

Revenue REVIEW

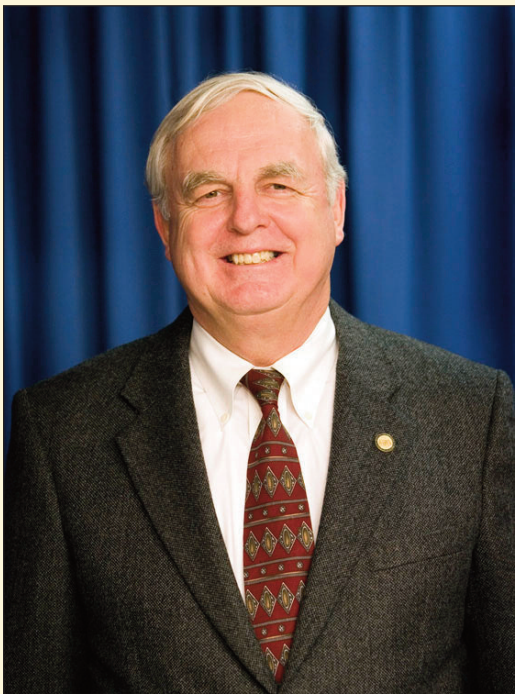
3rd Quarter
FY 2009
(April, May, June 2009)

A Quarterly Publication of the Alabama Department of Revenue

Tim Russell Elected MTC Vice-Chair

The Multistate Tax Commission's (MTC) Executive Committee elected Alabama Commissioner of Revenue Tim Russell to the post of vice-chair on May 7, 2009.

Russell, who was elected MTC treasurer in 2008, was named vice-chair at the MTC's Spring Executive Meeting, held May 7, 2009, in Alexandria, Va.,



ADOR Commissioner Tim Russell

filling the vacancy created when Deputy Chief Financial Officer Stephen M. Cordi, District of Columbia, was appointed chair earlier this year.

The Multistate Tax Commission is an intergovernmental state tax agency that works on behalf of states aiding in the administration of tax laws that apply to multistate and multinational enterprises. The commission, which was created by the Multistate Tax Compact in 1967, handles a variety of tax initiatives.

The MTC works to achieve the goals of preserv-

ing federalism and tax fairness through a comprehensive range of activities that includes:

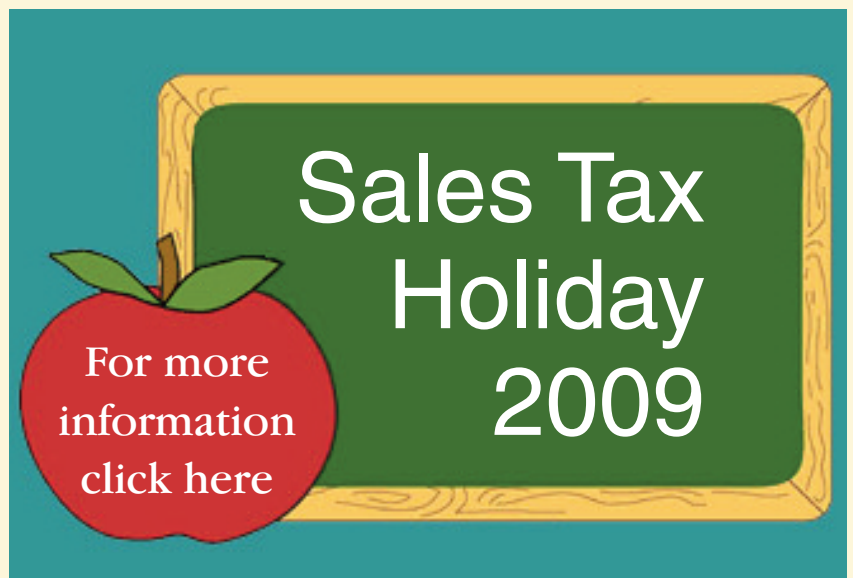
- Developing recommended uniform state tax policies with respect to interstate commerce.
- Encouraging compliance with tax laws and consistency in enforcement through the Joint Audit and National Nexus Programs.
- Training and education in complex multistate tax issues.
- Supporting states engaged in major and "cutting edge" tax litigation through amicus briefs and technical assistance.
- Advocacy of State interests in the field of multistate taxation to Congress and the Executive branch.

Currently, five ADOR representatives serve on various MTC committees in the areas of uniformity, audit, nexus, and litigation.

