolds, Director

Ginger Buchanan, Assistant Director, Rm. 4303, 334-242-1490

Rm. 4303, GPB, 334-242-1490

**Sales and Use Taxes, Rental/Leasing Tax, Transient Occupancy Tax, Casual Sales Tax, City and County Sales, Use, Rental/Leasing, and Transient Occupancy Taxes, Utility Taxes, Mobile Communications Tax,**

**TVA Tax, Contractors Gross Receipts Tax, Hospital Assessment for Medicaid, Nursing Facilities Tax, Pharmaceutical Providers Tax, Dry Cleaning Environmental Response Trust Fund Fee, Prepaid Wireless**

**9-1-1 Charge, Simplified Sellers Use Tax Remittance Program**

## *Taxpayer Service Centers*

### PHYSICAL ADDRESSES

**DO NOT USE THESE ADDRESSES FOR MAILING!**  
(Mailing Addresses are shown on the Next Page)

**AUBURN/OPELIKA Service Center**  
3300 Skyway Drive  
Auburn, AL 36830  
Phone (334) 887-9549

**JEFFERSON/SHELBY Service Center**  
2020 Valleydale Road, Suite 208  
Hoover, AL 35244  
Phone (205) 733-2740

**DOTHAN Service Center**  
121 Adris Place  
Dothan, AL 36303  
Phone (334) 793-5803

**GADSDEN Service Center**  
701 Forrest Avenue  
Gadsden, AL 35901  
Phone (256) 547-0554

**HUNTSVILLE Service Center**  
4920 Corporate Dr., Suite H  
Huntsville, AL 35805  
Phone (256) 837-2319

**MOBILE Service Center**  
851 East I-65 Service Road South  
Suite 100  
Mobile, AL 36606  
Phone (251) 344-4737

**MONTGOMERY Service Center**  
2545 Taylor Road  
Montgomery, AL 36117  
Phone (334) 242-2677

**SHOALS Service Center**  
201 South Court Street, Suite 200  
Florence, AL 35630  
Phone (256) 383-4631

**TUSCALOOSA Service Center**  
1434 22nd Avenue  
Tuscaloosa, AL 35401  
Phone (205) 759-2571

**MAILING ADDRESSES**  
For Taxpayer Service Centers

**AUBURN/OPELIKA Service Center**  
3320 Skyway Dr., Ste. 808  
Opelika, AL 36801

**DOTHAN Service Center**  
PO Box 5739  
Dothan, AL 36302-5739

**HUNTSVILLE Service Center**  
PO Box 11487  
Huntsville, AL 35814-1487

**MONTGOMERY Service Center**  
PO Box 327490  
Montgomery, AL 36132-7490

**JEFFERSON/SHELBY Service Center**  
PO Box 1927  
Pelham, AL 35124-1927

**GADSDEN Service Center**  
PO Drawer 1190  
Gadsden, AL 35902-1190

**MOBILE Service Center**  
PO Drawer 160406  
Mobile, AL 36616-1406

**SHOALS Service Center**  
PO Box 219  
Florence, AL 35631-0219

**TUSCALOOSA Service Center**  
PO Box 2467  
Tuscaloosa, AL 35403-2467

# Tax Information

## *Agents Occupational License Tax*

### **Authority**

Amendment 154 of the Constitution of Alabama.

### **Basis**

A foreign corporation whose only business in Alabama is to take and hold mortgages on real property within the state is permitted to do so without qualifying as a foreign corporation.

### **Rate**

Broker, custodian, or agent, pay \$100 for the first year for each foreign corporation represented and \$5 annually thereafter.

### **Payment**

File Form FT 6-2 with the Alabama Department of Revenue, Individual and Corporate Tax Division, prior to engaging in loan activity.

### **Distribution**

General Fund

## *Alabama Accountability Act*

### **Authority**

Acts 2013-64 and 2013-265 of the 2013 Regular Session of the Alabama Legislature.

### **Basis**

Income tax credits for parents of students enrolled in or assigned to attend a failing public K-12 school who transfer to a non-failing public school or nonpublic school in Alabama will be issued using sales tax revenues deposited in the Education Trust Fund by annual transfer into the Failing Schools Income Tax Credit Account.

### **Rate**

Income tax credit for parents of students enrolled in or assigned to attend a failing public K-12 school in Alabama is limited to the lesser of (1) actual costs incurred to transfer a student to a non-failing public school or nonpublic school, or (2) 80% of the annual state cost of attendance for a public K-12 student during the applicable tax year. The student must transfer to a non-failing public school or nonpublic school in order for the parents to be eligible to claim an income tax credit.

Credit for individuals/married couples filing jointly and corporate taxpayers making contributions to Scholarship Granting Organizations (SGOs) that provide education scholarships to qualifying schools is equal to the total contribution to the scholarship organization up to 50% of the tax liability but limited to \$50,000 per individual taxpayer/couple. Tax credit claimed by a corporate taxpayer is equal to 100% of total contributions to the scholarship organization up to 50% of the tax liability; the cumulative amount of the tax credit for contributions to SGOs will not exceed \$30 million per year. The tax credits for both individuals/married couples filing jointly and corporate taxpayers can be carried forward for three years.

## **Payment**

For tax years beginning on or after January 1, 2013, any Alabama income tax credit due a parent of a student enrolled in/assigned to attend a failing school will be issued upon his/her making an application as prescribed by the Department of Revenue. An application for the tax credit will be filed with the department within the time prescribed for filing petitions for refund.

501(c)(3) organizations wishing to become SGOs must apply to the Department of Revenue using a form available on the department's website. The department will make available an electronic system for donors to enter donations to SGOs made during the year. In order to receive a portion of the available \$30 million in scholarship tax credits for a given year, donors must enter the actual scholarship donations and identifying information of the SGO to which the donation was made. Credits will be assigned to donors on a first-come, first-served basis. The allocation of a portion of the available tax credit amount to the donor is conditional, pending verification of the donation by the SGO within 30 days of receipt of the donation.

## **Distribution**

The Revenue Commissioner will annually certify to the Comptroller the amount of income tax credits due to parents, and the Comptroller will transfer into the Failing Schools Income Tax Credit Account only the amount of sales tax revenues sufficient for the Revenue Department to use to cover the income tax credits for the applicable tax year. The Revenue Commissioner will annually distribute the funds in the account to the parents.

## ***Alabama Uniform Natural Minerals Tax***

### **Authority**

Sections 40-13-50 through 40-13-61 Code of Alabama 1975.

### **Basis**

Severing natural minerals in any county of the state for sale and use as tangible personal property. The levy's primary purpose is to compensate counties for use of roads and infrastructure.

### **Rate**

\$ .10 per ton.

### **Exemption**

Lime and limestone used for agricultural purposes and pollution control/abatement; minerals used for certain manufacturing or processing purposes; and marble, iron ore, quartzite, coal, oil and natural gas; minerals that are sold to a purchaser for use outside the state provided such minerals are not transported on public roads in Alabama; severed materials by an operator or producer and moved from one place to another on the same site, or transported to another site owned by the same operator; severed materials used for fill; and chert. Beginning October 1, 2012, a producer who severs materials and sells it to the first purchaser without the materials being transported on a public road shall be exempt from tax, provided that the materials will later be processed into a finished aggregate or limestone product for resale. In this instance, the tax shall be levied on the finished aggregate or limestone product made from the exempt material and shall be remitted by the first purchaser. Additional exemptions effective October 1, 2012: Severed material that is wasted by any manufacturing process provided the material is not transported on a public road in this state and is not sold to another entity; and direct purchases by the federal government and State of Alabama, along with their agencies and political subdivisions, including municipalities, counties, and city and county school boards.

The tax is not operative in Coosa County. (See Local Solid Mineral Taxes.) Geneva, Lamar, Lee, Marshall, and Wilcox counties elected to opt out, and may establish their own levies.

## **Payment**

Tax collected at sale or delivery by producer from the purchaser; or, effective October 1, 2012, upon receipt and processing by the purchaser, and remitted to the Alabama Department of Revenue, Business and License Tax Division, Severance and License Section, not later than the 20th day of the month following the month of transaction.

## **Distribution**

To counties where material is severed.

### ***Alcoholic Beverage Control Revenues***

#### **Authority**

Sections 28-3-43; 28-3-183 through 28-3-205; and 28-7-16, Code of Alabama 1975.

#### **Basis**

Sale of alcoholic beverages, also the license and filing fees required of distillers, manufacturers, wholesalers, and retailers.

#### **Rate**

Beer 5 cents per 12 fluid ounces or fraction thereof.

Local beer taxes 1.625 cents per 4 fluid ounces or fraction thereof.

Liquors and Fortified Wines 56% of cost marked up price.

Table wine containing not more than sixteen and one-half percent (16.5%) alcohol by volume 45 cents / liter (State – 38 cents; Local – 7 cents).

Table wine containing more than sixteen and one-half percent (16.5%) alcohol by volume \$2.42 / liter.

Annual license and rates based on activity and, in some application fee cases, population base.

**Note:** 4% sales tax also applies at time of consumer market purchase and 2% sales tax for the ABC store purchase.

## **Payment**

Paid to Alcoholic Beverage Control Board.

Beer excise taxes are paid by wholesaler based on receipts.

Taxes on liquor and wine sold through state-operated stores are paid by consumer at time of purchase.

Taxes on table wines sold in retail establishments are paid by wholesaler and added to the retail price.

License and application fees paid annually by October 1.

Obtain forms from ABC Board.

### ***Automotive Dismantler and Parts Recycler License***

#### **Authority**

Sections 40-12-410 through 40-12-425, Code of Alabama 1975.

#### **Basis**

Engaging in the business of purchasing and dismantling wrecked, abandoned, or repairable motor vehicles; selling motor vehicles as a unit at wholesale; selling usable parts; or selling the hulk of the motor vehicle after salvageable parts have been removed.

A person is presumed to be engaged in the dismantling and/or parts recycling business if he possesses ten or more inoperable vehicles for more than 30 days.

## **Rate**

License \$225 annually.

## **Payment**

File application, provide applicable bond, and remit fee to the Alabama Department of Revenue, Motor Vehicle Division, by October 31. If renewing the license, payment is delinquent on November 1.

## **Distribution**

General Fund

## ***Aviation Fuel Tax***

### **Authority**

Sections 40-17-325(a) (3), 40-17-326, and 40-17-360, Code of Alabama 1975.

### **Basis**

Fuel used to propel powered aircraft. Tax is imposed upon the withdrawal from the terminal, upon import, or when the product is blended.

## **Rate**

Aviation gasoline \$.095 per gallon

Jet fuel \$.035 per gallon

## **Exemptions/Refunds:**

Section 40-17-329 exempts the following:

- (1) Having first paid the tax owed under Section 40-17-325, an exporter shall have the right to apply to the department on a monthly basis for a refund of the taxes paid to this state on the gallons of motor fuel that are ultimately exported by the exporter. The department will require the exporter to provide proof of payment of the applicable destination state excise taxes before issuing a refund.
- (2) Having first paid the tax owed under Section 40-17-325, a licensed aviation fuel purchaser shall have the right to apply to the department on a monthly basis for a refund of the taxes paid to this state on the gallons of jet fuel sold to a certificated or licensed air carrier that purchases jet fuel within this state and uses the jet fuel to propel aircraft powered by jet or turbine engines operated in scheduled all-cargo operations being conducted on international flights or in international commerce.
- (3) Having first paid the tax to its vendor, the entities listed below shall have the right to apply to the department for a refund on a quarterly basis for any purchases of motor fuel. (Note: These entities that have a Motor Fuel Exemption License may purchase tax-free from a licensed distributor.)

The United States government or any agency thereof.

Any county governing body of this state.

Any incorporated municipal governing body of this state.

City and county boards of education of this state.

The Alabama Institute for Deaf and Blind, the Department of Youth Services school district, and private and church school systems as defined in Section 16-28-1, and which offer essentially the same curriculum as offered in grades K-12 in the public schools of this state.

- (4) Having first paid the tax, a licensed air carrier with a hub operation within this state shall have the right to apply to the department for a refund on a quarterly basis for any purchases of jet fuel used to propel aircraft.

## **Payment**

Paid by 22nd of month following month of transaction to the Alabama Department of Revenue, Business and License Tax Division, Motor Fuels Section. Tax is due on imports acquired at an out-of-state terminal from a supplier who has not pre-collected the tax, on or before the third business day following import using 3-Day Voucher.

## **Distribution**

Department of Transportation

### ***Business Privilege License***

#### **Authority**

Sections 40-12-1 through 40-12-180, Code of Alabama 1975.

#### **Basis**

Engaging in certain businesses, professions, or occupations within Alabama as specified in the Code of Alabama 1975.

#### **Rate**

Rates vary, generally based on the population of the municipality in which the business is located. In some cases the license fee depends on the amount of capital invested; in others, the gross amount of orders or contracts accepted; or other conditions stipulated by the Code of Alabama 1975.

## **Payment**

No tax returns are filed.

Unless otherwise specified, privilege license fees are due and payable by October 1 and delinquent on November 1.

Licenses are issued by the county-issuing authority in the county in which the business, profession, or occupation is conducted.

## **Other**

Businesses, vocations, and occupations may also be subject to various additional county and municipal licensing requirements which vary by location. Municipal licenses are issued and administered by the municipalities.

## **Distribution**

50% – General Fund, unless otherwise stated

50% – County general fund where collected

### ***Business Privilege Tax***

#### **Authority**

Sections 40-14A-21 through 40-14A-29, Code of Alabama 1975.

#### **Basis**

The tax is calculated on net worth plus additions, minus exclusions, times the apportionment factor, less the deductions, which equals taxable net worth.

## **Rate**

The rate is based on the ability to pay and is determined by the entity's federal taxable income in Alabama. The rate ranges from \$.25 to \$1.75 for each \$1,000 of net worth in Alabama.

If taxable income of the taxpayer is:

at least	but less than	the tax rate shall be
\$1	\$1	\$0.25 per \$1,000
\$1	\$200,000	\$1.00 per \$1,000
\$200,000	\$500,000	\$1.25 per \$1,000
\$500,000	\$2,500,000	\$1.50 per \$1,000
\$2,500,000		\$1.75 per \$1,000

## **Payment**

The Business Privilege Tax accrues as of January 1 of every taxable year; or in the case of a taxpayer organized, incorporated, qualified, or registered during the year, or doing business in Alabama for the first time, as of the date the taxpayer qualifies to do business, or begins to do business, in Alabama.

Minimum privilege tax is \$100; plus the \$10 Secretary of State annual report fee for corporations.

Maximum privilege tax is \$15,000 for all years after 2000, unless otherwise stated.

The maximum privilege tax for financial institutions and insurance companies is \$3,000,000 for each tax year.

The maximum privilege tax for an Electing Family Limited Liability Entity is \$500.

The Business Privilege Tax is filed on Form PPT for pass through entities and on Form CPT for all other entity types.

Payment is to be made to the Alabama Department of Revenue, Individual and Corporate Tax Division.

Payment is due by the unextended due date of the entity's corresponding federal return, except for those filing as a financial institution or financial institution group. Calendar year C-corporations, payment would be due April 15. Calendar year S-Corporations, payment would be due March 15. Financial Institution and Financial Institution Groups must remit payment by April 15.

Returns are due for each of these entities by the unextended due dates. However, federal extended due dates will be recognized for the filing of returns for all entities except for those filing as a financial institution or financial institution group. Financial Institution and Financial Institution Groups should file an extended Business Privilege tax return by the due date provided for filing their Financial Institution Excise tax return (Form ET-1 or ET-1C), either July 15 or October 15.

Payment and return for disregarded entities are due not later than the time its owner is required to file.

The initial return, Form BPT-IN, and tax are due two and one-half months after organization, incorporation, registration, qualification or beginning to do business, whichever occurs first.

## **Distribution**

A portion of the privilege tax will be distributed to each county and the remainder will be distributed to the General Fund.

## ***Charter (Filing) Fee***

### **Authority**

Section 10A-1-4.31, Code of Alabama 1975.

### **Basis**

Persons incorporating or registering in this state for the purpose of conducting business.

## **Rate**

\$150 for domestic entity: \$100 for State of Alabama; \$50 for judge of probate

\$150 for foreign entity: \$150 for State of Alabama

## **Payment**

Paid one time to the Judge of Probate of the county in which business is incorporated or to the Secretary of State. Separate checks should be prepared when appropriate: one payable to the State of Alabama covering all charges for the Secretary of State; one payable to the Judge of Probate for all charges for the Judge of Probate.

## **Distribution**

### Domestic Entities:

\$100 – Secretary of State Entity Fund 30%; General Fund 70%

\$50 – Judge of Probate of the county in which the business is incorporated.

### Foreign Entities:

\$150 – Secretary of State Entity Fund 30%; General Fund 70%

## ***Coal Severance Tax***

## **Authority**

Sections 40-13-1 through 40-13-10 and 40-13-30 through 40-13-36, Code of Alabama 1975.

## **Basis**

Severing coal within state.

## **Rate**

\$ .135 per ton; levied under Sec. 40-13-2.

\$ .20 per ton; levied under Sec. 40-13-31.

\$ .025 per ton levied on underground mining\*

\$ .05 per ton levied on surface mining\*

\*Levied on a maximum of 2 million tons. Expires on August 1, 2019.

Per Act 2017-369, effective August 1, 2017

## **Payment**

File with the Alabama Department of Revenue, Business and License Tax Division, Severance and License Section, within 20 days after the end of each calendar month for the previous month's operations.

## **Distribution**

Section 40-13-5 and 40-13-6, Code of Alabama 1975.

The \$.135 per ton levy is first obligated to the State Docks Bulk Handling Facility Trust Fund, for the servicing of bonds issued for dock construction.

For the 2013-2014 fiscal year and for all fiscal years thereafter, monies remaining after payment of servicing the State Dock's bonds, or any anticipated deficiencies in operating the docks shall be distributed as follows:

\$300,000      Alabama Mining Academy

60% transferred by Department of Revenue to the general fund of the county of severance based on the ratio of the \$0.135 per ton coal severance tax collections from within the county to the total coal severance tax collections, except those sent to the Walker County Economic and Industrial Development Authority. Provided, however, the distribution to the Jefferson County General Fund shall be \$500,000.