"I am very honored to have been elected to serve as vice-chair, and I am very proud of the department's representatives who serve as active participants in their respective MTC committee assignments," said Russell.

"Alabama's participation in the activities of the MTC has been extremely beneficial to Alabama over the years. We have collected tens of millions of dollars through our partnership with the MTC. The MTC's Joint Audit Program and the National Nexus Program alone have brought millions to the coffers of our state. In addition, the support and legal briefs provided by the Legal Staff of the MTC have been of paramount importance to the success of many of our major tax cases," Russell added.

Forty-six states and the District of Columbia are currently members of the MTC.



“Operation Clean Slate” Rated High

State Tax Notes’ contributing writers Stephen P. Kranz and Jessica L. Kerner recently graded the 2009 state tax amnesty programs announced so far this year in their June 1 article, “Amnesty 101 – Grading the Landscape.” Alabama’s program, Operation Clean Slate, which ran Feb. 1 through May 15, 2009, received top ranking.

In their article, the writers compiled their recommendations as to what a successful amnesty program should entail and reviewed programs, in addition to Alabama’s, announced by Arizona, Connecticut, Maryland, Massachusetts, New Jersey, and Virginia.

Kranz and Kerner recommended the following as components needed to create a successful amnesty program. The program

should: waive all penalties; reduce the interest rate by at least one-half the generally applicable rate; limit the lookback period to attract nonfilers; not require taxpayers to admit liability or relinquish appeal rights; offer additional benefits not offered in ongoing voluntary disclosure programs; and allow taxpayers currently under audit to participate in amnesty.

After reviewing the various programs’ guidelines, they assigned a point value to each of their met recommendations for an effective amnesty program and graded each state’s program based on the total number of points received. The Alabama program, according to Kranz and Kerner, scored a total of 16 out of 24 possible points: one point for penalty waiver, five points for limited lookback, five points for no requirements to admit liability or relinquish appeal rights, and five points for being broader than the state’s voluntary disclosure program.

Commenting on Alabama’s ranking,

State Revenue Commissioner Tim Russell said, “While the final numbers are still being compiled, we believe our program here in Alabama was quite successful. The recent article by *State Tax Notes* helped confirm our beliefs that we diligently worked to formulate the best program for our taxpayers to take advantage of and become compliant with Alabama’s tax laws.”

New Failure to Pay Penalty Becomes Law

Act 2009-144, effective March 24, 2009, imposes a failure to timely pay penalty. This new penalty applies to any tax amount that was required to be shown on any tax return, if the tax remains unpaid after 30 calendar days from the date the department notifies the taxpayer of the unpaid amount.

The ADOR advises that the most common situations where this new penalty would be imposed involve tax audits or tax return adjustments. The new late payment penalty would apply to a tax liability determined during an audit or following the adjustment of a taxpayer’s return, if the tax remains unpaid for over 30 days after the taxpayer receives notice that the tax is due.

For annual returns with unpaid tax amounts, the new late payment penalty is calculated at one percent of the amount of tax due per month, or fraction of a month, that the tax remains unpaid. The failure to pay penalty cannot exceed 25 percent of the total amount of tax determined to be due.

In the case of monthly or quarterly returns with unpaid tax amounts, the new law provides that the failure to timely pay penalty will be 10 percent of any tax not paid after 30 days from the date the ADOR notifies the taxpayer of the liability.

For more information regarding Alabama’s tax penalties, visit the department’s Web site at www.revenue.alabama.gov.

NOTICE:

Reporting Changes Regarding Underground/Aboveground Storage Tank Trust Fund Charge

In a notice dated May 21, 2009, the ADOR informed taxpayers that Act 2009-589, effective May 20, 2009, amended the definition of “motor fuels” to include components used in any gasoline blend, ethanol, any diesel blend, and biodiesel. As a result, the Underground and Aboveground Storage Tank Trust Fund Charge is now levied on any of these components.

The Alabama Underground and Aboveground Storage Tank Trust Fund charge is collected by the operator of the bulk facility and is imposed on the first withdrawal of a motor fuel from bulk storage in Alabama and on motor fuels imported into Alabama. The charge is based on invoiced gallons of no less than \$.003 per gallon and no more than \$.01 per gallon as annually recommended by the Underground and Aboveground Storage Tank Trust Fund Management Board. The current rate is \$.01 per gallon.