In addition:

\$100,000	Community Development Foundation, Inc.
\$50,000	Marion County Community Development Association, Inc.
\$50,000	West Alabama Development Association of Fayette County
\$100,000	West Alabama Economic Development Association
\$100,000	Winston County General Fund
Remainder	General Fund

Section 40-13-32, Code of Alabama 1975.

The \$.20 per ton levy is distributed to the counties and municipalities where the coal is severed. The additional tax levy monies are distributed to the Surface Mining Commission.

### ***Contractors Gross Receipts Tax***

#### **Authority**

Section 40-23-50, Code of Alabama 1975.

#### **Basis**

Engaging in the business of contracting to construct, reconstruct or build any public highway, road, bridge, or street within the state.

#### **Rate**

5% of gross receipts.

#### **Payment**

File and remit tax by the 20th of each month with the Alabama Department of Revenue, Sales and Use Tax Division, for the previous month's receipts.

#### **Distribution**

85% – Special Mental Health Fund  
15% – Pensions and Security Trust Fund

### ***Corporate Income Tax***

#### **Authority**

Sections 40-18-1 through 40-18-59 and 40-18-160 through 40-18-176, Code of Alabama 1975.

Sections 40-27-1 through 40-27-6, Code of Alabama 1975.

#### **Basis**

Corporations – Net taxable income from business within the state.

For tax years beginning on or after January 1, 2011, Alabama income is determined by a four-factor apportionment formula (property, payroll, and twice the sales factor).

### **Constitutional Provisions**

Amendment No. 212 to the Constitution of Alabama of 1901 (proclaimed ratified December 18, 1963) increased allowable maximum corporate income tax rate to 5%, with deduction allowed for all federal income taxes paid. Taxes due by foreign corporations are to be based on income derived from sources within Alabama. (Further amended by Amendment No. 662.)

Amendment No. 662 to the Constitution of Alabama of 1901 (proclaimed ratified June 19, 2000) increased the corporate income tax rate to 6.5% beginning in calendar year 2001.

## **Rate**

6.5% of annual net income with a deduction allowed for federal income tax paid or accrued.

## **Payment**

For Corporations on a calendar year, the due date for the return and payment is the 15th day of the fourth month after year-end.

For Corporations on a fiscal year other than a calendar year and June 30 year end, the due date for the return and payment is the 15th day of the fourth month following the end of the corporation's fiscal year.

For Corporations with a fiscal year ending on June 30, the due date for the return and payment is the 15th day of the third month following the end of the fiscal year.

Federal extended due dates will be recognized for the return, but not for any payment due.

Corporations with an anticipated tax liability of \$500 or more shall file and pay estimates on a quarterly basis by April 15, or by the 15th day of the fourth month of the fiscal year. The second, third, and fourth installments are due and payable on the 15th day of the sixth, ninth, and twelfth months of the fiscal year.

Quarterly estimates and payments shall equal at least 100% of the estimated tax.

Corporations file Form 20C with the Alabama Department of Revenue, Individual and Corporate Tax Division.

S corporation: Any corporation (except financial institutions) filing as a federal S corporation must file as an Alabama S corporation. Use Form 20S. Return and any tax due should be remitted on or before the 15th day of third month following close of accounting period. Any S corporation with nonresident shareholders who have not executed a Nonresident Agreement must pay the nonresident shareholders' tax. Use Form PTE-C. Form and any tax due should be remitted on or before the 15th day of the third month following close of S corporation accounting period. File with the Alabama Department of Revenue, Individual and Corporate Tax Division.

## **Distribution**

Education Trust Fund

## ***Deeds and Assignments***

### **Authority**

Sections 40-10-1 through 40-10-143, Code of Alabama 1975.

(Sale of real property because of property tax delinquency.)

### **Basis**

Voluntary payment by interested parties upon their purchase of the state's (which included the delinquent tax of all jurisdictions, plus all fees, interest, etc.) interest in real property which was acquired pursuant to judicial sale for non-payment of property tax.

Rate Sale amount is the accumulated delinquent tax (on the same basis as general property taxes), fees, and costs incurred in the sale to the state and interest on the taxes, fees, and costs at 12% per year from the date of delinquency.

## **Payment**

Applications to purchase the state's interest in tax-delinquent property are accepted by the State Land Agent in the Property Tax Division. The applicant is then quoted the amount necessary to acquire the state's interest.

Upon remittance of the appropriate amount, the purchaser will either be assigned the Certificate of Sale held by the state or be given a tax deed to the property, depending on whether the administrative redemption period has expired.

## **Distribution**

All property taxing jurisdictions receive their proportional share of the taxes and interest on the taxes. Fees, and interest on the fees, are received by the official who levied the fee. Costs, and interest on the costs, are deposited in the General Fund.

### ***Dry Cleaning Environmental Response Trust Fund Fee***

#### **Authority**

Section 22-30D-1 through 22-30D-12, Code of Alabama 1975.

#### **Basis**

Voluntary payment by dry cleaning owners or operators, wholesale distributors selling dry cleaning agents, owners of abandoned dry cleaning facilities, and impacted third parties to a trust fund benefiting a dry cleaning industry self-insurance program to cover the costs of investigating, assessing and remediating dry cleaning contamination.

#### **Rate**

Dry cleaning owners or operators who establish a new dry cleaning facility shall pay a one-time registration fee equal to \$5,000 for the first year of operation, and for the second year of operation, shall pay an annual registration fee equal to the greater of \$5,000 or 2% of the gross receipts earned the prior year. For each year thereafter, the new owner or operator shall pay an annual registration fee equal to 2% of the gross receipts earned in the state during the prior calendar year, not to exceed a total of \$25,000 per year.

Dry cleaning owners or operators, who acquire an existing dry cleaning facility, shall pay an annual registration fee equal to 2% of the gross receipts earned in the state by the prior owner or operator during the prior calendar year, not to exceed a total of \$25,000 per year.

Wholesale distributors, annual registration fee of \$5,000.

Abandoned dry cleaning facility owners and impacted third parties, registration fee equal to \$5,000 per year per site.

#### **Payment**

Dry cleaning owners or operators -- file return on or before April 19, annually, to the Alabama Department of Revenue, Sales and Use Tax Division. Payments due in one-fourth increments on April 1, July 1, October 1, and January 1, becoming delinquent on the 20th day of each said month.

Wholesale distributors -- return and annual fee due April 1, becoming delinquent on the 20th day of April.

Abandoned dry cleaning facility owners and impacted third parties April 1, becoming delinquent on the 20th day of April.

## **Distribution**

Alabama Dry Cleaning Environmental Response Trust Fund.

#### **Estate Tax**

Estate Tax in Alabama is linked, constitutionally, to the Federal Estate Tax. The federal Economic Growth and Tax Relief Reconciliation Act of 2001 mandated the phase out of the “Credit for State Death Taxes” on federal Estate Tax Return (Form 706). This is the amount that Alabama collected as Estate Tax. Because of this mandated phase out, decedents who die after 12/31/2004 have no Estate Tax liability to the State of Alabama and are not required to file an Estate Tax Return with the State of Alabama.

## ***Fiduciary Income Tax***

### **Authority**

Section 40-18-25, Code of Alabama 1975.

### **Basis**

Taxable net income earned from all sources by resident estates or trusts. Income with business situs in Alabama or from real property located in Alabama by non-resident trusts and estates.

### **Rate**

When adjusted gross income is \$1,500 or more; 2% on the first \$500 of taxable income, 4% on the next \$2,500, and 5% on all over \$3,000.

### **Payment**

Returns filed with Alabama Department of Revenue, Individual and Corporate Tax Division, by April 15, except when filed on fiscal year basis which are due 105 days after the close of the fiscal year. Estimated payments are not required by law.

### **Exemption**

Exemption credit of \$1,500 on net income.

### **Distribution**

Education Trust Fund

## ***Financial Institutions' Excise Tax***

### **Authority**

Sections 40-16-1 through 40-16-8, Code of Alabama 1975.

### **Basis**

Excise tax measured by net income of bank, banking association, trust company, credit card company, building, and loan association, industrial or other loan company doing business in Alabama. For tax years beginning after December 31, 1999, multistate corporations shall allocate and apportion income to the state of Alabama.

### **Rate**

6.5% of taxable income.

### **Payment**

File Form ET-1 with the Alabama Department of Revenue, Individual and Corporate Tax Section, by April 15.

### **Distribution**

25% – General Fund

25% – counties of origin

50% – cities of origin

## ***Forest Products' Severance Tax***

### **Authority**

Sections 9-13-80 through 9-13-108, Code of Alabama 1975.

### **Basis**

Owning timber prior to severance and severing timber or other forest products for sale, profit, or commercial use.

### **Rate**

Effective July 1, 2017

Pine Logs received by a concentration yard, manufacturer, or processor	\$ .10/ton
Pine Logs exported out-of-state	\$ .10/ton
Logs-All Other Species received by a concentration yard, manufacturer, or processor	\$ .065/ton
Logs-All Other Species exported out-of-state	\$ .065/ton
Pulpwood received by a concentration yard, manufacturer, or processor	\$ .10/ton
Pulpwood exported out-of-state	\$ .10/ton
Stumpwood received by a manufacturer	\$ .125/ton
Stumpwood exported out-of-state	\$ .125/ton
Poles/Pilings received by a concentration yard or manufacturer	\$ .205/ton
Poles/Pilings exported out-of-state	\$ .205/ton
Inwoods Pulpwood Chips received by a concentration yard or manufacturer	\$ .10/ton
Inwoods Pulpwood Chips exported out-of-state	\$ .10/ton

There is also a privilege tax of 50% of the severance tax above, against manufacturers using forest products in the manufacturing process. This tax applies to manufacturers located only within this state.

### **Payment**

File with the Alabama Department of Revenue, Business and License Tax Division, Severance and License Section, within 30 days after the expiration of each quarterly period during the calendar year.

### **Distribution**

State Forestry Commission – Special State Forestry Fund.

## ***Freight Line Equipment Companies Tax***

### **Authority**

Section 40-21-52, Code of Alabama 1975, as limited by U.S. Congress Railroad Revitalization and Regulatory Reform Act.

### **Basis**

Reasonable value (allocated on a mileage basis) of private railroad cars operated, rented, or leased in this state for the transportation of freight.

### **Rate**

3-1/2% of 20% of the market value of the number of cars within the state during the preceding fiscal year.

## **Payment**

File Form U3-1 with the Alabama Department of Revenue, Property Tax Division, Utilities Section, by March 1. Tax liability established by the Property Tax Division and payable within 30 days of prescribed date, unless appealed by taxpayer.

## **Distribution**

General Fund

### ***Gasoline and Diesel Fuel Taxes***

#### **Authority**

Sections 40-17-320 through 40-17-363, Code of Alabama 1975.

#### **Basis**

Gasoline and diesel fuel sold at the terminal rack, imported into Alabama, or blended with a motor fuel product.

#### **Rate**

Gasoline: \$.18 per gal. Effective October 1, 2016 Sec. 40-17-325 (a) (1) (Comprised of \$.07, \$.05 and \$.06 levies)

Diesel Fuel: \$.19 per gal. Sec. 40-17-325 (a) (2) (Comprised of \$.13 and \$.06 levies)

#### **Exemption**

Section 40-17-329 exempts the following:

- (1) All motor fuel exported from this state for which proof of export is available in the form of a terminal issued destination state shipping document that is (a) exported by a supplier who is licensed in the destination state or (b) is sold by a supplier to a licensed exporter for immediate export to a state for which the applicable destination state motor fuel excise tax has been collected by the supplier who is licensed to remit the tax to the destination state. This exemption shall not apply to any motor fuel which is transported and delivered outside this state in the motor fuel supply tank of a highway vehicle.
- (2) All K-1 Kerosene or aviation jet fuel that is produced at a refinery in this state and is either exported from this state directly by the operator of that refinery or is sold for immediate export by the operator to a licensed exporter. In either case proof of export is to be available in the form of a terminal destination state shipping document and in addition all relevant sales documents are to reference the product known as "K-1 Kerosene" or "aviation jet fuel" as applicable.
- (3) All sales of dyed diesel fuel.
- (4) Gasoline blendstocks or cellulosic biofuel when sold to (a) a licensed supplier or (b) a person who will not be using the blendstocks or cellulosic biofuel in the manufacture of gasoline or as a motor fuel, as evidenced by the exemption certificate prescribed under regulations promulgated under Section 4081, Title 26 of the United States Code.
- (5) All motor fuel sold by a licensed supplier or licensed permissive supplier to an exempt agency electing to be licensed under Section 40-17-332.
- (6) Motor fuel that is delivered by a licensed supplier from one terminal to another terminal when ownership in the motor fuel has not changed, or by a licensed supplier from a terminal to a refinery operated by the licensed supplier.
- (7) Having first paid the tax owed under Section 40-17-325, Code of Alabama 1975, a licensed aviation fuel purchaser shall have the right to apply to the department on a monthly basis for a refund of the taxes paid to

the state of Alabama on the gallons of jet fuel sold to a certificated or licensed air carrier that purchases jet fuel within Alabama and uses the jet fuel to propel aircraft powered by jet or turbine engines operated in scheduled all-cargo operations being conducted on international flights or in international commerce.

- (8) Having first paid the tax to its vendor, the entities listed below shall have the right to apply to the department for a refund on a quarterly basis for any purchases of motor fuel. (Note: These entities that have a Motor Fuel Exemption License may purchase tax-free from a licensed distributor or through a credit card issuer.)

The United States government or any agency thereof.

Any county governing body of this state.

Any incorporated municipal governing body of this state.

City and county boards of education of this state.

The Alabama Institute for Deaf and Blind, the Department of Youth Services' school district, and private and church school systems as defined in Section 16-28-1, and which offer essentially the same curriculum as offered in grades K-12 in the public schools of this state.

- (9) Having first paid the tax owed under Section 40-17-325, Code of Alabama 1975, an exporter shall have the right to apply to the department on a monthly basis for a refund of the taxes paid to this state on the gallons of motor fuel that are ultimately exported by the exporter. The department will require the exporter to provide proof of payment of the applicable destination state excise taxes before issuing a refund.  
Certain counties and cities levy additional gasoline and diesel fuels taxes ranging from \$.005 to \$.06 per gallon.

## **Payment**

File and remit by the 22nd day of the month following the month of sale or other activity to the Alabama Department of Revenue, Business and License Tax Division, Motor Fuels Section. Tax is due on imports acquired at an out-of-state terminal from a supplier who has not pre-collected the tax, on or before the third business day following import using 3-Day Voucher.

## **Distribution**

Gasoline:

1.23% of the \$.12 levy goes to the Conservation Department.

35% of 1% of the \$.12 levy is credited to the Water Safety Fund and the Seafood Fund.

70% of 1% of the \$.12 levy is credited to the Game and Fish Fund.

18% of 1% of the \$.12 levy is credited to the Water Safety Fund and the Seafood Fund.

60% of the \$.05 supplemental tax goes to the State Road and Bridge Fund.

Remaining 40% is distributed according to the 45%/55% pattern below.

The balance of the \$.12 levy and 2/3 of the \$.06 gasoline levy are distributed as follows:

1. 45% to the State Road and Bridge Fund. The distributions to the Game and Fish Fund (70%) and the distributions to the Water Safety Fund and the Seafood Fund (18%) are deducted from the State Road and Bridge Fund.

2. 55% to be shared by the counties and their municipalities as follows:

(a) 25% of the net tax proceeds are distributed equally to the 67 counties;

(b) 30% of the net tax proceeds are allocated to the 67 counties based on population.

(1) 10% of the counties' share received shall be allocated to each municipality therein, based on a population ratio.

(2) Remaining portion to the county.

1/3 of the \$.06 gasoline levy is distributed to the Inspection Fee Fund which is further distributed by the State Treasurer as follows:

1. 5% or no less than \$175,000, whichever is greater, to the Agricultural Fund.
  - (a) 13.87% of balance of proceeds distributed equally to the counties.
  - (b) \$408,981 distributed to Department of Transportation Public Road and Bridge Fund.
  - (c) 2.76% of balance of proceeds allocated among the incorporated municipalities.
  - (d) 5% of balance of proceeds after distributions to (a) and (c) is distributed to Agricultural Fund.
  - (e) 2 1/2% of balance of proceeds after (a), (b), (c), and (d) or no less than \$87,500, whichever is greater, is distributed to the Department of Revenue.
  - (f) Balance after (a), (b), (c), (d), and (e) is distributed to the Department of Transportation Public Road and Bridge Fund, as provided in Section 8-17-91, Code of Alabama, 1975.

#### Motor Fuels:

The \$.13 and \$.06 levies are distributed as follows:

\$.13 to Department of Transportation

\$.06 as follows:

.93% of net collections is allocated among the incorporated municipalities of the state and distributed as provided in Section 8-17-91(a) (2) c.

4.69% distributed equally among each of the 67 counties of the state monthly.

Balance paid to the State Treasury to be used for highway purposes by the State Department of Transportation.

### ***Hazardous Waste Fee***

#### **Authority**

Sections 22-30B-1 through 22-30B-20, Code of Alabama 1975.

#### **Basis**

Fee on operators of commercial sites for the disposal of hazardous waste or hazardous substance for each ton of waste or substance received for disposal at such sites.

Rates at the commercial facility located at Emelle, Alabama:

\$5.50/ton: waste listed under Section 3001 of the RCRA of 1976 as amended and “PCB” waste

\$5.50/ton: all other waste

\$1.00/ton: additional fee on all wastes or substances

In addition to the above fees, Sumter County also levies \$2.00 per drum or \$5.00 per ton on waste disposed of at the Emelle disposal facility.

#### **Payment**

State Fee – File and remit to the Alabama Department of Revenue, Business and License Tax Division, Severance and License Section. Payment is due by the 30th of the month following receipt of hazardous waste or substance for disposal.

County Fee – File and/or remit the county fees to the county in which the site is located.

#### **Distribution**

\$5.50/t RCRA/PCB Base Fee - Both \$5.50 rates will be used to meet the annual guarantee amount of \$4.2 million to the county. After the \$4.2 million is met, any remaining amounts are to be split 50/50 between the General Fund and the County.

\$5.50/t All Other Waste - Both \$5.50 rates will be used to meet the annual guarantee amount of \$4.2 million to the county. After the \$4.2 million is met, any remaining amounts are to be split 50/50 between the General Fund and the County.

\$1.00/ton - All to Alabama Hazardous Substance Cleanup Fund.

### ***Hospital Assessment for Medicaid Tax***

#### **Authority**

Sections 40-26B-70 through 40-26B-88, Code of Alabama 1975.

#### **Basis**

Privately operated hospitals in the state of Alabama that are funded through the Alabama Medicaid program are taxed according to their net patient revenue. The assessment is a cost of doing business as a privately operated hospital in the State of Alabama

#### **Rate**

5.5% of the net patient revenue in fiscal year 2014.

#### **Payment**

Assessment amounts are to be paid in equal quarterly installments by the tenth working day of each quarter of the state's 2017 fiscal year. This program will end after the final payment date of July 2017, unless extended by act of the legislature. Remit fees to the Alabama Department of Revenue, Sales and Use Tax Division through Alabama Interactive.

### **Distribution**

Alabama Medicaid Agency

### ***Hydroelectric KWH Tax***

#### **Authority**

Section 40-21-56, Code of Alabama 1975.

#### **Basis**

Privilege tax on the manufacture and sale of hydroelectric power within Alabama.

#### **Rate**

2/5 mill on each kilowatt hour of hydroelectric power manufactured and sold.

#### **Payment**

Pay by September 25 on power sold during prior calendar year. File Form FT: 5-4 with the Alabama Department of Revenue, Sales and Use Tax Division.

### **Distribution**

58% – Special Mental Health Fund

42% – Education Trust Fund

### ***Illegal Drug Tax***

#### **Authority**

Sections 40-17A-1 through 40-17A-16, Code of Alabama 1975.

## **Basis**

Excise tax on illegal possession, distribution, sales, use, and other transactions involving certain drugs or controlled substances.

## **Rate**

### Cost Per Stamp

Grams	Marijuana	Controlled Substance by Weight
1	\$ 3.50	\$ 200
5	\$17.50	\$1,000
10	\$35.00	\$2,000
20	\$70.00	\$4,000

### Cost Per Stamp

Dosage	Controlled Substance
Units	Not by Weight
50	\$ 2,000
100	\$ 4,000
500	\$20,000
1,000	\$40,000

## **Payment**

Forms for the purchase of stamps may be obtained from any Alabama Department of Revenue Taxpayer Service Center.

Stamps may be obtained from the Investigations Division located in Montgomery.

### Mail orders:

R.I.D.S.  
2545 Taylor Road  
Montgomery, AL 36117

## **Distribution**

General Fund

## ***Income Tax Withholding***

### **Authority**

Sections 40-18-70 through 40-18-91, Code of Alabama 1975.

This is a component of Individual Income Tax.

## **Basis**

Wages as defined under laws of the United States in effect July 1, 1982, reduced by optional standard deduction provided by Section 40-18-15, Code of Alabama 1975, federal income tax liability, and personal and dependent exemption granted under Section 40-18-19.

## **Rate**

Persons claiming single or zero exemption: 2% on first \$500 of taxable wages, 4% on next \$2,500, and 5% on all over \$3,000.

Persons claiming married exemption: 2% on first \$1,000 of taxable wages, 4% on next \$5,000, and 5% on all over \$6,000.

## **Payment**

All employers file Form A-1 by the last day of month following close of each quarter.

Employers who withhold \$1,000 or more during first or second months of quarter should file Form A-6 by the 15th of the month following the month in which \$1,000 or more is withheld with the Alabama Department of Revenue, Individual and Corporate Tax Division.

## **Distribution**

See *Individual Income Tax*.

## ***Individual Income Tax***

### **Authority**

Sections 40-18-1 through 40-18-30 and 40-18-40 through 40-18-59, Code of Alabama 1975.

### **Basis**

Taxable net income earned from all sources by residents.

### **Constitutional Provisions**

Amendment No. 25 to the Constitution of Alabama of 1901 (proclaimed ratified August 2, 1933) authorized the legislature to levy and collect taxes on taxable, individual income at a rate not to exceed 5%.

It further provides for minimum personal exemptions of \$1,500 for single taxpayers, \$3,000 for joint filers; and, a minimum dependent exemption of \$300 for each dependent.

Amendment No. 61 to the Constitution of Alabama of 1901 (proclaimed ratified September 11, 1947) provided for distribution of income tax receipts to (1) replace revenue lost to the funds affected by the state homestead exemption; and (2) the Education Trust Fund to be used only for the payment of public school teachers' salaries.

Amendment No. 225 to the Constitution of Alabama of 1901 (proclaimed ratified December 13, 1965) provided deduction for federal income taxes paid by individual taxpayers.

## **Rate**

Single persons with adjusted gross income of \$4,000, head of family with adjusted gross income of \$7,700, and married persons filing separate returns with adjusted gross income of \$5,250 or more; 2% on first \$500 of taxable income, 4% on next \$2,500, and 5% on all over \$3,000.

Married persons filing a joint return with adjusted gross income of \$10,500 or more; 2% on first \$1,000, 4% on next \$5,000, and 5% on all over \$6,000.

## **Payment**

Taxpayers that reasonably expect to owe \$500 or more shall file and pay estimated tax quarterly and must remit one-fourth of the estimated amount due on the 15th of April, June, September, and January.

Returns filed with Alabama Department of Revenue, Individual and Corporate Tax Division, by April 15, except if fiscal year basis, which is due 105 days after close of fiscal year.

Individuals who have a balance due after credit is allowed for payments on an estimate and tax withheld must remit payment when returns are filed.

## Deduction

The standard deduction is based on the filing status and the adjusted gross income.

Head of Family		Single			
Alabama AGI	Standard Deduction	Alabama AGI	Standard Deduction		
0	20,499	4,700	0	20,499	2,500
20,500	20,999	4,565	20,500	20,999	2,475
21,000	21,499	4,430	21,000	21,499	2,450
21,500	21,999	4,295	21,500	21,999	2,425
22,000	22,499	4,160	22,000	22,499	2,400
22,500	22,999	4,025	22,500	22,999	2,375
23,000	23,499	3,890	23,000	23,499	2,350
23,500	23,999	3,755	23,500	23,999	2,325
24,000	24,499	3,620	24,000	24,499	2,300
24,500	24,999	3,485	24,500	24,999	2,275
25,000	25,499	3,350	25,000	25,499	2,250
25,500	25,999	3,215	25,500	25,999	2,225
26,000	26,499	3,080	26,000	26,499	2,200
26,500	26,999	2,945	26,500	26,999	2,175
27,000	27,499	2,810	27,000	27,499	2,150
27,500	27,999	2,675	27,500	27,999	2,125
28,000	28,499	2,540	28,000	28,499	2,100
28,500	28,999	2,405	28,500	28,999	2,075
29,000	29,499	2,270	29,000	29,499	2,050
29,500	29,999	2,135	29,500	29,999	2,025
30,000 and over	2,000		30,000 and over	2,000	

Married Filing Joint		Married Filing Separate			
Alabama AGI	Standard Deduction	Alabama AGI	Standard Deduction		
0	20,499	7,500	0	10,249	3,750
20,500	20,999	7,325	10,250	10,499	3,662
21,000	21,499	7,150	10,500	10,749	3,574
21,500	21,999	6,975	10,750	10,999	3,486
22,000	22,499	6,800	11,000	11,249	3,398
22,500	22,999	6,625	11,250	11,499	3,310
23,000	23,499	6,450	11,500	11,749	3,222
23,500	23,999	6,275	11,750	11,999	3,134
24,000	24,499	6,100	12,000	12,249	3,046
24,500	24,999	5,925	12,250	12,499	2,958
25,000	25,499	5,750	12,500	12,749	2,870
25,500	25,999	5,575	12,750	12,999	2,782
26,000	26,499	5,400	13,000	13,249	2,694
26,500	26,999	5,225	13,250	13,499	2,606
27,000	27,499	5,050	13,500	13,749	2,518
27,500	27,999	4,875	13,750	13,999	2,430
28,000	28,499	4,700	14,000	14,249	2,342
28,500	28,999	4,525	14,250	14,499	2,254
29,000	29,499	4,350	14,500	14,749	2,166
29,500	29,999	4,175	14,750	14,999	2,078
30,000 and over	4,000		15,000 and over	2,000	

## Exemption

Single or married person filing a separate return – \$1,500.

Married persons filing a joint return and head of family – \$3,000.

Dependents – \$1,000 each for adjusted gross income \$20,000 and under, \$500 each if adjusted gross is \$20,001 but under \$100,000 and \$300 each if adjusted gross income is over \$100,000.

## Distribution

Replaces state property tax lost due to the homestead exemption; remainder to Education Trust Fund.

## Inspection Fee

## Authority

Sections 8-17-80 through 8-17-102, Code of Alabama, 1975

## **Basis**

First sale or import of dyed diesel fuel, dyed kerosene, or lubricating oil in Alabama. Gasoline or undyed diesel sold by a supplier or permissive supplier at the rack to a licensed exempt entity other than the federal government, or dyed diesel or dyed kerosene sold to an importer that does not have a valid inspection fee permit.

## **Rate**

### Section 8-17-87

dyed diesel fuel - \$.02 per gal, dyed kerosene - \$.01 per gal, lubricating oil - \$.15 per gal, gasoline or undyed diesel fuel sold by a supplier at the rack to a licensed exempt entity other than the federal government - \$.02 per gal, dyed diesel fuel or dyed kerosene used to operate maritime vessels, tractors for agricultural purposes, or railroad locomotives, or used in the treatment or preservation of wood products - \$.00025 per gal

## **Exemption**

### Section 8-17-87

Aviation gas and jet fuel

### Section 8-17-99

Dyed Diesel Fuel or Dyed Kerosene

Federal Government

Exports by bonded distributor

Sales to other bonded distributors

Sales for use in turbines or steam boilers

Lubricating Oil

Federal Government

Exports by bonded distributor

Sales to other bonded distributors

## **Distribution**

Distributed to the Inspection Fee Fund which is further distributed by the State Treasurer as follows:

5% or no less than \$175,000, whichever is greater, to the Agricultural Fund.

(a) 13.87% of balance of proceeds distributed equally to the counties.

(b) \$408,981 distributed to Department of Transportation Public Road and Bridge Fund.

(c) 2.76% of balance of proceeds allocated among the incorporated municipalities.

(d) 5% of balance of proceeds after distributions to (a) and (c) is distributed to Agricultural Fund

(e) 2 1/2% of balance of proceeds after (a), (b), (c), and (d) or no less than \$87,500, whichever is greater, is distributed to the Department of Revenue.

(f) Balance after (a), (b), (c), (d), and (e) is distributed to the Department of Transportation Public Road and Bridge Fund, as provided in Section 8-17-91, Code of Alabama, 1975.

## ***International Fuel Tax Agreement***

## **Authority**

Sections 40-17-150 and 40-17-270 through 40-17-275, Code of Alabama 1975.

## **Basis**

Motor carriers operating in interstate commerce with a qualified motor vehicle. A qualified motor vehicle is one which has two axles and a gross vehicle weight or registered gross vehicle weight exceeding 26,000 pounds, has three or more axles regardless of weight, and is used in combination, when the weight of the combination exceeds 26,000 pounds gross vehicle or registered gross vehicle weight; shall be subject to this tax. Motor

carriers with motor vehicles which are operated or caused to be operated wholly within Alabama are exempt from this tax.

## **Rate**

Any motor carrier meeting the above requirements shall pay an annual fee per vehicle to obtain identification decals. The fee for the decals is \$17.00 per set.

Excise tax upon motor fuels used in the operation of a motor carrier in Alabama shall be at the same rate per gallon as provided in Section 40-17-325.

## **Payment**

Every motor carrier must electronically file IFTA quarterly tax returns with the Alabama Department of Revenue, Motor Vehicle Division, before the last day of April, July, October, and January. Payments of \$750 or more must be remitted electronically.

## **Distribution**

That portion of revenues attributable to gasoline taxes shall be distributed in the manner prescribed for gasoline taxes levied under Section 40-17-359.

That portion of revenues attributable to motor fuel (diesel) taxes shall be distributed in the manner prescribed for motor fuel (diesel) taxes levied under Section 40-17-361.

(See Gasoline and Diesel Fuel Taxes)

## ***International Registration Plan***

### **Authority**

Section 32-6-56, Code of Alabama 1975.

### **Basis**

Motor carriers operating in interstate commerce with a qualified motor vehicle. A qualified motor vehicle is one which has two axles and a gross vehicle weight or registered gross vehicle weight exceeding 26,000 pounds; or has three or more axles regardless of weight; or is used in combination, when the weight of the combination exceeds 26,000 pounds gross vehicle or registered gross vehicle weight. Registrants are issued an apportioned license plate and a cab card.

## **Rate**

Registration fees are dependent on mileage traveled in IRP member jurisdictions, the fee structure of the member jurisdictions and the number of months the vehicle(s) is to be registered. Alabama fees are apportioned based on the fee schedule provided in Section 40-12-248.

## **Payment**

Registrations are renewed on a staggered basis from January through November through the Alabama Department of Revenue, Motor Vehicle Division. Payments of \$750 or more must be remitted electronically.

## **Distribution**

### Base amount:

72% – Road and Bridge Fund

21% – city or county of residence

7% – counties and cities

**Additional amount:**

64.75% – Road and Bridge Fund

35.25% – counties

***Local Solid Minerals Taxes***

**Authority**

Coosa County      Act 99-544

Jackson County      Acts 79-349 and 97-220

Marshall County      Act 81-482

**Basis**

Coosa County levies a tax on sand, clay, silt, loam, dirt, gravel, rock, sand-gravel, and sand-clay. Jackson and Marshall Counties levy a tax on coal severed within their counties.

**Rate**

\$.25 per ton (Coosa County)

\$.20 per ton (Jackson and Marshall Counties)

**Payment**

File with the Alabama Department of Revenue, Business and License Tax Division, Severance and License Section, within 20 days after the end of each calendar month for the previous month's operations.

***Lubricating Oils Tax***

**Authority**

Sections 40-17-170 through 40-17-186; 40-17-220 through 40-17-223 and 40-17-225, Code of Alabama 1975.

**Basis**

Selling, distributing, or withdrawing from storage in Alabama, for any use, lubricating oils or greases (does not include products commercially known as "fuel oils" or "crude oil.")

**Rate**

\$.02 per gal. levied under Sec. 40-17-171.

\$.04 per gal levied under Sec. 40-17-220.

\$.06 per gal. total

(Eight pounds of grease equals one gallon.)

**Exemption**

The U.S. Government, governing bodies of counties and incorporated municipalities, city and county boards of education, the Alabama Institute for Deaf and Blind, the Department of Youth Services school district, and private and church schools as defined in Section 16-28-1 are exempt from the \$.02/gallon tax levied under Section 40-17-171.

Governing bodies of counties and incorporated municipalities, city and county boards of education, U.S. Government, sales for use in off-road vehicles, aircraft, ships, vessels, barges, railroad locomotives, and railroad equipment, private and church school systems as defined in Section 16-28-1, Alabama Institute for Deaf and Blind, Department of Youth Services, and lubricating products sold for agricultural purposes are specifically exempt from the \$.04/gallon tax levied under Section 40-17-220.

## **Payment**

File and remit to the Alabama Department of Revenue, Business and License Tax Division, Motor Fuels Section, by 20th of month following month of transaction.

## **Distribution**

\$ .02 revenues – General Fund

\$ .04 revenues:

45% – State Road and Bridge Fund

55% – to be shared by the counties and their municipalities as follows:

(a) 25% of the net tax is distributed equally to the 67 counties;

(b) 30% of the net tax is allocated to the 67 counties based on population.

1. 10% of county's share received shall be allocated to each municipality therein, based on a population ratio.

2. Remaining portion to the county.

## ***Mandatory Liability Insurance (MLI)***

### **Authority**

Sections 32-7A-1 through 32-7A-26 and Sections 32-7B-1 through 32-7B-7, Code of Alabama 1975.

### **Basis**

No person shall operate, register, or maintain registration of, and no owner shall permit another person to operate, register, or maintain registration of, a motor vehicle designed to be used on a public highway unless the motor vehicle is covered by a liability insurance policy, commercial automobile liability insurance policy, motor vehicle liability bond, or deposit of cash. The insurance policy must provide a minimum of \$25,000 for bodily injury/death liability for one person in an accident, \$50,000 for all injuries/deaths in an accident, and \$25,000 for property damage in an accident in accordance with Section 32-7-6, Code of Alabama 1975.

The policy must be an Alabama policy issued by an insurance company qualified to issue motor vehicle liability insurance in Alabama.

### **Rate**

If it is determined that a vehicle was not insured in accordance with the MLI law, the department will suspend the motor vehicle registration. The registration reinstatement fee will be \$200 for the first suspension, and the owner will be required to provide proof of current liability insurance. For subsequent registration reinstatements, the fee will be \$400 after the owner has served a four-month suspension and upon presentation of proof of current liability insurance.

## **Payment**

If a registration reinstatement fee is due from a registrant, as detailed above, the registrant may pay the reinstatement fee directly to the Department of Revenue or at their licensing official's office.

## **Distribution**

A portion of the fees collected in accordance with the MLI law is used by the department exclusively for the operation and management of the mandatory liability insurance law. Fifteen percent (15%) of the net proceeds of reinstatement fees received by the department is deposited by the department into the Alabama Peace Officers' Annuity and Benefit Fund, as authorized by Section 36-21-66. After the payment of the expenses, the remaining funds are deposited into the General Fund.

If the fees are collected by the vehicle owner's license plate issuing official, the Administrative Office of Courts, or the circuit clerk of any county, these entities will remit the fee, less retained fees, as prescribed by statute, to the department.

### ***Manufactured Home Title and Cancellation Fee***

#### **Authority**

Sections 32-20-1 through 32-20-48, Code of Alabama 1975.

#### **Basis**

Fee required of owners of manufactured homes designated not more than twenty model years old.

Each application for first certificate of title	\$20*
Each application for transfer of certificate of title	\$20*
Each application for cancellation of a certificate of origin or certificate of title	\$20*
Each application for replacement certificate of title	\$15
Each notice of security interest	\$15
Each assignment by lien holder	\$15
Each title history	\$15
Each application for corrected title	\$15
Each title printout	\$ 5

#### **Payment**

Application and fee forwarded to the Alabama Department of Revenue, Motor Vehicle Division, by designated agents of the department.

Designated agents are all licensing officials in Alabama who are authorized and required by law to issue motor vehicle license plates, licensed manufactured home dealers, and financial institutions that qualify.