Act 2009-589 also provides for an increase in the current rate up to \$.02 per gallon upon recommendation by the Underground and Aboveground Storage Tank Trust Fund Management Board. The fuel charge is earmarked for the Alabama Underground and Aboveground Trust Fund, administered by the Alabama Department of Environmental Management.

County Officials Receive Grants for Mapping

Representatives from Baldwin, Choctaw and Walker counties visited the department in June to receive federal grant money to be used in implementing or upgrading a statewide geographic information system (GIS) used to support property tax administration functions. Digital orthophotography base mapping is the initial step in GIS.

Qualifications for the grant awards are based on a county's commitment to acquire or enhance its GIS technology. The award supplements approximately 40 percent of a county's budget allocation for orthophotography; the county is responsible for the remaining 60 percent funding.

(Far right) Tim Russell, Alabama Commissioner of Revenue, presents Choctaw County's check for \$50,000 to David Sparrow, Choctaw County Revenue Commissioner; they are joined by (left to right) Bill Bass, ADOR Property Tax Division Director, and D'Wayne May, Choctaw County Probate Judge, County Commission Chairman.



(Far right) Tim Russell, Alabama Commissioner of Revenue, presents Baldwin County's check for \$50,000 to Teddy Faust, Baldwin County Revenue Commissioner-elect; they are joined by (left to right) Bill Bass, ADOR Property Tax Division Director, and Kenneth McIlwain, Baldwin County Geographic Information Systems Manager.



(2nd from right) Tim Russell, Alabama Commissioner of Revenue, presents Walker County's check for \$35,978 to Jerry Guthrie, Walker County Revenue Commissioner; they are joined by (left to right) Bill Bass, ADOR Property Tax Division Director; Jill Farris, Walker County Administrator; Roger Starnes, Walker County Director of Appraisals.



IRS News

Submitted by John Berger, editor,
eNews

American Recovery and Reinvestment Act of 2009 Provides Energy Incentives for Businesses

The American Recovery and Reinvestment Act of 2009 (ARRA) provides a number of energy tax incentives for both small and large businesses. Businesses and individuals who take advantage of these energy-saving steps this year may result see bigger tax savings next year.

Here are some of the major provisions that apply:

- **Extension of Renewable Energy Production Tax Credit:** This law extends the “eligibility dates” of a tax credit for business facilities that use wind, closed-loop biomass, open-loop biomass, geothermal energy, municipal solid waste, qualified hydropower and marine and hydrokinetic renewable energy. The “placed in service date” is now Dec. 31, 2012 for wind facilities and Dec. 31, 2013 for the other facilities.

- **Election of Investment Credit in Lieu of Production Credit:** Businesses that operate facilities that produce electricity from wind and some other renewable resources after Dec. 31, 2008 can now choose either the energy investment tax credit or the production tax credit.

- **Repeal of Certain Limits on Business Credits for Renewable Energy Property:** ARRA repeals the \$4,000 limit on the 30 percent tax credit for small wind energy property and the limitation on property financed by subsidized energy financing for property placed in service after Dec. 31, 2008.

- **Coordination with Renewable Energy Grants:** Business taxpayers can apply for a grant in lieu of claiming either the energy investment tax credit or the renewable energy production tax credit for property placed in service in 2009 or 2010.

- **Temporary Increase in Credit for Alternative Fuel Vehicle Refueling Property:** Qualified property placed in service in 2009 and 2010 is now eligible for a 50 percent credit, and the per-business location limit increases to \$50,000. Property relating to

hydrogen remains at the 30 percent rate, but the per-business location limit rises to \$200,000.

In addition, there are several other energy credits available that small businesses should be aware of, such as:

- **Residential Energy Property Credit:**

The new law increases the energy tax credit for homeowners who make energy efficient improvements to their existing homes. The new law increases the credit rate to 30 percent of the cost of all qualifying improvements and raises the maximum credit limit to \$1,500 for improvements placed in service in 2009 and 2010. The credit applies to improvements such as adding insulation, energy efficient exterior windows and energy-efficient heating and air conditioning systems.

- **Plug-in Electric Drive Vehicle Credit:**

The new law modifies the credit for qualified plug-in electric drive vehicles purchased after Dec. 31, 2009.

- **Plug-In Electric Vehicle Credit:** The new law also creates a special tax credit for two types of plug-in vehicles — certain low-speed electric vehicles and two- or three-wheeled vehicles.