#### **Distribution**

General Fund

\*\$5 of each fee is designated to go to the nonprofit 501(c)3 foundation known as the Alabama Housing Foundation.

### ***Manufactured Home Registration Fee***

#### **Authority**

Sections 40-7-1, 40-8-1, 40-11-1, 40-12-252, and 40-12-255, Code of Alabama 1975.

#### **Basis**

Registration fee in lieu of property taxes on manufactured homes in Alabama which are rented or leased or located on land owned by someone other than the owner of the manufactured home. (An owner-occupied manufactured home located on land owned by the occupant is subject to property taxes.)

A decal is displayed on each unit and serves as proof of payment of the fee due. Dealer or manufacturer inventory units are not subject to the registration fee.

#### **Rate**

Owner-occupied:

\$24.00 single wide (one transportable module)

\$48.00 double wide (two or more transportable modules)

#### All others:

\$48.00 single wide (one transportable module)

\$96.00 double wide (two or more transportable modules).

Manufactured homes ten years or older shall be subject to 75% of the fees above, while those 20 years or older shall be subject to 50% of the fees above.

Additionally, each manufactured home registered is subject to a \$5.00 issuance fee at the time of registration.

### **Payment**

Registration and payment will take place in the county in which the manufactured home is customarily located.

Decals will be issued by the county official that collects property tax on manufactured homes.

Fees are due October 1 each year and will be considered delinquent after November 30.

### **Distribution**

#### Registration Fee

State General Fund – 25%

County General Fund – 25%

County School Board – 25%, unless the manufactured home is located within the city school district, in which case this portion will go to the city school board.

City or municipality where the manufactured home is located – 25%.

Should the manufactured home be located outside the corporate limits of the nearest city or municipality, then this portion will go to the County General Fund.

#### Issuance Fee

An additional \$5.00 issuance fee is charged by the issuing official.

### ***Mineral Documentary Tax***

#### **Authority**

Sections 40-20-30 through 40-20-37, Code of Alabama 1975.

#### **Basis**

Filing and recording any instrument creating a leasehold interest in any non-producing oil, gas, or other similar mineral interest in Alabama and upon every deed, instrument, transfer, or evidence of sale conveying interest or right to receive royalties from such property.

#### **Rate**

Minimum fee – \$1.00

Term of leasehold less than 10 years – \$.05 per mineral or royalty acre.

Term of leasehold more than 10 but less than 20 years – \$.10 per mineral or royalty acre.

Term of leasehold greater than 20 years – \$.15 per mineral or royalty acre.

### **Payment**

Paid one time to probate judge of county containing property upon filing instrument of record, in lieu of payment of property tax.

### **Distribution**

35% – County General Fund

35% – County Public School Fund

30% – State General Fund

## ***Mobile Telecommunication Services Tax***

### **Authority**

Section 40-21-120 through 40-21-126, Code of Alabama 1975.

### **Basis**

Privilege tax on providing mobile telecommunication services in Alabama.

### **Rate**

6% on monthly recurring access charges and all airtime charges.

### **Payment**

File return and remit tax by the 20th of each month to the Alabama Department of Revenue, Sales and Use Tax Division, for the preceding month's liability.

Taxpayers with an average monthly tax liability of \$10,000 or more during the preceding calendar year shall pay, by the 20th of the month in which the liability occurs, an estimated amount not less than the actual tax liability for the same month during the preceding year.

### **Distribution**

Amount to be appropriated for use by the State Treasurer to pay at the respective maturities of the principal and interest due in the fiscal year on the outstanding bonds issued by the Alabama Revolving Loan Fund Authority. One-third of the remaining proceeds, plus \$1.5 million to the Education Trust Fund.

The residual balance thereof remaining to the State General Fund.

## ***Motor Carrier Mileage Tax***

### **Authority**

Sections 40-19-1 through 40-19-17, Code of Alabama 1975.

### **Basis**

Motor carrier hired for transportation of persons or property on the highways of Alabama.

### **Rate**

#### Seating Capacity Tax Rate:

Not less than nine nor more than 16: 1/4 cents per mile

17–21: 1/2 cents per mile

22–25: 3/4 cents per mile

Greater than 25: 1 cent per mile

### **Payment**

File and remit to the Alabama Department of Revenue, Business and License Tax Division, Motor Fuels Section, by the 15th of the month after tax accrues.

### **Exemption**

Tour bus operations are exempted from the provisions of the motor carrier mileage tax law.

### **Distribution**

Public Service Commission operating costs

Balance – State Highway Fund

## ***Motor Vehicle Carrier Permit Fees***

### **Authority**

Sections 37-3-1 through 37-3-34, Code of Alabama 1975.

### **Basis**

Fee for any person transporting passengers or property by motor vehicle for compensation in Alabama, whether directly or by lease, contract or other arrangement.

### **Rate**

\$100 for intrastate certificate of public convenience or permit.

\$100 for amendment of an intrastate certificate or permit.

\$ 25 for interstate registration.

\$ 25 for transfer of a certificate or permit.

\$ 10 for approval of a lease of a certificate for a period of more than six months.

\$ 4 registration fee for every motor vehicle used by a motor carrier on a state highway.

### **Payment**

To the Alabama Public Service Commission upon application by the motor carrier.

### **Distribution**

General Fund

## ***Motor Vehicle Certificate of Title Fee***

### **Authority**

Sections 32-8-1 through 32-8-88, Code of Alabama 1975.

### **Basis**

Fee required of owners of motor vehicles designated 35 model years old or newer and travel trailers designated 20 model years old or newer.

Registrants must have a certificate of title or an application for certificate of title before license plates can be issued.

Original certificate of title	\$15
Replacement certificate	\$15
Transfer of certificate of title	\$15
Notice of security interest	\$15
Assignment by lien holder	\$15
Title history	\$15
Corrected title	\$15
Salvage title	\$15
Title printout*	\$ 5
Registration printout*	\$ 5
Notice of Junk	\$ 5
Cancellation**	

## **Payment**

Every designated agent must electronically submit the application for certificate of title to the Alabama Department of Revenue, Motor Vehicle Division. Payment of application fees must also be remitted electronically.

Designated agents are all licensing officials in Alabama who are authorized and required by law to issue motor vehicle license plates, and the following entities, which are legally authorized to do business in Alabama and have a place of business in Alabama: automobile dealers, manufactured home dealers, financial institutions, pawnshops and insurance companies.

## **Distribution**

### General Fund

\*Distribution designated as follows: 50% to general fund and 50% to motor vehicle training and technology fund.

\*\*Distribution to motor vehicle training and technology fund. In lieu of a per transaction fee, automotive dismantler and parts recyclers and secondary metals recyclers may pay an annual fee of \$500. The annual fee is also distributed to the motor vehicle training and technology fund.

## ***Motor Vehicle Dealer, Rebuilder, Wholesaler and Off-Site Licenses***

### **Authority**

Sections 40-12-390 through 40-12-400, Code of Alabama 1975.

### **Basis**

New Motor Vehicle Dealer – any person, firm, or corporation which holds a bona fide contract or franchise in this state in effect with a manufacturer or distributor of new motor vehicles and is engaged in the business of selling, advertising or negotiating the sale of new motor vehicles or new and used motor vehicles, to include trailers (except those not subject to titling in this state) and motorcycles. The term also includes a motor vehicle rebuilder and motor vehicle wholesaler.

Used Motor Vehicle Dealer – any person, firm, or corporation engaged in the business of buying, selling, exchanging, advertising, or negotiating the sale of five or more motor vehicles at retail during a calendar year, to include trailers (except those not subject to titling in this state) and motorcycles. The term also includes a motor vehicle rebuilder and motor vehicle wholesaler.

Motor Vehicle Rebuilder – any person, firm, or corporation engaged in the business of making or causing to be made extensive repairs, replacements, or combination of different motor vehicles to the extent of extinguishing the identity of the original vehicle to the extent finished vehicle may be assigned a new identification number by the Department of Revenue. This term also includes refurbishing, repairing, or replacing damaged parts of motor vehicles for the purpose of preparing the vehicle for resale under the same identification and identity as the vehicle had before the refurbishing.

Motor Vehicle Wholesaler – any person, firm, or corporation engaged in the business of buying, selling, or exchanging motor vehicles at wholesale to motor vehicle dealers and not to the public.

### **Rate**

New motor vehicle dealer	\$25
Used motor vehicle dealer	\$25
Wholesaler	\$25
Rebuilder	\$25
Each additional place of business	\$25
Off-site sales license	\$25 (Limited to three per dealer license year.)

A privilege license under Sections 40-12-51, 40-12-62, or 40-12-169 is needed for each off-site sale.

## **Payment**

Applications are electronically filed with the Alabama Department of Revenue, Motor Vehicle Division. Dealers may apply for licenses beginning August 1 of each year. Licenses expire on September 30 of each year. Off-site licenses are only valid for 10 consecutive calendar days.

## **Distribution**

General Fund

### ***Motor Vehicle Registration Fees***

#### **Authority**

Sections 40-12-240 through 40-12-302 and 32-6-51 through 32-6-680, Code of Alabama 1975.

#### **Basis**

Motor vehicle operation and use upon the public highways of Alabama.

#### **Rate**

Passenger cars and pickup trucks	\$23 to \$105
Motorcycles	\$15
Buses (based on seating)	\$47.50 to \$210
Taxicabs (based on weight)	\$21 to \$40
Hearses and ambulances (based on city population)	\$15 to \$55
Trucks and truck-tractors (based on gross wt.)	\$23 to \$890
Motor homes (based on gross wt.)	\$23 to \$890
Commercial trailers	\$20
Travel and utility trailers	\$12
Rental utility trailers	\$15
Permanent trailers	\$60

## **Payment**

Remit to license plate-issuing official in county of residence (if an individual) or where the vehicle is principally used (if a business). Fees can be remitted to participating city license plate issuing officials for Jefferson County residents only.

Registration is staggered based on the first letter of the individual's last name:

January: A, D	June: M, I
February: B	July: P, L
March: C, E	August: J, K, R
April: F, G, N	September: Q, S, T
May: H, O	October: U, V, W, X, Y, Z

Trucks and commercial and fleet vehicles will be registered during October and November of each year.

## **Distribution**

The additional fee of \$10 for passenger automobiles and pickup trucks and the additional fee of \$8 for motorcycles are distributed to the state's general fund for use by the Public Safety Department for enforcing traffic and motor vehicle laws. The remainder is distributed as follows:

Balance:

Base Amount:

- 72% Public Road and Bridge Fund
- 21% City or County of Residence
- 7% Cities and Counties

Additional Amount: (For Trucks)

- 64.75% Public Road and Bridge Fund
- 35.25% Counties

**Nursing Facility Tax**

**Authority**

**Sections 40-26B-20 through 40-26B-27, Code of Alabama 1975.**

**Basis**

Privilege tax on the business activities of every nursing facility in Alabama.

**Rate**

Annual rate of \$1,899.96 per year for each bed in the facility and a supplemental rate of \$1,603.08 for each bed in the facility. The current supplemental privilege assessment and monthly surcharge on nursing facilities extends to August 31, 2017. Beginning with the monthly payment for the supplemental privilege assessment due on September 20, 2012, the monthly surcharge will be \$43.75 per licensed bed. Act 2015-536 imposed a secondary supplemental privilege assessment. The additional monthly surcharge will be \$33.44 for each bed in the nursing facility to be collected for the period October 1, 2015 through August 31, 2017.

**Payment**

File return and remit monthly installment payment to Alabama Department of Revenue, Sales and Use Tax Division, on or before the 20<sup>th</sup> day of the month for the preceding month's liability.

**Distribution**

Alabama Health Care Trust Fund

**Oil and Gas Privilege Tax**

**Authority**

Sections 40-20-1 through 40-20-13 and 40-20-20 through 40-20-23, Code of Alabama 1975.

**Basis**

Engaging in the business of producing or severing oil or gas within the state.

**Rate**

4% Privilege

Oil wells producing 25 BBLS or less per day.

Gas wells producing 200 MCF or less per day.

Incremental production from qualified enhanced recovery projects and supplemental enhanced recovery projects approved by State Oil and Gas Board.

### **6% Privilege**

Offshore wells, at depths less than 8,000 feet below mean sea level, granted permits on or after July 1, 1988, by State Oil and Gas Board.

Onshore wells permitted on or after July 1, 1988, except those qualifying for lower tax rates.

### **8% Privilege**

Tax on all other taxable production not covered under above provisions.

### **3.65% Privilege**

Offshore wells producing from depths greater than 8,000 feet below mean sea level, computed as a percentage of gross proceeds.

### **Reduced Privilege Tax**

Any well permitted between July 1, 1996, and July 1, 2002, that is not a replacement well, will qualify for a 50% tax rate reduction for five years from first production.

## **Exemption**

Natural gas lawfully injected into oil or gas pools, or reservoirs in the soil, or beneath the soil or waters of the state for the purpose of lifting oil or gas is exempt from this tax. However, if any gas injected is sold or injected into underground storage facilities, that gas shall not be exempt from this tax. Natural gas lawfully vented or flared in connection with the production, treatment, or processing of oil or gas is exempt from the tax.

## **Payment**

File return and remit payment to the Alabama Department of Revenue, Business and License Tax Division, Severance and License Section, by the 15th day of the second month following production.

## **Distribution**

### **Onshore:**

25% -- General Fund

75% -- Distributed as follows:

16-2/3% -- General Fund

16-2/3% -- Counties where severed

66-2/3% -- Distributed as follows:

25% -- Counties where severed

10% - Municipalities where severed

### **First \$150,000 of remainder:**

50% -- State General Fund

42-1/2% -- Counties where severed

7-1/2% -- Municipalities

### **Remainder:**

84% -- State General Fund

14% -- Counties where severed

2% -- Municipalities

### **Offshore:**

90% -- General Fund

10% -- Counties where severed

## ***Oil and Gas Production Tax***

## **Authority**

Sections 9-17-25 through 9-17-31 and 9-17-34 through 9-17-35, Code of Alabama 1975.

## **Basis**

Production of oil or gas from a well in Alabama.

## **Rate**

2% of gross value at point of production

1% for any well permitted between July 1, 1996, and July 1, 2002, that is not a replacement well, for five years from first production.

1.66% for offshore wells producing from depths greater than 8,000 feet below mean sea level, computed as a percentage of gross proceeds.

## **Payment**

Paid to the Alabama Department of Revenue, Business and License Tax Division, Severance and License Section, by the 15th day of the second month following production.

## **Distribution**

General Fund

## ***Pari-Mutuel Pool Tax***

### **Authority**

Sections 40-26A-1 through 40-26A-17, Code of Alabama 1975.

## **Basis**

Privilege tax on every person engaged in the business of operating a dog race track in the state.

## **Rate**

1% of the pari-mutuel pool on all pari-mutuel races.

In addition, there is also a 1% levy on the pari-mutuel pool on all races requiring the selection of three or more racers.

## **Payment**

File and remit payment by the 20th day of each month to the Alabama Department of Revenue, Business and License Tax Division, Severance and License Section.

## **Distribution**

General Fund

## ***Partnership Income Tax***

### **Authority**

Sections 40-18-22, 40-18-24.2, 40-18-24.3, and 40-18-28, Code of Alabama 1975.

This is a component of Individual and Corporate Income Tax.

## **Basis**

Partnerships are a pass-through entity. Income is calculated on the partnership informational return, Form 65. The income is reported and taxes paid on the partners' (individual or corporate) income tax returns.

## **Payment**

Partnerships (other than QIPs, low income housing projects, and large partnerships treated as corporations) with nonresident partners must file Form PTE-C and remit a composite payment of 5% of the nonresident partners' share of income. The form and any tax due should be remitted on or before the 15th day of the third month following the close of the partnership's accounting period. Returns and payments should be filed with the Alabama Department of Revenue, Individual and Corporate Tax Division, Pass Through Entity Unit.

## **Distribution**

See Individual Income Tax and Corporate Income Tax.

## ***Pharmaceutical Providers Tax***

### **Authority**

Sections 40-26B-1 through 40-26B-8, Code of Alabama 1975.

### **Basis**

Privilege tax on the business activities of every provider of pharmaceutical services to Alabama citizens, except for pharmacies serving hospital inpatients or pharmacies owned or operated by the state of Alabama.

### **Rate**

Ten cents for each prescription filled or refilled for a citizen of Alabama.

## **Payment**

File and remit tax to Alabama Department of Revenue, Sales and Use Tax Division, by the 20th of the month for the preceding month's liability.

## **Distribution**

Alabama Health Care Trust Fund

## ***Prepaid Wireless 9-1-1 Charge***

### **Authority**

Sections 11-98-1 through 11-98-15, Code of Alabama 1975.

### **Basis**

Each retail transaction involving the sale of prepaid wireless telecommunications services.

### **Rate**

Effective August 1, 2014, the charge per retail transaction occurring in this state increased to \$1.75.

## **Payment**

File return and remit monthly payment to the Alabama Department of Revenue, Sales and Use Tax Division, on or before the 20th day of the month for the preceding month's liability.

## **Distribution**

Commercial Mobile Radio Services Board and, upon the effective date of the statewide 9-1-1 charge, to the statewide 9-1-1 Board.

## ***Property (Ad Valorem) Tax***

### **Authority**

Sections 40-1-1 through 40-11-4 and 40-21-1 through 40-21-34, Code of Alabama 1975; Amendment 373, Constitution of Alabama.

### **Basis**

Ownership of real and personal property within this state.

### **Rate**

The state tax rate is 6.5 mills.

County millages vary from 17.5 mills to 55.8 mills. City millages vary from zero to 49.3 mills.

Counties and cities may decrease their ad valorem tax rate, provided the decrease does not jeopardize the payment of bonded indebtedness.

Any increase in the county and municipal tax rate must be approved by the governing authority, the legislature, and the voters of the taxing jurisdiction.

The county commission, at its first regular meeting in February, shall levy the amount of general taxes required for county expenses for the current year, not to exceed 1/2 of 1% of the value of taxable property as shown by the books of assessment.

All nonexempt property is divided into the following classes and subject to the assessment ratios indicated:

Class I -- all utility property used in such utilities. 30%

Class II -- all property not otherwise classified. 20%

Class III -- all agricultural, forest, and single-family, owner-occupied residential property, including owner-occupied residential manufactured homes (formerly known as "mobile homes") located on land owned by the manufactured home owner, and historic buildings and sites. Residential property shall include single-family dwellings and the fully-developed underlying lot owned by a home builder licensed by the Alabama Homebuilders Licensure Board or who is otherwise authorized by the board to construct single family homes; provided that this classification shall not exceed a period of 24 months. 10%

Class IV -- All private passenger automobiles and motor trucks of the type commonly known as "pickups" or "pickup trucks" owned and operated by an individual for personal or private use and not for hire, rent, or compensation. Automobiles and "pickup" trucks under lease-purchase option agreements which are leased by an individual for personal or private use are also included. 15%

One tax rate must be applied to all property taxed by the state. One tax rate must be applied to all property taxed by a county, municipality, or other taxing authority within its taxing jurisdiction.

With the exception of the cities of Mountain Brook, Vestavia Hills, and Huntsville, the amount of property tax paid on any item of taxable property shall never exceed the percentage of market value for that class as shown below:

Class I -- 2% 66.7 Mills Tax Rate

Class II -- 1-1/2% 75 Mills Tax Rate

Class III -- 1% 100 Mills Tax Rate

Class IV -- 1-1/4% 83.3 Mills Tax Rate

All taxable property is to be appraised at its fair and reasonable market value, with the exception of Class III property, which may be appraised by the assessor on current use value if the owner of the property requests. All taxpayers have the right to appear before the county board of equalization concerning property valuation.

### **Exemption**

Homesteads, whose owners are less than 65 years of age, are exempt from state levied property taxes not to exceed \$4,000 in assessed value, or 160 acres in area for any resident of this state who is not over 65 years of age. Homesteads of residents of this state, over 65 years of age, or who are retired due to permanent and total

disability, regardless of age, or who are blind as defined in Section 1-1-3, regardless of age or whether such person is retired, shall be exempt from all state levied property taxes.

Homesteads, whose owners are less than 65 years of age, are exempted from county levied property taxes, except countywide and school district property taxes levied for school purposes, not to exceed \$2,000 in assessed value, nor 160 acres in area. An additional exemption, not to exceed \$4,000 in assessed value may be granted for county and municipal taxes, provided county wide school district or municipal school district exemptions are approved by resolution of the governing body and school system boards.

Homesteads, whose owners are 65 years of age or older, with an annual adjusted gross income of less than \$12,000, as reflected on the most recent state income tax return or some other appropriate evidence, or who are retired due to permanent and total disability, regardless of age, or who are blind as defined in Section 1-1-3, regardless of age or whether such person is retired, are exempted from property taxes levied by any county of this state, including taxes levied for school districts, not to exceed \$5,000 in assessed value, nor 160 acres in area.

The principal residence and 160 acres adjacent thereto of any person who is 65 years of age or older having a net annual taxable income of \$12,000 or less, as shown on such person's and spouse's latest United States income tax return or some other appropriate evidence acceptable to the Department or who is permanently and totally disabled, regardless of age or income, are exempt from all state, county and municipal property taxes on their principal residence.

Property tax exemptions include state, county, and municipal property; property devoted exclusively to religious worship, educational, or charitable purposes; household and kitchen furniture; farm tractors, farming implements used for agricultural purposes by the owner; stocks of goods, wares, and merchandise; and manufactured homes rented or leased, not located on land owned by the manufactured home owner (these homes must be registered).

In order to encourage the development of new industry in the state, as well as to encourage the expansion of existing industry, there are provisions in the law for exemptions from property taxes in some cases.

Manufacturers of calcium cyanamid, aluminum, or aluminum products are specifically exempt from all state, county, and municipal property tax levies for ten years.

## **Payment**

Individuals, partnerships, corporations, etc., pay tax annually to county tax collectors between October 1 - December 31, following assessment.

Public utilities and railroads file returns annually with the Alabama Department of Revenue, Property Tax Division, by March 1. Assessments are made by the department and collected by the counties.

## **Distribution**

3 mills: (46.15%) – Public School Fund

2.5 mills: (38.46%) – General Fund

1 mill: (15.38%) – Human Resources Fund

## **Recordation Tax**

### **Authority**

Sections 40-22-1 through 40-22-12, Code of Alabama 1975.

### **Basis**

Recordation of mortgages, deeds, bills of sale, conditional sale contracts, etc.

## **Rate**

Mortgages – \$.15 per \$100 of indebtedness or fraction thereof. (Also deeds of trust, conditional sale contracts, etc.).

Deeds – \$.50 per \$500 of value or fraction thereof. (Also bills of sale.)

## **Payment**

Paid to probate judge upon presentation for record; except for deeds conveying property in two or more counties, mortgages conveying property both within and without Alabama, and open-end mortgages. In the instances noted above, the tax is also paid to probate judges, but only after petition is made to the Department of Revenue and the department has issued an order determining the amount and distribution of said tax.

## **Distribution**

2/3 – General Fund

1/3 – County

## ***Rental or Leasing Tax***

### **Authority**

Section 40-12-220 through 40-12-227, Code of Alabama 1975.

### **Basis**

Privilege tax on persons engaging in the business of leasing or renting tangible personal property.

## **Rate**

4% of gross proceeds from leasing or rental of tangible personal property.

1-1/2% of gross proceeds from leasing or renting automotive vehicles, truck trailers, semi-trailers, or house trailers.

2% of gross proceeds from leasing or rental of linens or garments.

## **Payment**

File return and remit tax to the Alabama Department of Revenue, Sales and Use Tax Division, by the 20th of month for preceding month's liability.

Taxpayers whose total state rental tax liability for the preceding calendar year averaged less than \$200 per month may elect to file and pay state rental tax on a calendar quarter basis (Prior approval required).

Taxpayers whose total state rental tax liability for the preceding calendar year was \$10 or less may file and pay state rental tax on a calendar year basis (Prior approval required).

Quarterly and annual returns are due by the 20th of the month following the period covered by the return.

## **Distribution**

General Fund

## ***Restored (Salvage) Vehicle Inspection Fee***

### **Authority**

Section 32-8-87(1), Code of Alabama 1975.

## **Basis**

Inspection fee for inspection of salvage vehicle restored to operating condition which existed before event which caused a salvage motor vehicle title to be issued. Fee pays for costs of inspection to determine that the identification numbers of the vehicle or its parts have not been removed, falsified, altered, defaced, destroyed, or tampered with and that there are no indications that the vehicle or any of its parts are stolen.

## **Rate**

\$75.00 per application for inspection.

## **Payment**

Payable to Alabama Department of Revenue, Motor Vehicle Division, with submission of application for inspection form (INV 26-15) plus title fee of \$15.00 and supporting documents.

## **Distribution**

To the Alabama Department of Revenue for “personnel and maintenance costs of the vehicle inspection program.”

## **Sales Tax**

### **Authority**

Sections 40-23-1 through 40-23-39, Code of Alabama 1975.

## **Basis**

Gross proceeds from sale of all taxable items for consumption or other use to consumers (except as specifically exempted by law) within Alabama and the gross receipts from conducting or operating public places of amusement or entertainment.

## **Rate**

4% of gross proceeds of sale of tangible personal property.

4% of gross receipts from conducting or operating public places of amusement or entertainment.

2% of net trade difference of new or used automotive vehicles, truck trailers, semi-trailers or house trailers.

2% of gross proceeds of sale of manufactured home set-up materials and related supplies.

1-1/2% selling price of machinery used in mining or manufacturing tangible personal property.

1-1/2% of net trade difference of new or used farm machines, machinery, and equipment that is used in production of agricultural produce or products, livestock or poultry on farms.

3% of retail selling price of food products sold through vending machines.

The Department of Revenue collects and administers approximately 200 county and municipal sales and/or gross receipts taxes ranging in rate between 1/4 of 1% to 5%. In addition, some counties and municipalities may choose to administer their own sales and/or gross receipts taxes.

## **Payment**

File and remit tax to the Alabama Department of Revenue, Sales and Use Tax Division, by the 20th of the month for the preceding month's liability.

Taxpayers whose total state sales tax liability for the preceding calendar year averaged less than \$200 per month may elect to file and pay state sales tax on a calendar quarter basis (prior approval required).

Taxpayers whose total state sales tax liability for the preceding calendar year was \$10 or less may file and pay state sales tax on a calendar year basis (prior approval required).

Quarterly and annual returns are due by the 20th of the month following the period covered by the return.

Taxpayers with an average monthly tax liability of \$2,500 or greater during the preceding calendar year shall pay, by the 20th day of the month in which the liability occurs, an estimated amount equal to the lesser of 2/3 of the taxpayer's actual tax liability for the same calendar month of the preceding year or 2/3 of the current month's estimated liability.

## **Distribution after the deduction of collection costs**

Education Trust Fund, except as follows:

\$ 378,000 is distributed to the Counties.

\$1,322,000 is distributed to the Department of Human Resources.

42% of the 2% tax on gross proceeds from sale of automotive vehicles and from sale of mobile home set-up materials and related supplies goes to the General Fund.

An amount equal to 5% of the value of food stamp benefits issued statewide in excess of the amount paid by recipients is distributed to the Department of Human Resources.

An amount for debt service is distributed to the Alabama Public School and College Authority.

Revenue generated from \$400 discount cap goes to pay debt service on bonds issued by the Alabama State Parks System Improvement Corporation and/or the Alabama Public Historical Sites and Parks Improvement Corporation and to pay the greater of \$5 million or \$5 million adjusted by a percentage growth in receipts from the cap allocated to the Department of Conservation and Natural Resources for repairs and capital outlays for state parks. The balance goes to the General Fund. Act No. 2011-642, effective October 1, 2011, amended Section 40-23-35, Code of Alabama 1975, to change the distribution of the sales tax discount. The act provides that only for fiscal years ending September 30, 2012 and September 30, 2013, the \$5 million normally disbursed to the Department of Conservation and Natural Resources will, instead, be disbursed to the State General Fund.

Beginning January 1, 2016, all proceeds from the tax on sales of consumable vapor products will be disbursed to the General Fund.

## ***Scrap Tire Environmental Fee***

### **Authority**

Sections 22-40A-1 through 22-40A-24, Code of Alabama 1975.

### **Basis**

Fee on sale of new, used or retread tires, whether mounted or not, to the consumer.

### **Rate**

\$1 per tire

### **Payment**

File and remit to the Alabama Department of Revenue, Business and License Tax Division, Severance and License Section. Payment is due by the 20th of each month for the previous month's operation.

### **Distribution**

All fees collected, less administrative expenses, are deposited into the Scrap Tire Fund to be distributed for use by the Alabama Department of Environmental Management.

## ***Simplified Sellers Use Tax Remittance Program***

### **Authority**

Sections 40-23-191 through 40-23-199, Code of Alabama 1975.

### **Basis**

Gross proceeds of sales of tangible personal property from eligible sellers located outside of Alabama selling into the state. Offers a flat statewide tax with no additional local tax collection authority.

### **Rate**

Flat 8% statewide tax on gross proceeds of sales of tangible personal property.

### **Payment**

File and remit tax to the Alabama Department of Revenue, Sales and Use Tax Division, by the 20<sup>th</sup> of the month for the preceding month's liability. Electronic filing and payment required.

### **Distribution**

50% to the State

    75% State General Fund

    25% Education Trust Fund

50% to the Local Governments within the state

    25% Counties

    25% Cities

## ***Solid Waste Disposal Fee***

### **Authority**

Sections 22-27-1 through 22-27-18, Code of Alabama 1975.

### **Basis**

Fees levied upon generators of solid waste disposing of the waste at permitted solid waste management facilities.

### **Rate**

One dollar (\$1) per ton for all waste disposed of in a municipal solid waste landfill, regulated solid waste that may be approved by ADEM as alternate cover materials in landfills and regulated solid waste received from out-of-state for disposal at permitted public solid waste facilities.

One dollar (\$1) per ton or twenty-five cents (\$0.25) per cubic yard for all waste disposed of in public industrial landfills, construction and demolition landfills, non-municipal solid waste incinerators, or composting facilities, which receive waste not generated by the permittee; regulated solid waste that may be approved by ADEM as alternate cover materials in landfills; and regulated solid waste received from out-of-state for disposal at permitted public solid waste facilities.

Twenty-five cents (\$0.25) per cubic yard for all waste disposed of in a private solid waste management facility, not to exceed one thousand dollars (\$1,000) per calendar year.

## **Payment**

File a quarterly report and remit to the Alabama Department of Revenue, Business and License Tax Division, Severance and License Section. Payment is due no later than the 20th day of January, April, July, and October on all waste delivered to the solid waste facilities for disposal.

## **Distribution**

25% - Alabama Recycling Fund (ARF)

25% - Solid Waste Fund (SWF)

45% - Alabama Department of Environmental Management (ADEM)

4% - Retained by Owners/Operators collecting the solid waste fee

1% - Alabama Department of Revenue

## ***State Horse Wagering Fee***

### **Authority**

Sections 11-65-1 through 11-65-47, Code of Alabama 1975.

### **Basis**

Fee on each licensed horse-racing operator.

### **Rate**

1% of the operator's horse-racing handle.

## **Payment**

Remit payment by the end of the calendar month for activity during the preceding calendar month to the Alabama Department of Revenue, Business and License Tax Division, Severance and License Section.

## **Distribution**

General Fund

## ***Store and Chain Store License***

### **Authority**

Sections 40-12-310 through 40-12-319, Code of Alabama 1975.

### **Basis**

Any person, firm, corporation, association, or co-partnership, foreign or domestic, is required to obtain a license to operate, maintain, open, or establish any store in this state in which goods, wares, or merchandise of any kind are sold, at either retail or wholesale.

Two or more stores which are under a single or common ownership or management, if directly or indirectly owned or controlled by a single person or group having a common interest, shall be termed a chain of stores and shall be required to pay the additional license tax for each store so maintained.

## **Rate**

1 Store	\$1
2-5 Stores	\$15 each additional store
6-10 Stores	\$22.50 each additional store
11-20 Stores	\$37.50 each additional store
More than 20	\$112.50 each additional store

New businesses beginning on or after April 1 may pay one-half of the full rate for a part-year license.

## **Payment**

Store/chain store licenses are due and payable by October 1 and delinquent on November 1. Licenses are issued by the county-issuing authority at the courthouse in the county where the principal or main store is located.

## **Distribution**

Education Trust Fund

## ***Tobacco Master Settlement Agreement – Escrow and Complementary Legislation Provisions***

### **Authority**

Sections 6-12-1 through 6-12-4 and 6-12A-1 through 6-12A-7, Code of Alabama 1975.

### **Basis**

Provides that tobacco product manufacturers not signatory to the Master Settlement Agreement (MSA) establish a qualified escrow account, make quarterly deposits into the account based on its cigarette and roll-your-own distributions into the State, and file quarterly forms certifying the amount deposited into escrow and the number of cigarette and roll-your-own units distributed. The statute further provides for a monthly report from tobacco distributors identifying manufacturers of cigarettes and roll-your-own tobacco who are not participating from those who are participating in the MSA and whose products were sold tax-paid in Alabama. Additionally, effective April 8, 2014, any cigarettes and roll-your own sold in a transaction not exempted from Alabama taxation by federal statute or constitution shall also be shown on the monthly report. It also provides for a yearly certification by all tobacco products manufacturers (TPMs) wishing to distribute their product in the State. All tobacco product manufacturers are required to have their name and brand(s) listed on the Directory of Cigarettes Approved for Stamping and Sale in Alabama to legally distribute their products in the State.

## **Payment**

Non-participating manufacturers are to make quarterly escrow deposits by January 31, April 30, July 31, and October 31.

Amounts to be placed into the escrow fund, as adjusted for inflation, are as follows:

For 2007 and each year thereafter: \$.0188482 per unit sold.

## **Distribution**

Non-compliant NPM civil penalties collected by the Legal Division; distributor failure to timely file penalties and amounts collected via the NPM's quarterly posted bond:

100% - General Fund

## **Tobacco Tax**

### **Authority**

Sections 40-25-1 through 40-25-29 and 40-25-40 through 40-25-47, Code of Alabama 1975.

### **Basis**

Sale, storage, use, or distribution of tobacco products by wholesalers, retailers, and consumers.

### **Rate**

67.5¢ on each package of 20 cigarettes. On other tobacco products such as cigars, filtered cigars, cigar wrappers, smoking tobacco, chewing tobacco, and snuff, rates vary, depending on weight or number of cigars received.

### **Payment**

For cigarettes (state and state-administered counties), tax is paid by affixing stamps. For other tobacco products, a report (state and state-administered counties) shall be submitted to the state with the appropriate tax remitted. File and remit to the Alabama Department of Revenue, Business and License Tax Division, Tobacco Tax Section, by the 20th of the month for the stamps and/or products handled during the preceding month.

In addition to state tobacco taxes, cigarettes and other tobacco products are subject to taxation at the local level. The department administers these taxes in some counties. State-administered local tobacco taxes range from \$.04 to \$.25 per pack of cigarettes and other tobacco products of various packages and containers and up to \$.25 per package of rolling papers.

Municipal taxes, where applicable, are collected and administered by the municipality.

## **Distribution**

### Cigarettes

#### 24.44% as follows:

66.67%	General Fund
12.12%	Bonds maturing for purpose of acquiring and constructing mental health facilities, remainder to General and Mental Health Fund
6.06%	State Public Welfare Trust Fund
6.06%	Bonds issued by State Parks Development Authority, remainder to State Parks Fund
9.09%	IDA Bonds, Remaining to "General and Mental Health Fund"

#### 75.56% as follows:

\$2 million to counties to offset administrative expenses

Balance--General Fund for Medicaid services

Other Tobacco Products 100% – General Fund

## ***Transient Occupancy (Lodgings) Tax***

### **Authority**

Section 40-26-1 through 40-26-21, Code of Alabama 1975.

### **Basis**

Renting rooms, lodgings, or accommodations to transients in any hotel, motel, inn, tourist camp, or cabin, except where accommodations are furnished for a period of 180 continuous days or more.

## **Rate**

### 5% in the following counties:

Blount, DeKalb, Lauderdale, Marion, Cherokee, Etowah, Lawrence, Marshall, Colbert, Franklin, Limestone, Morgan, Cullman, Jackson, Madison and Winston

### 4% in all other counties:

In addition to the above, several counties and municipalities levy local lodgings taxes, ranging in rate between 1% and 12%. Some of the local lodgings taxes are collected by the Department of Revenue and others are self-administered.