More information on these business energy tax incentives are available on www.irs.gov at www.irs.gov/newsroom/article/0,,id=204335,00.htm.

To keep up with ARRA and other IRS tax news, subscribe to [e-News for Small Businesses](http://www.irs.gov/businesses/small/article/0,,id=154825,00.html) at <http://www.irs.gov/businesses/small/article/0,,id=154825,00.html> or type in “e-News for Small Businesses” in the search box on www.irs.gov and enter.

Key Highlights for Small Businesses

- **Net Operating Loss Carryback**

Small businesses with deductions exceeding their income in 2008 can use a new net operating loss tax provision in ARRA to get a refund of taxes paid over the past five years instead of the usual two.

To accommodate the change in tax law, the IRS has updated Publication 536, Net Operating Losses (NOLs) for Individuals, Estates and Trusts, as well as the instructions for Form 1045 and Form 1139, which small businesses will use to take advantage of the carryback provision.

An IRS news release and question-and-answer document have more information on the net operating loss carryback provision.

Technical information is contained in Revenue Procedure 2009-19.

- **Section 179 Deduction**

A qualifying taxpayer can choose to treat the cost of certain property as an expense and deduct it in the year the property is placed in service instead of depreciating it over several years. This property is frequently referred to as section 179 property.

Under ARRA, qualifying businesses can continue to expense up to \$250,000 of section 179 property for tax years beginning in 2009. Without ARRA, the 2009 expensing limit for section 179 property would have been \$133,000. The \$250,000 amount provided under the new law is reduced if the cost of all section 179 property placed in service by the taxpayer during the tax year exceeds \$800,000.

The new law does not alter the section 179 limitation imposed on sport utility vehicles, which have an expense limit of \$25,000.

- **More Help for Small Business**

The Recovery Act also includes the following business-related provisions:

- **Reduction of Estimated Tax Payments:** Normally, small businesses have to pay 110 percent of their previous year’s taxes in estimated taxes. The Recovery Act permits small businesses to reduce their estimated payments to 90 percent of the previous year’s taxes.

- **Extension of Bonus Depreciation Deductions Through 2009:** Bonus depreciation is extended through 2009, allowing businesses to take a larger tax deduction within the first year of a property’s purchase.

- **Capital Gains Tax Break for Investment in Small Business:** Investors in small business who hold their investments for five years can exclude from taxation 75 percent of their capital gains.

- **COBRA: Health Insurance Continuation Subsidy:** The IRS has extensive guidance for employers, including an updated Form 941, as well as information for qualify-

ing individuals.

Go to the IRS's IRS's American Recovery and Reinvestment Act of 2009 Web site at www.irs.gov/newsroom/article/0,,id=204335,00.html for information and links to each of these provisions.

Subscribe to e-News for Small Businesses at <http://www.irs.gov/businesses/small/article/0,,id=154825,00.html> to get the latest information about ARRA and other IRS news and information.

Administrative Rules

Effective May 20, 2009

Adopted:

810-8-1-.18 Procedure for Issuing Refund of Gasoline and Motor Fuel Excise Taxes for Agricultural Purposes and for the Delivery of Biomass Products

Repealed:

810-5-41-.07 Salvage-Motorcycles, Semi-trailers, etc. Procedure on Vehicles that do not have Vehicle Identification Number Plates to be Removed when Total Loss Occurs

Effective June 5, 2009:

Amended:

810-5-26-.02 Powers of the Department-Revocation and Denial of Authority to Act as Designated Agent of the Department

Effective July 17, 2009:

Adopted:

810-3-15-.27 Deductions for Contributions to Alabama College Education Plans

Effective Aug. 4, 2009:

Amended:

810-6-3-.32 Historical Preservation Authorities

810-6-3-.33 Industrial Development Board

810-6-3-.38 Medical Clinic Boards

810-6-3-.41 Exemption for Municipal Special Health Care Facilities

810-6-3-.41.01 Exemption for Certain Health Care Authorities

Federal Refund Offset Fee Now to Be Paid by Debtor

A new state law requires the administrative fee charged by the U.S. Treasury Department for Alabama's participation in the Treasury Offset Program (TOP), a debt collection program, to be paid by Alabama taxpayers whose federal refunds are intercepted for payment of past-due Alabama income tax debts.