## **Payment**

File return and remit tax to the Alabama Department of Revenue, Sales and Use Tax Division, and to the proper local authority, by the 20th of month for the preceding month's liability.

## **Distribution**

### 4% tax:

75% – General Fund

25% – Bureau of Tourism and Travel

### 1% tax:

50% - Alabama Mountain Lakes Association

50% - Respective Counties

## **TVA Electric Payment**

## **Authority**

Sections 40-28-1 through 40-28-4, Code of Alabama 1975.

## **Basis**

The Tennessee Valley Authority (TVA) makes annual payments to Alabama, in lieu of taxes, under federal law 16 USC, Section 831.

## **Payment**

Paid by TVA in monthly installments to the Alabama Department of Revenue, Financial Operations Section, by the first of every month.

## **Distribution**

17% – State General Fund

83% – Direct-served counties

The direct-served counties' share is allocated among the counties using formulae that analyze:

TVA industrial/residential power sales ratios;

Book value ratios of TVA property; and,

Construction in counties where TVA services are provided.

Prior to fiscal year 2010, the dry (non-alcoholic) non-served counties were allocated 5% of the TVA payments and the direct-served counties were allocated 78%. Beginning with fiscal year 2010, the portion allocated to the dry non-served counties was reduced by the increase in certain liquor tax revenues, until the replacement liquor tax revenues equaled the amount of the TVA payments allocated to the dry non-served counties for fiscal year 2009. Thereafter, the portion previously allocated to the dry non-served counties is being allocated to the direct-served counties.

## ***Underground and Aboveground Storage Tank Trust Fund Charge***

### **Authority**

Sections 22-35-1 through 22-35-13, Code of Alabama 1975.

### **Basis**

Charge is imposed on the first withdrawal of a motor fuel from bulk and on motor fuels imported into Alabama.

### **Rate**

Based on invoiced gallons in an amount which shall be not greater than \$0.02 per gallon, nor less than \$0.003 per gallon as determined by the Alabama Environmental Management Commission and the Trust Fund Management Board. The current rate is \$0.01 per gallon.

### **Payment**

File returns and remit charge to the Alabama Department of Revenue, Business and License Tax Division, Severance and License Section, by the 20th of the month for the preceding month's activity.

### **Distribution**

Alabama Underground and Aboveground Trust Fund

## ***Unemployment Compensation Tax***

### **Authority**

Sections 25-4-52 and 25-4-54, Code of Alabama 1975.

### **Basis**

Annual earnings paid to each employee.

### **Rate**

Tax is due by an employer on the first \$8,000 paid to each employee during a calendar year. Rates per employee are determined under an experience rating plan. Under this plan, rates range (in 17 steps) from 0.59% to 6.19%. Special assessments may be made to support special requirements.

### **Payment**

Reporting forms are mailed the last week of each quarter to all registered employers by the Department of Labor. File by end of month following close of each quarter.

## ***Use Tax***

### **Authority**

Sections 40-23-60 through 40-23-88, Code of Alabama 1975.

### **Basis**

Excise tax on tangible personal property purchased outside Alabama for storage, use, or other consumption in Alabama.

## **Rate**

4% of selling price of general merchandise and items.

2% of selling price of mobile home set-up materials and related supplies.

2% of net trade difference of new and used automotive vehicles.

1-1/2% of selling price of machinery used in mining and manufacturing.

1-1/2% of net trade difference of farm machines, machinery, or equipment.

**Note:** Each purchaser liable for use tax on tangible personal property is entitled to full credit for the combined amount of legally imposed sales or use taxes paid by the purchaser with respect to the same property to another state and any subdivision thereof.

## **Payment**

File and remit to the Alabama Department of Revenue, Sales and Use Tax Division, on the 20th day of month for the preceding month's liability.

Taxpayers whose total state use tax liability for the preceding calendar year averaged less than \$200 per month may elect to file and pay state use tax on a calendar quarter basis (Prior approval required).

A taxpayer whose total state use tax liability for the preceding calendar year was \$10 or less may file and pay state use tax on a calendar year basis (Prior approval required).

Quarterly and annual returns are due by the 20th of the month following the period covered by the return.

## **Distribution**

Education Trust Fund, except for 42% of the 2% tax on gross proceeds from sale of automotive vehicles which will go to the General Fund, and revenues from the repealed discount which go to the Foster Children's Program and the Department of Conservation and Natural Resources. After the distribution of the 2% tax on gross proceeds from the sales of automotive vehicles and other distributions provided in Section 40-23-85, 75% of future collections from remote sellers and 53% of all current use taxes will be deposited into the General Fund. An amount sufficient to fund the Children's Health Insurance Program (CHIP) will be distributed annually as a first charge against the amounts allocated to the General Fund under Section 40-23-85. It is the legislative intent that all amounts collected on transactions involving a seller located outside the state when the property is shipped or transported from outside the state will be considered use tax for the purpose of distribution, regardless of whether the taxes are considered sales taxes for other purposes.

## ***Utility Gross Receipts Tax***

### **Authority**

Sections 40-21-80 through 40-21-88, Code of Alabama 1975.

### **Basis**

Privilege tax on every utility (electric, domestic water, natural gas, telegraph, and telephone) furnishing services in Alabama.

## **Rate**

Tax on utilities furnishing electricity, domestic water or natural gas:

If monthly gross sales or gross receipts

Respecting a person are:

Not more than \$40000

Over \$40,000 but not over \$60,000

Over \$60,000

The tax is:

4% of gross sales or gross receipts

\$1,600 plus 3% of excess over \$40,000

\$2,200 plus 2% of excess over \$60,000

Tax on utilities furnishing telegraph or telephone services:

6% on gross sales or gross receipts

## **Payment**

File return and remit tax by the 20th of each month to the Alabama Department of Revenue, Sales and Use Tax Division, for the preceding month's liability.

Taxpayers with an average monthly tax liability of \$10,000 or more during the prior calendar year, pay by the 20th of month in which liability occurs an estimated amount no less than the actual tax liability for the same month during the preceding year.

## **Distribution**

\$14,600,000 – Special Mental Health Trust Fund

Remainder – Education Trust Fund

## ***2.2% Utility License Tax***

### **Authority**

Sections 40-21-50 through 40-21-51 and 40-21-53, Code of Alabama 1975.

### **Basis**

License tax for operating a public utility (hydroelectric, water, electric, gas, other public utility, or privately owned and operated wastewater facility).

### **Rate**

2.2% on each dollar of gross receipts.

## **Payment**

File Form FT 5-7 with the Alabama Department of Revenue, Sales and Use Tax Division, on or before October 14, annually. Payment based on gross receipts for the preceding year due in one-fourth increments on October 1, January 1, April 1, and July 1.

## **Distribution**

85% – Special Mental Health Fund

15% – General Fund

## ***Wholesale Oil/Import License Fee***

### **Authority**

Section 40-17-174, Code of Alabama 1975.

### **Basis**

All diesel fuel that is sold across the rack at a terminal within this state and all diesel fuel imported into Alabama are subject to the fee.

### **Exemptions**

Section 40-17-174

Diesel fuel exported from Alabama for which proof of export is available in the form of a terminal issued shipping document is exempt from this fee.

Transmix

Biodiesel sold to a licensed supplier at the terminal is exempt from this fee.

**Rate**

\$0.0075 per gallon of diesel fuel.

**Payment**

By October 14, file and remit the amount due to the Alabama Department of Revenue, Business and License Tax Division, Motor Fuels Section.

**Distribution**

General Fund

## Distribution of Taxes/Fees Collected by the Alabama Department of Revenue

DIV	TAX SOURCE	GENERAL	EDUCATION	ROAD and BRIDGE	COUNTIES	CITIES	MENTAL HEALTH	HEALTH	CONSERVATION	HUMAN RESOURCES	OTHER
IT	Agents' Occupational License Tax	ALL									
IT	Alabama Accountability Act										(36)
BLT	Alabama Uniform Natural Minerals Tax										(28)
MV	Automotive Dismantler and Parts Recyclers License	ALL									
BLT	Aviation Fuel Tax										(17)
IT	Business Privilege Tax	(1)			(1)						
BLT	Coal Severance Tax	(39)			(39)	(39)					(39)
ST	Contractor's Gross Receipts Tax						85%				(24)
IT	Corporate Income Tax	(4)	BAL (4)								
PT	Deeds and Assignments	38.461% (33)	46.154% (33)							15.385% (33)	
ST	Dry Cleaning Trust Fund Fee										ALL
IT	Estate Tax	ALL									
IT	Financial Institutions' Excise Tax	25%			25%	50%					
BLT	Forest Products' Severance Tax										(2)
PT	Freight Line R.R. Equipment Tax	ALL									
BLT	Gasoline Tax			(3)	(3)	(3)			(3)		(3)
BLT	Hazardous Waste Fee	(22)			(22)						(22)
ST	Hospital Assessment for Medicaid										(31)
BLT	Horse Wagering Fee	ALL									
ST	Hydro-Electric K.W.H. Tax		42%					58%			
IN	Illegal Drug Tax	ALL									
IT	Income Tax	(4)	BAL (4)								
BLT	Inspection Fee			(37)	(37)	(37)					(37)
MV	International Fuel Tax Agreement			(16)	(16)	(16)					(18)
MV	International Registration Plan			(13)	(13)	(13)					(18)
BLT	Local Solid Minerals Tax										(28)
BLT	Lubricating Oils Tax	(7)		(7)	(7)	(7)					
MV	Mandatory Liability Insurance (MLI)	(30)									(30)
MV	Manufactured Home Title and Cancellation Fee	ALL									(35)
ST	Mobile Telecommunications Services Tax	(25)	(25)								(25)

BLT – Business and License Tax; FO – Financial Operations; IT – Individual and Corporate Tax Division; IN – Investigations; MV – Motor Vehicle; PT – Property Tax; ST – Sales and Use Tax

## Distribution of Taxes/Fees Collected by the Alabama Department of Revenue Contd.

DIV	TAX SOURCE	GENERAL	EDUCATION	ROAD and BRIDGE	COUNTIES	CITIES	MENTAL HEALTH	HEALTH	CONSERVATION	HUMAN RESOURCES	OTHER
MV	Motor Carrier Fuel Tax			(16)	(16)	(16)					
BLT	Motor Carrier Mileage Tax			BAL (5)							
BLT	Motor Fuels (Diesel)			(27)	(27)	(27)					
MV	Motor Vehicle Dealer Licenses	ALL									
MV	Motor Vehicle Registration Fee			(13)	(13)	(13)					
MV	Motor Vehicle Title Fee	ALL									
ST	Nursing Facility Tax										(21)
BLT	Oil and Gas Privilege Tax	(6)			(6)	(6)					
BLT	Oil and Gas Production Tax (2%)	ALL									
BLT	Pari-Mutuel Pool Tax	ALL									
ST	Pharmaceutical Providers Tax										(21)
ST	Prepaid Wireless 9-1-1 Charge										(34)
ST	Rental or Leasing Tax	ALL									
ST	Sales Tax	(19)	BAL		\$378,000					\$1,322,000	
IN	Salvage Vehicle Inspection Fee										(15)
BLT	Scrap Tire Environmental Fee										(26)
ST	Simplified Sellers Use Tax										(38)
BLT	Solid Waste Disposal Fee										(32)
BLT	State Horse Wagering Fee	ALL									
BLT	Store and Chain Store License		ALL								
BLT	Tobacco Products (Cigarettes) Tax	66.67% (29)					12.12% (29) (9)	9.09% (29) (10)	6.06% (29)	6.06% (29)	(29)
BLT	Tobacco Products (Tobacco) Tax	ALL									
ST	Transient Occupancy (Lodgings) Tax	(12)			(12)						(12)
FO	TVA Electric	BAL			(8)						
BLT	Underground and Aboveground Storage Tank Trust Fund Charge	(23)									(23)
ST	Use tax	(20)	BAL								
ST	Utility Gross Receipts Tax		BAL				\$14,600,000				
ST	Utility License Tax (2.2%)	15%					85%				
BLT	Wholesale Oil/Import License Tax	ALL									

BLT – Business and License Tax; FO – Financial Operations; IT – Individual and Corporate Tax Division; IN – Investigations; MV – Motor Vehicle; PT – Property Tax; ST – Sales and Use Tax

## References to Distributions of Taxes/Fees

- (1) A portion of the Business Privilege Tax will be distributed to each county and the remainder will go to the General Fund.
- (2) 100% Special State Forestry Fund administered by the State Forestry Commission.
- (3) Gasoline has a total 18-cent per gallon tax (effective October 1, 2016) levy comprised of a 7-cent levy, 5-cent supplemental levy, and a 6-cent levy. 1 and 23/100% of net collections of the 12-cent tax levy (7-cent and 5-cent supplemental tax levy) goes to Conservation (60% of the 35/100% to the State Water Safety Fund and 40% of the 35/100% to the Seafood Fund; 70/100% to the Game and Fish Fund; 60% of 18/100% to the State Water Safety Fund and 40% of the 18/100% to the Seafood Fund). The distribution to the Game and Fish Fund (70/100%) and the additional distribution to the Water Safety Fund and the Seafood Fund (18/100%) are deducted from the funds allocated to the State Road and Bridge Fund. These credits cannot diminish the allocations provided to the counties. Original 7-cent levy - 45% of net tax proceeds goes to the State Road and Bridge Fund and 55% of the net tax proceeds goes to the 67 counties of which 10% of the counties' share is distributed to the cities. Supplemental 5-cent tax - 3/5 of the net tax proceeds goes to the State Road and Bridge Fund and 2/5 is distributed as follows: 45% State Road and Bridge Fund and 55% to counties of which 10% of the counties' share is distributed to the cities. Additional 6-cent tax levy – 2/3 of net collections (45% goes to the State Road and Bridge Fund and 55% goes to counties of which 10% of the counties' share is distributed to the cities). 1/3 of net collections distributed to the Inspection Fee Fund which is further distributed by the State Treasurer as follows: 5% or no less than \$175,000, whichever is greater, to the Agricultural Fund, (a) 13.87% of balance of proceeds distributed equally to the counties, (b) \$408,981 distributed to Department of Transportation Public Road and Bridge Fund, (c) 2.76% of balance of proceeds allocated amount the incorporated municipalities, (d) 5% if balance of proceeds after distributions to (a) and (c) is distributed to Agricultural Fund, (e) 2 ½% of balance of proceeds after (a), (b), (c), and (d) or no less than \$87,500, whichever is greater, is distributed to the Department of Revenue, and (f) balance after (a), (b), (c), (d), and (e) is distributed to the Department of Transportation Public Road and Bridge Fund, as provided in Section 8-17-91, Code of Alabama, 1975.
- (4) Portion necessary to reimburse the Property Tax Relief Fund for homestead exemptions. Balance to Education Trust Fund.
- (5) Administrative cost to Public Service Commission.
- (6) Onshore Production: 25% General Fund; 75% balance distributed as follows: 66-2/3% distributed as follows: 25%, counties severed; 10%, cities severed; 50% of the first \$150,000 remaining to General Fund; 42.5%, counties severed; and 7-1/2%, cities. Remainder of 66-2/3%: 84%, General Fund; 14% counties served, 2%, cities; 16-2/3%, General Fund; 16-2/3%, Counties served. Offshore Production: 90%, General Fund; 10%, counties served.
- (7) 1935 Act - 2 cents to the General Fund; 1980 Act - 4 cents: 45%, State Road and Bridge Fund; 55% to counties (10% of which is distributed to the cities).
- (8) TVA served counties, 75%; Dry non-TVA served counties, 5%.
- (9) Mental health facility construction; balance - 30%, Health; 70%, Mental Health.
- (10) Debt service of IDA bonds; balance - 36%, Health; 64%, Mental Health.

- (11) At the Revenue Commissioner's discretion, the Commissioner shall cease to make deposits to the General Fund so as to maintain the trust fund in which to make payment of claims. The trust fund shall retain an amount not greater than \$1,000,000. Persons dying intestate and leaving unclaimed funds: such funds go to Public School Fund.
- (12) 75% of 4% tax to the General Fund. 25% of 4% tax to Alabama Bureau of Tourism and Travel. 50% of 1% tax to Alabama Mountain Lakes Association. 50% of 1% tax to Alabama Mountain Lakes counties.
- (13) Base fee distribution: 2.5% commission to licensing official, 5% Public Road and Bridge Fund, 72% Public Road and Bridge Fund, 21 % City or County, 7% Cities and Counties. Additional fee distribution: 64.75% Public Road and Bridge Fund, 35.25% Counties.
- (14) \$0.20 monies: coal or lignite severed within police jurisdiction or municipal limits as they existed on Jan. 1, 1977: 50%, municipality where severed and 50%, county where severed. Coal or lignite severed other than within police jurisdiction or municipal limits: 100%, county where severed. \$0.135 monies: State Mining Academy, State Docks Bulk Hand Facility Trust Fund, various counties and other agencies per Section 40-13-6.
- (15) Administrative cost to Alabama Department of Revenue for Salvage Vehicle Inspection Program.
- (16) That portion attributable to the use of gasoline shall be distributed in the manner of the gasoline tax. That portion attributable to the use of diesel fuels shall be distributed in the manner of the diesel fuels tax.
- (17) Department of Transportation – Aeronautics Division.
- (18) Prorated to participating states.
- (19) Sales tax on automotive vehicles - 58%, Education Trust Fund; 42%, General Fund. Discount cap revenues to state parks and Foster Children Program.\*
- (20) Use tax on automotive vehicles - 58%, Education Trust Fund; 42%, General Fund. Discount cap revenues to Department of Conservation and Natural Resources.\* All other use tax – 53%, General Fund; 47%, Education Trust Fund.
- (21) Alabama Health Care Trust Fund.
- (22) Distribution of funds based upon the waste type. Note: General fund distributions are also subject to a county guarantee. \$5.50 RCRA/PCB and All Other Wastes – will be used to meet the annual guarantee amount of \$4.2M to the county. After the \$4.2M is met, any remaining amounts are to be split 50/50 between the General Fund and the County. \$1.00/ton – All to Alabama Hazardous Substance Cleanup Fund
- (23) 100% to the Alabama Underground and Aboveground Trust Fund.
- (24) 15% to the Pensions and Security Trust Fund.
- (25) Appropriated amount for annual payment of principal and interest due to outstanding Alabama Revolving Loan Fund Authority bonds. \$1.5 million to Special Education Trust and remainder to the State General Fund.
- (26) 100% to the Department of Environmental Management – Scrap Tire Fund.
- (27) 100% of 13-cent levy – Road and Bridge Fund

4.69% of 6-cent levy – distributed equally among the 67 counties  
.93% of 6-cent levy – distributed to incorporated municipalities as provided in § 8-17-91(a)(2)c  
Remainder of 6-cent levy – Road and Bridge Fund

- (28) Counties where severance occurs.
- (29) Of 100% collected: 75.56% - Medicaid, with up to \$2 million to local governments to defray the cost of obtaining and affixing stamps. Of the remaining 24.44%: 66.67% to General Fund; 9.09% to Health; 12.12% to Mental Health; 6.06% to Parks (Conservation); 6.06% to Welfare (Human Resources).
- (30) From the net proceeds Revenue receives, 15% is distributed to the Alabama Peace Officers' Annuity and Benefit Fund. Administrative costs for the MLI program are paid and any remaining funds are distributed to the General Fund.
- (31) 100% to Medicaid.
- (32) 25% to the Alabama Recycling Fund; 25% to the Solid Waste Fund; 45% to the Alabama Department of Environmental Management; 4% Administrative Collection Allowance for owners and operators; 1% Administrative Collection Allowance for ADOR.
- (33) All property taxing jurisdictions receive their proportional share of the taxes, fees, and interest upon the sale of tax delinquent property. State portion of funds: General fund receives 38.461% for costs, and interest on the costs; Education Fund receives 46.154% and Human Resources receives 15.385%
- (34) Commercial Mobile Radio Services Board and, upon the effective date of the statewide 9-1-1 charge, to the statewide 9-1-1 Board.
- (35) Additional \$5.00 issuance fee is distributed to the Alabama Housing Foundation.
- (36) The Revenue Commissioner will annually distribute the funds in the Failing Schools Income Tax Credit Account, set up in the Education Trust Fund, to qualifying parents.
- (37) Inspection fee collections less refunds are distributed by the State Treasurer as follows: 5% or no less than \$175,000, whichever is greater, to the Agricultural Fund, (a) 13.87% of balance of proceeds distributed equally to the counties, (b) \$408,981 distributed to Department of Transportation Public Road and Bridge Fund, (c) 2.76% of balance of proceeds allocated among the incorporated municipalities, (d) 5% of balance of proceeds after distributions to (a) and (c) is distributed to Agricultural Fund, (e) 2 ½% of balance of proceeds after (a), (b), (c), and (d) or no less than \$87,500, whichever is greater, is distributed to the Department of Revenue, and (f) balance after (a), (b), (c), (d), and (e) is distributed to the Department of Transportation Public Road and Bridge Fund, as provided in Section 8-17-91, Code of Alabama, 1975.
- (38) 50% to the State: 75% General Fund; 25% Education Trust Fund 50% to Local Governments within the state: 25% to the Counties; 25% to the Cities.
- (39) Applied to credit of Alabama State Docks Bulk Handling Facility Trust Fund to meet annual interest and bond retirement requirements. Balance distributed as follows: \$300,000, Alabama Mining Academy; \$500,000, Jefferson County General Fund; \$500,000, Tuscaloosa County General Fund; \$200,000, Walker County Economic and Industrial Development Authority; remainder, General Fund. Additional monies levied distributed to the Surface Mining Commission.

For the 2013-2014 fiscal year and for all fiscal years thereafter, monies remaining after payment of servicing the State Dock's bonds, or any anticipated deficiencies in operating the docks shall be distributed as follows: \$300,000 Alabama Mining Academy; 60% transferred by Department of Revenue to the general fund of the county of severance based on the ratio of the \$0.135 per ton coal severance tax collections from within the county to the total coal severance tax collections, except those sent to the Walker County Economic and Industrial Development Authority; provided, however, \$500,000 to the Jefferson County General Fund; \$100,000, community Development Foundation, Inc.; \$50,000 Marion County Community Development Association, Inc.; \$50,000, West Alabama Development Association of Fayette County; \$100,000, West Alabama Economic Development Association; \$100,000, Winston County General Fund; remainder, General Fund.

\*Effective Oct.1, 2002, the lesser of \$500,000 or entire amount to Human Resources. Balance to Department of Conservation and Natural Resources.

## ***Agency Directory for Tax Numbers***

### **State Sales, Use, Income Tax Withholding, Rental and Lodgings Tax Numbers, Name and/or Address Changes**

Request Form COM: 101 from the following address:

Alabama Department of Revenue  
Central Registration Unit  
50 N. Ripley Street  
Room 4301 Gordon Persons Building  
Montgomery, AL 36132  
334-242-1170

Form COM: 101 and Electronic Combined Registration/Application  
are also available on the department's website at:

[www.revenue.alabama.gov](http://www.revenue.alabama.gov)

### **Unemployment Compensation Tax Number**

Alabama Department of Labor  
Industrial Relations Building  
Status Unit, Rm. 4201  
649 Monroe Street  
Montgomery, AL 36131  
334-242-8830

### **Federal Employer Identification Tax Number**

Internal Revenue Service  
1-800-829-3676

Call and ask for Form SS-4 in order to  
apply for federal employer identification tax number.

## ***Department of Revenue Tax Calendar***

<b>Due Date</b>	<b>Tax Activity</b>
January	<p>1 Quarterly Dry Cleaning Trust Fund Fee return and payment due. Utility license (2.2%) second quarterly payment due.</p> <p>10 Quarterly Hospital Assessment for Medicaid Tax due. <b>Note:</b> Act 2011-615 changed the due date of the quarterly Hospital Assessments to the tenth working day of each quarter.</p> <p>15 Fourth installment of estimated personal income tax due.</p> <p>20 Quarterly sales tax return and payment due. Annual sales tax return and payment due. Quarterly use tax return and payment due. Annual use tax return and payment due. Quarterly rental or leasing tax return and payment due. Annual rental or leasing tax return and payment due. Quarterly Solid Waste Disposal Fee return and payment due.</p> <p>30 Quarterly forest products' severance tax return and payment due.</p>
February	<p>31 Quarterly withholding return and payment due from employer. Quarterly IFTA tax return and payment due. Quarterly NPM payment due into escrow. Annual Terminal Operator return and/or payment due. Quarterly Construction Employer Fee due. Annual withholding return due.</p>
March	<p>10 Quarterly NPM certification and bank verification due.</p> <p>1 Freight line equipment return due. Public utility property tax return delinquent after this date.</p> <p>15 Corporate income tax return and information return due (for calendar-year taxpayers). Business Privilege Tax return.</p>
April	<p>22 Quarterly NPM bond due.</p> <p>1 Annual Dry Cleaning Trust Fund Fee return and payment due by wholesalers of dry cleaning agents. Quarterly Dry Cleaning Trust Fund Fee return and payment due. Utility license (2.2%) third quarterly payment due.</p> <p>10 Quarterly Hospital Assessment for Medicaid Tax due.</p> <p>15 Annual NPM payment due into escrow. Estimated personal income tax and first installment due. Financial institutions' excise tax return and payment due. Business Privilege tax return due for limited liability entities. First installment of estimated corporate income tax due (for calendar-year taxpayers). <b>Note:</b> Other fiscal-period taxpayers pay their corporate estimated tax on the 15th day of the fourth, sixth, ninth, and twelfth months of their tax year and file their return on the 15th day of the third month following the close of their tax year. Partnership income tax return due. Personal income tax return and payment due.</p> <p>20 Quarterly sales tax return and payment due. Quarterly use tax return and payment due. Quarterly rental or leasing tax return and payment due. Quarterly Solid Waste Disposal Fee return and payment due.</p> <p>30 Annual TPM certification due. Annual NPM certification and bank verification due. Quarterly forest products' severance tax return and payment due. Quarterly NPM payment due into escrow. Quarterly withholding return and payment due from employer. Quarterly IFTA tax return and payment due. Quarterly Construction Employer Fee due.</p>

May	10	Quarterly NPM certification and bank verification due.
June	15	Second installment of estimated corporate income tax due (for calendar-year taxpayers). Second installment of estimated personal income tax due.
July	22	Quarterly NPM bond due.
	1	Quarterly Dry Cleaning Trust Fund Fee return and payment due. Utility License (2.2%) fourth quarterly payment due.
	10	Quarterly Hospital Assessment for Medicaid Tax due.
	20	Quarterly sales tax return and payment due. Quarterly use tax return and payment due. Quarterly rental or leasing tax return and payment due. Quarterly Solid Waste Disposal Fee return and payment due.
	30	Quarterly forest products' severance tax return and payment due.
	31	Quarterly NPM payment due into escrow. Quarterly withholding return and payment due from employer. Quarterly IFTA tax return and payment due. Quarterly Construction Employer Fee due.
August	10	Quarterly NPM certification and bank verification due.
September	15	Third installment of estimated corporate income tax due (for calendar-year taxpayers). Third installment of estimated personal income tax due.
	21	Quarterly NPM bond due.
	25	Hydroelectric gross receipts' return and payment due.
October	1	Property tax on real and personal property due. Automotive dismantlers and parts recyclers' license due. Business privilege license fee due. Quarterly Dry Cleaning Trust Fund Fee return and payment due. Manufactured home registration and fee due. Motor vehicle dealer, rebuilder, wholesaler licenses due. <b>Note:</b> Effective Oct. 1, 2003, dealer license plates and manufacturer license plates will be issued through county license plate issuing officials. Store and chain store license tax due. Utility license (2.2%) return and first quarterly payment due.
	10	Quarterly Hospital Assessment for Medicaid Tax due.
	14	Annual wholesale oil/import license fee return and payment due.
	20	Quarterly sales tax return and payment due. Quarterly Solid Waste Disposal Fee return and payment due. Quarterly use tax return and payment due. Quarterly rental or leasing tax return and payment due.
	30	Quarterly forest products' severance tax return and payment due.
	31	Quarterly NPM payment due into escrow. Quarterly withholding return and payment due from employer. Quarterly IFTA tax return and payment due. Quarterly Construction Employer Fee due. Annual business privilege licenses delinquent after this date. Store and chain store licenses delinquent after this date.
November	10	Quarterly NPM certification and bank verification due.
	30	Last day to register and pay fee for manufactured homes without penalty.
December	1	IFTA License and Decals issued.
	15	Fourth installment of estimated corporate income tax due (for calendar-year taxpayers).
	22	Quarterly NPM bond due.
	31	Property tax on real and personal property delinquent after this date. Expiration of the previous calendar year's motor fuel identification markers. Property Tax Assessments Delinquent after this date. Last day to claim Exemptions/Abatements on Ad Valorem tax assessments.

## ***Required Monthly Returns***

<b>Day</b>	<b>Tax Activity</b>
10	Tobacco use tax return and payment due. Monthly Jenkins Act Report
15	Motor carrier mileage tax return and payment due. Oil and gas production tax and privilege tax return and payment due the second month following the month of production.
20	Withholding return and payment due from those employers required to remit on a monthly basis. Alabama Uniform Natural Minerals Tax return and payment due. Coal severance tax return and payment due. Coal transporters' and purchasers' returns due. Contractors gross receipts tax return and payment due. Inspection Fee return and payment due. Local solid minerals tax returns and payments due. Lubricating oils tax return and payment due. Medicaid-related tax return and payment due for nursing facilities. Medicaid tax return and payment due from pharmaceutical service providers. Mobile telecommunication services tax return and payment due. Pari-mutuel pool tax return and payment due. Prepaid Wireless 9-1-1 Charge return and payment due. Rental or leasing tax (state and local) return and payment due. Sales tax (state and local) return and payment due. Schedule D (NPM Cigarette Activity) report due. Scrap Tire Environmental Fee return and payment due. Simplified Sellers Use Tax, Tobacco tax (state and county) return, reports and payment due. Transient Occupancy (Lodgings) tax (state and local) return and payment due. Underground and aboveground storage tank trust fund charge due. Use tax (state and local) return and payment due. Utility gross receipts tax return and payment due.
22	Blender return and payment due. Exporter return due. Importer return due. Supplier/Permissive Supplier return and payment due.
30 Last day of Month	Hazardous waste fee return and payment due. State horse wagering fee return and payment due. Terminal Operator return due. Transporter return due.

# **Revenue Legislation**

## **2017 Regular Session**

### ***General Revenue Related Acts***

#### **Act 2017-82 (SB 86)**

##### **Simplified Sellers Use Tax**

This act allows monthly distribution of tax collections to local governments; provides that an eligible seller may remain in the program, provided they were a participant prior to establishing a physical presence or filing obligation; updates the SSUT statement language on invoices thereby allowing the seller to provide a statement of participation in the SSUT remittance in a more streamlined manner; allows the disclosure of participating company name and participation dates; provides that the department may require retail reporting obligation for sellers, with an exemption for those remitting sales, use or simplified sellers use tax on transactions.

*Effective Date: July 1, 2017*

#### **Act 2017-120 (SB 136)**

##### **Back to School Sales Tax Holiday**

This act changes the School Items Annual Sales Tax Holiday from the first weekend in August to the third weekend in July.

*Effective Date: March 29, 2017*

#### **Act 2017-130 (SB 95)**

##### **Tax Sale Calculation Clarification**

This act clarifies the process for the calculation, distribution, and retention of excess funds held by a county following a tax sale of real estate and provides for this process to apply regardless of when the tax sale took place. Makes the provisions of Section 40-10-28 retroactive. In addition ratifies, validates, and affirms any good faith actions taken by a county in regards to the calculation, distribution, and retention of excess funds which were done in accordance with previous versions of this section.

*Effective Date: July 3, 2017*

#### **Act 2017-149 (SB 181)**

##### **Tax Exemption Reform Act of 2017**

This act replaces antiquated language relating to tax exemptions for community chests and united appeal funds; provides definitions of United Way, its member agencies, and qualifying united appeal funds; provides annual documentation to be provided to the Department.

*Effective Date: July 1, 2017*

#### **Act 2017-165 (HB 263)**

##### **Amends the Financial Institution Excise Tax Apportionment Formula to Include Loans and Credit Cards Receivables as Part of the Calculation**

This act amends Section 40-16-4 to include loans and credit card receivables as part of the calculation for the property factor in the financial institution excise tax apportionment formula; provides that loans and credit card receivables should be sourced using the same method used to allocate and apportion interest receipts from loans and credit card receivables; authorizes the Department of Revenue to promulgate a rule to exclude loans and credit card receivables from the financial institution's property factor if the majority of the states and two contiguous states to Alabama also require financial institutions to allocate and apportion its net income based, at least in part, on the institution's property, and exclude loans and credit card receivables as part of the calculation for the property factor.

*Effective date: Taxable years beginning on or after January 1, 2017*

### **Act 2017-227 (HB 87)**

#### **Makes Dishonored Fund Penalties Consistent, Regardless of Method of Payment, and Allows ADOR to Pursue Options in Order to Reduce Identity Theft Related Refund Fraud**

This act amends Section 40-29-70 to include a penalty on dishonored money orders and electronic funds presented to the Department for tax payments; makes dishonored fund penalties consistent, regardless of method of payment; adds a new Article 7 to Chapter 29 of Title 40, to allow the Department of Revenue to pursue the options in order to reduce identity theft related income tax refund; amends Section 40-18-79 to indicate that if the taxpayer's financial institution certifies that it has credited the taxpayer's account in the amount of the refund due because the taxpayer's refund was erroneously reversed by the department, then the balance shall be paid to the financial institution; requires the Department of Revenue to standardize the method of filing returns, license applications, and methods of payments in an effort to minimize errors and promote compliance.

*Effective Date: October 1, 2017*

### **Act 2017-229 (HB 333)**

#### **Compressed Natural Gas (CNG) and Liquefied Natural Gas (LNG) Decal Fee Replacement**

This act establishes a standardized motor fuel and enforcement system to allow for CNG and LNG to be taxed in the same manner as gasoline and diesel fuel; transfers the collection of the tax to the Department of Revenue; extends the suspension of the decal from the Liquefied Petroleum Gas Board until October 1, 2018, for vehicles which operate on propane; replaces decals with an tiered-in excise tax \$.08 effective October 1, 2018; \$.13 effective October 1, 2023; effective October 1, 2028, CNG tax rate equal to excise tax on gasoline per Gasoline Gallon Equivalent (GGE); effective October 1, 2028, LNG tax rate equal to excise tax on diesel per Diesel Gallon Equivalent (DGE).

*Effective Date: Section 3, October 1, 2017; Remaining Sections October 1, 2018*

### **Act 2017-242 (HB 251)**

#### **Motor Vehicle Reg. Renewal Updates and Decal Updates**

This act updates antiquated language for tabs and stamps on metal license plates to validation decals; includes e-receipts for motor vehicle registration; provides dealers that are designated agents with the ability to issue temporary license tags to motor vehicles that are to be permanently licensed in Alabama; updates requirement for driver's license for tag registration/renewals 32-7A-17.

*Effective Date: August 1, 2017*

### **Act 2017-246 (SB 345)**

#### **County Governments Authorized to Establish Agricultural Authorities**

This act provides that agriculture authorities may be established in any county to promote agricultural businesses, operations, commodities, workforce development, and economic development within a county. These authorities can be created by at least 3 persons who are residents of the county and are registered voters. The authority must submit an application of incorporation to the Judge of Probate. There are no filing fees or recording taxes due or payable on account of the filing for record of the articles. This act also exempts the agriculture authority from all municipal planning boards and zoning ordinances, and all state, county, and municipal sales and use taxes, and ad valorem taxes.

*Effective Date: May 9, 2017*

### **Act 2017-264 (HB 193)**

#### **Authorizes State Departments and Agencies to Process Criminal Bureau History Checks on Employees and Contractors, with Access to Federal Income Tax Information Through the Procedures of the Alabama Law Enforcement Agency**

This act authorizes state departments and agencies to process Federal Bureau criminal history checks on employees and contractors, with access to federal tax information, through the procedures of the Alabama Law

Enforcement Agency (ALEA); establishes agency policies, and consents the Secretary of ALEA to charge a fee to respective agencies for criminal history record checks.

*Effective Date: May 11, 2017*

### **Act 2017-294 (HB 75)**

#### **Wholesale to Retail Accountability Program**

This act provides reporting measures for manufacturers, wholesalers and distributors of tobacco products and beer and wine who sell to a retailer; expands already existing reports, no separate report required; provides for an advisory group; provides electronic submission of municipal business privilege license applications and renewals to the Department consistent with existing procedures and reporting of county privilege licenses; provides updated due date for payment settlement entity reporting.

*Effective Date: August 1, 2017*

### **Act 2017-296 (HB 158)**

#### **State Inspection Fee Removal of Bond Requirement**

This act removes the \$5,000 bonding requirement on the state inspection fee; updates and removes the term “bonded distributor” from the code.

*Effective Date: May 16, 2017*

### **Act 2017-301 (HB 313)**

#### **Forest Products Severance Tax**

This act provides for 1) removal of the alternate means to calculate the severance tax on forest products; 2) the removal of the severance tax on out of state processors; 3) a tax deduction for wood residue used as fuel; 4) a further definition of forest products subject to the severance tax; 5) the removal of the misdemeanor crimes and penalties; 6) a severance tax exemption on pulpwood chips and residual pulpwood chips; and 7) repealed the severance tax expenditure provisions for forest protection. These changes are retroactive and applies to all open tax periods and all periods for which a preliminary or final assessment of the tax could be or was entered, including audit periods.

*Effective Date: July 1, 2017*

### **Act 2017-314 (HB 574)**

#### **Amendment to Alabama Jobs Act**

This act extends the eligibility for incentives granted under the Alabama Jobs Act to December 31, 2020; caps the annual incentives at \$300M, and removes the aggregate incentive cap of \$850M; prohibits incentives to any project for which substantial construction activities have begun by July 2, 2015.

*Effective date: May 18, 2017*

### **Act 2017-317 (HB 264)**

#### **Qualified Trusts Expanded**

This act defines the term qualified trust; provides for the treatment of benefits of such trusts for purposes of assignment or alienation of such accounts, and the exclusion from federal bankruptcy and insolvency laws.

*Effective date: August 1, 2017*

### **Act 2017-349 (SB 315)**

#### **Amendment to Alabama G.I. Scholarship Program**

This act limits the benefits paid to dependents under the Alabama G. I. Dependent Scholarship Program to the cost of tuition, and a cap of \$1,000 per semester on books and fees; increases the minimum disability rating; establishes and/or clarifies residency requirements for veterans and dependents; the Department of Veteran affairs will contact the Department of Revenue to determine if the applicant has filed Alabama income tax returns for the last 10 years; requires that dependents participating in the program comply with the standards of Satisfactory Academic Progress (SAP); restricts the reimbursement for educational benefits at an Alabama state

public education institution to the average tuition rate based on the Department of Defense Tuition Assistance Cap and a maximum amount per semester for books and fees; and requires state educational benefits to be applied only after all other resources have been exhausted.

*Effective date: Tax years beginning after August 1, 2017*

### **Act 2017-352 (SB 257)**

#### **Amendment to Irrigation Tax Credit**

This act amends Section 40-18-342 to include additional credit amounts for tax years 2018-2022; provides an income tax credit on irrigation equipment, fuel conversions, and reservoirs; for tax years 2011-2017, allowable credit is 20% of costs, not to exceed \$10,000; for tax years 2018-2022, the allowable credit is the greater of 20% of costs, not to exceed \$10,000 or 10% of costs, not to exceed \$50,000; allows for the same credit amounts for tax years after 2022 that are allowed for tax years 2011-2017; provides for the sunset of the income tax credit under certain conditions; and establishes reporting requirements for a trade or business receiving the credit.

*Effective Date: Tax years beginning after December 31, 2017*

### **Act 2017-363 (HB 46)**

#### **Requires Tax Preparers to Include Their Federal Preparer Tax Identification Number on Alabama Income Tax Returns Prepared**

This act creates a new Chapter in Title 40 of the Code of Alabama 1975, which requires tax preparers to provide their Federal Preparer Taxpayer Identification (PTIN) number on all Alabama income tax returns; provides for penalties for violators; makes Business Privilege tax due dates consistent with the corresponding federal income tax return; changes the name of the Taxpayer Advocate to Taxpayer Assistance Officer and allows for multiple Taxpayer Assistance Officers.

*Effective Date: Tax years beginning on or after January 1, 2018*

### **Act 2017-369 (HB 468)**

#### **Provides for the Levy of an Additional Coal Severance Tax**

This act levies an additional excise and privilege tax on every person severing coal or lignite in this state. The act provides for an additional \$0.025 per ton of coal or lignite severed by underground mining. The act also provides for an additional \$0.05 per ton of coal or lignite severed by surface mining. The maximum tonnage for which the tax applies is 2 million tons per person or its affiliates. The act provides that the additional levy shall be collected by ADOR and deposited in a special fund in the State Treasury to be used exclusively for the operation of the Surface Mining Commission. A civil penalty not to exceed \$1,000 is to be assessed by ADOR against any person who fails to comply. This act is repealed two years from its effective date.

*Effective Date: August 1, 2017*

### **Act 2017-380 (HB 345)**

#### **Historic Preservation Income Tax Credit Re-established**

This act provides a refundable income tax credit for the rehabilitation, preservation, and development of qualifying historic structures; maximum tax credit claimed for any certified rehabilitation is \$5,000,000 and \$50,000 for any certified historic residential structure; annual cap for the credit is set for \$20M with an overall credit cap of \$100M.

*Effective Date: Tax years beginning 2018*

### **Act 2017-381 (HB 347)**

#### **Extension of Nursing Facility Supplemental Privilege Assessment**

This act extends the supplemental privilege assessment of \$1,603.08 per bed levied on each nursing facility, the monthly surcharge of \$43.75 per licensed bed in each nursing facility, and the secondary supplemental privilege assessment annual fee of \$401.28 per bed levied on every nursing facility in the state through fiscal year 2018.

*Effective Date: October 1, 2017*

**Act 2017-382 (HB 348)****Extension of Private Hospital Assessment**

This act extends the private hospital assessment and Medicaid funding program through fiscal year 2018; changes the due date of the quarterly assessment fee to the 15th business day of each quarter; the assessment imposed on each private hospital shall be reduced pro rata, if the total disproportionate share allotment for all hospitals is reduced before or during the 2018 fiscal year, as a result of any action by Alabama Medicaid Agency or the Centers for Medicare and Medicaid Services.

*Effective Date: October 1, 2017*

**Act 2017-386 (SB 75)****The Southern Research Institute Sales and Use Tax Exemption**

This act exempts The Southern Research Institute from paying any state, county, and municipal sales and use taxes; provides a sunset provision limiting the exemption until August 31, 2022; requires an annual report to be filed with the Department of Revenue consistent with the provisions of Section 40-9-61, Code of Alabama 1975 which shall be provided by the Department of Revenue to the Legislative Fiscal Office on an annual basis.

*Effective Date: August 1, 2017*

**Act 2017-397 (HB 290)****Photography Exemption for Gross Proceeds Occurring from Certain Services**

This act exempts the gross proceeds of services, including but not limited to sitting fees and consultation fees, provided by photographers even when such services are provided as part of a transaction involving the sale of photographs as long as the services are separately stated on the bill or invoice; for such transactions occurring before October 1, 2017 the Department of Revenue nor a local taxing jurisdiction may seek payment for sales tax not previously collected, neither shall a taxpayer request a refund of taxes previously paid.

*Effective Date: May 26, 2017*

**Act 2017-400 (HB 60)****Provides for the Creation of a New Distinctive License Plate for Recipients of the Distinguished Flying Cross and Provides That the DD214 Shall be Primary Evidence Veterans Must Provide to Qualify for Distinctive License Plates.**

This act amends Section 32-6-250 to remove the requirement that recipients of the Bronze Star and Silver Star must show receipt of the medal evidenced by a form DD214 in order to obtain either plate category. This act creates a new distinctive license plate for recipients of the Distinguished Flying Cross. This act creates Section 32-6-250.1 which provides that the DD214 shall be the primary evidence that veterans must provide to qualify for distinctive license plates, but other evidence can be accepted if prescribed by law or rule.

*Effective Date: Section 1: January 1, 2018; Section 2: May 26, 2017*

**Act 2017-404 (SB 234)****Alcoholic Beverage Sales Reporting Clarification on Internal Transfers**

This act clarifies that for reporting purposes, the internal transfer of alcoholic beverages on a manufacturer's licensed premises for the purpose of tasting, sampling, or retail sales shall be deemed a sale and the manufacturer licensee shall be deemed the wholesale and retail purchaser; provides that such manufacturers and brewpubs are not required to maintain name, address, or other personal demographic information on such sales.

*Effective Date: August 1, 2017*

**Act 2017-405 (HB 346)****Individual Income Tax Simplified Short Form Filing Act Established**

This act allows for individual income taxes to be filed using a simplified short form; allows for an optional increased standard deduction for qualifying individual income taxpayers; the optional increased standard deduction allowed for single persons is \$2,250 or the standard deduction allowed by Section 40-18-15,

whichever is greater; and for married filing jointly is \$4,500 or the standard deduction allowed by Section 40-18-15, whichever is greater; decrees taxpayers electing to compute their tax due using the simplified short form to voluntarily forgo any itemized deductions, federal income tax deduction, credits, dependent exemptions, and contributions to the Alabama Election Campaign Fund or any of the Donation Check-offs, and other exemptions that may otherwise be available to them; allows only the personal exemption and optional increased standard deduction for those opting to file the short form.

*Effective Date: For tax years beginning after December 31, 2017*

**Act 2017-409 (HB 550)**

**Traveling Reimbursement**

This act extends the range of expenses covered to employees traveling in the service of the state for purposes of attending or assisting in hosting a convention, conference, seminar, or other meeting of a state or national organization, of which the state or individual is a dues-paying member, is allowed to be reimbursed all of their actual and necessary expenses in addition to the actual expenses for transportation.

*Effective Date: May 26, 2017*

**Act 2017-415 (SB 316)**

**Local Business Delivery License Tax and Uniform Interest Rate on Delinquent Taxes**

This act provides that the interest rate on delinquent county and municipal taxes would be as provided by general law under Section 40-1-44, Code of Alabama 1975; provides that a municipality may charge a taxpayer an issuance fee for a business delivery license not to exceed ten dollars (\$10) and limits the delivery license fee to not exceed one hundred dollars (\$100); provides that a taxpayer is not required to purchase a delivery license or a regular business license of a taxing jurisdiction if the following criteria applies 1) the taxpayer's gross receipts derived from the municipality or its police jurisdiction do not exceed ten thousand dollars (\$10,000) during the year, and 2) the taxpayer has no physical presence within the municipality or its police jurisdiction during the year; the penalty for a delivery license or other appropriate license from a municipality may be subject to a penalty not to exceed ten dollars (\$10).

*Effective Date: August 1, 2017*

**Act 2017-423 (HB 179)**

**Water, Sewer, Solid Waste Disposal and Fire Protection Districts Exemption**

This act exempts water, sewer, solid waste disposal and fire protection districts from all taxes in the state.

*Effective Date: August 1, 2017*

**Act 2017-441 (HB 234)**

**Abandoned Motor Vehicle Remove Tax Tribunal Notice of Appeal and Exempt Tax Tribunal from Declaratory Judgement Provisions of AAPA**

This act removes the Alabama Tax Tribunal from the appeals process for abandoned motor vehicle sales; requires that all appeals be filed in the circuit court in the county where the sale is scheduled to occur/occurred; exempts the Alabama Tax Tribunal from declaratory judgement provisions of the Administrative Procedures Act.

*Effective Date: May 26, 2017*

## ***Local Revenue Related Acts***

### **Act 2017-67 (SB 79)**

#### **Authorizes the County Commission of Baldwin County to Levy an Excise Tax**

This act allows Baldwin county commission to levy an additional tax not to exceed \$0.03 per gallon on persons, corporations, co-partnerships, companies, agencies, and associations engaged in the business of selling, distributing, storing, or withdrawing from storage, for any purpose whatever, gasoline and motor fuel and substitutes therefor in the county.

*Effective Date: October 1, 2018*

### **Act 2017-90 (HB 323)**

#### **Change of Boundary Lines and Corporate Limits**

This act alters, rearranges, and extends the boundary lines and corporate limits of the municipality of Elberta in Baldwin County.

*Effective Date: June 1, 2017*

### **Act 2017-91 (HB 289)**

#### **Washington County Business License Renewal Fees**

This act establishes a mail renewal fee for the issuance and mailing of business licenses renewed by mail and to provide for a convenience fee per transaction made on the internet or by other electronic means on the payment for the renewal of a motor vehicle license plate registration.

*Effective Date: June 1, 2017*

### **Act 2017-256 (HB 474)**

#### **Walker County Authorize Sales and Use Tax Levy, Repeal Motor Vehicle Registration Issuance Fee**

This act provides Walker County with the authority to levy up to a one percent sales and use tax for the general rate and amusement rate; provides for the distribution of such levy; repeals the \$10 issuance fee for each motor vehicle and boat registration, enacted by Act 97-903.

*Effective Date: Contingent upon Voter Approval*

### **Act 2017-272 (HB 492)**

#### **Authorizes Escambia County Commission to Levy an Additional Sales and Use Tax**

This act authorizes the Escambia County Commission, upon majority vote of the members, to levy an additional sales and use tax rate of up to one percent; taxes of which shall be deposited into the Escambia County General Fund.

*Effective Date: May 12, 2017*

### **Act 2017-273 (HB 531)**

#### **Authorizes Geneva County Commission to Levy a Use Tax**

This act authorizes the Geneva County Commission to levy a use tax rate of up to one percent; proceeds of which shall be used for the operation of the jail.

*Effective Date: August 1, 2017*

### **Act 2017-274 (HB 547)**

#### **Authorizes Sumter County Commission to Levy an Additional Sales and Use Tax**

This act authorizes the Sumter County governing body, upon approval of a majority of the electorate, to levy an additional sales and use tax rate of up to one percent; taxes of which shall be used for the construction, maintenance, and operation of hospital facilities in Sumter County.

*Effective Date: Contingent upon Voter Approval*

**Act 2017-302 (HB 362)****Authorizes the County Commission of Washington County to Levy an Excise Tax, Sales and Use Tax, and a Leasing Tax**

This act authorizes Washington County Commission to levy an excise tax on the distribution, retail sale, or withdrawal from storage of gasoline or diesel fuel within the county if approved by a majority of the electorate. The excise tax rate shall not exceed two cents. The act provides that the excise tax shall be collected by the distributor. In addition the act authorizes the Department of Revenue to collect the tax upon resolution of the county commission. The act also authorizes the county commission to levy a one percent sales and use tax. The county commission may also levy a one percent leasing tax. The act provides that the Department of Revenue shall charge Washington County a fee not to exceed five percent for collecting the sales, use, and leasing tax.

*Effective Date: Constitutional Amendment*

**Act 2017-307 (HB 518)****Change of Boundary Lines and Corporate Limits**

This act alters, rearranges, and extends the boundary lines and corporate limits of the City of Moody in St. Clair County.

*Effective Date: August 1, 2017*

**Act 2017-323 (HB 418)****Change of Boundary Lines and Corporate Limits**

This act alters, rearranges, and extends the boundary lines and corporate limits of the municipality of Hytop in Jackson County.

*Effective Date: August 1, 2017*

**Act 2017-332 (HB 572)****Authorizes Pike County Commission to Levy an Additional Sales and Use Tax**

This act authorizes the Pike County Commission, upon a majority member vote, to enact a sales and use tax of up to one and one-half percent for outside the corporate limits of the City of Troy and up to one-half of one percent within the corporate limits of the City of Troy; distributed to the Pike County General Fund for the construction, financing, and equipping of a new jail. The tax authorized by this act shall expire on the first day of the next month following full payment of the costs relating to the construction and equipping of the new jail.

*Effective Date: May 19, 2017*

**Act 2017-339 (HB 592)****Authorizes Lamar County Commission to Levy an Additional Sales and Use Tax**

This act authorizes the Lamar County Commission, upon member majority vote, to levy a sales and use tax in an amount up to one percent, the rate of which shall not exceed the proportionate rate of the state sales and use tax levy; taxes levied and collected shall be deposited to the Lamar County General Fund.

*Effective Date: Contingent upon Voter Approval*

**Act 2017-407 (HB 512)****Allows Baldwin County Courts to Increase Court Costs Assessed**

This act increases the court costs, not exceeding \$15, assessed in every case before the state courts in Baldwin County; bars waiver of fees by any court unless all other fees, assessments, costs, fines, and charges associated with the case are waived.

*Effective Date: May 26, 2017*

**Act 2017-438 (SB 305)**

**Authorizes Montgomery County to Impose Additional Service of Process Fee**

This act clarifies that the additional service of process fee for the service of documents in the civil and criminal divisions of the circuit and district courts shall be collected on each document requiring personal service of process by the Sheriff of Montgomery County for matters pending or to be commenced in a court in Montgomery County or in a court outside of Montgomery County.

*Effective Date: August 1, 2017*

**2017-448 (HB 503)**

**Alters Boundary Lines of the City of Foley**

This act alters, rearranges, and extends the boundary lines and corporate limits of the City of Foley in Baldwin County.

*Effective Date: August 1, 2017*

**2017-457 (HB 595)**

**Marshall County Requires Public Service Commission Oversight for Certain Wastewater Systems**

This act provides that any wastewater system in Marshall County which serves one or more developments, is designed and permitted for discharge of wastewater, is regulated by the Department of Environmental Management, and serves less than 200 people shall be subject to the certification and monitoring of the Public Service Commission.

*Effective Date: May 26, 2017*

**2017-459 (HB 603)**

**Authorizes Cherokee County to Levy a Transient Occupancy Tax per Room Fee**

This act authorizes the Cherokee County Commission to levy a lodgings tax of \$2.00 per room on every person, firm or corporation engaging in the business of renting or furnishing such rooms.

*Effective Date: August 1, 2017*

**2017-465 (HB 594)**

**Authorizes Montgomery County Commission to Levy a Rental Tax Against the Lessees or Renters of Tangible Personal Property**

This act authorizes Montgomery County to levy and provide for the collection of, in addition to all other taxes authorized, a rental tax on automotive vehicles at the rate of three quarters of one percent and all other transactions subject to the tax, up to two percent; the rental tax shall conclusively be presumed to be a direct tax on the lessee or renter, pre-collected for the purpose of convenience only; provides for certain exemptions; provides distribution for taxes of which shall be deposited into the county general fund.

*Effective Date: May 26, 2017*