Prior to passage of Act 2009-223, effective April 8, 2009, the Alabama Department of Revenue (ADOR) was required to pay the federal fee to the U.S. Treasury for each federal refund intercepted and applied to past-due Alabama income tax debts. The federal fee is set at \$22 per federal refund offset.

Alabama has participated in the Federal Refund Offset program since 2003 and has collected over \$37.5 million, representing 153,664 federal refund offsets.

Federal legislation passed by Congress in 1998 (P.L. 105-206) authorizes the federal government to offset federal tax refunds to satisfy state tax delinquencies. Forty-one states, including the District of Columbia, currently participate in the federal Treasury Offset Program.

Interest Rates Remain the Same for Third Quarter

Interest rates for the calendar quarter beginning July 1, 2009, remained the same (4% a.p.r.) for underpayments, according to the Internal Revenue Service's Bulletin No. 2009-26.

Under Sect. 40-1-44, *Code of Alabama 1975*, the Department of Revenue will calculate interest on underpayments and overpayments (where applicable) at this same annual rate (4%); however, land sold by the state for taxes, shall be calculated at 12% in accordance with Sect. 40-5-9. (Historical rates shown below.)

Interest Rates By Calendar Quarter

(Established by: 26 USCA §6621; §40-1-44, *Code of Alabama 1975*)

	1ST QTR	2ND QTR	3RD QTR	4TH QTR
2001	9%	8%	7%	7%
2002	6%	6%	6%	6%
2003	5%	5%	5%	4%
2004	4%	5%	4%	5%
2005	5%	6%	6%	7%
2006	7%	7%	8%	8%
2007	8%	8%	8%	8%
2008	7%	6%	5%	6%
2009	5%	4%	4%	

2009 Revenue-related Legislation

General Legislation

Act 2009-144 (HB 69) – Entertainment Industry Incentive Act of 2009

This bill exempts certain sales, use and lodging taxes, and provides refundable credits against the income tax liabilities of qualified production companies to encourage growth within the entertainment industry. The bill also requires the filing of composite returns for nonresident partners or members of “pass-through” entities; and provides income tax exemptions for nonresident partners of qualified investment partnerships. It also expands and clarifies penalties for failure to pay tax as required.

Effective date: Retroactively to January 1, 2009, for purposes of qualifying for rebates, and sales, use, and lodging tax exemptions. The composite return requirements and the exemption for qualified investment partnerships are effective for all tax years beginning after December 31, 2008. The penalty provisions are effective immediately.

Act 2009-147 (HB 382) – Establishes severance taxes for offshore oil and gas based on the gross proceeds from the sale of the oil or natural gas

This bill establishes that severance taxes for certain offshore oil and gas produced for sale, transport, storage, profit or use will be based on the gross proceeds from the sale of the oil or natural gas.

Effective date: Effective for oil and gas produced on or after May 01, 2009. All oil and gas produced prior to the effective date shall be subject to the laws in effect prior to the effective date.

Act 2009-223 (HB 497) – Federal Offset Program of Federal Income Tax Refunds (TOPS)

This bill provides that the fee charged by the United States Department of Treasury for state participation in the federal offset program of federal income tax refunds shall be paid by the taxpayer whose federal re-

fund was intercepted.

Effective date: April 08, 2009

Act 2009-281 (HB 316) – Alabama Department of Revenue has the authority to issue and transfer certificates of title electronically

This bill provides ADOR with the authority to promulgate rules to issue and transfer certificates of title electronically; changes title exemption and inspection requirements; specifies parties required to sign title applications; provides ADOR with the authority to record and release security interests electronically.

Effective date: July 01, 2009

Act 2009-337 (HB 590) – Development of closed federal military installations in Alabama

This bill authorizes the incorporation of development authorities for the purpose of developing real and personal property of closed federal military installations in Alabama; exempts authorities from certain taxes and from usury and interest laws; provides an exemption from certain public lands sales requirements.

Effective date: April 30, 2009

Act 2009-461 (SB 373) – Authorizes Lifeline and Link-Up telephone services to low income residential customers

This bill provides further for the regulation of telephone services by the Public Service Commission and further authorizes Lifeline and Link-Up services to low income residential customers. Alabama Department of Revenue will support efforts to promote Lifeline participation by including information regarding Lifeline eligibility and enrollment within individual state income tax instruction booklets.

Effective date: August 1, 2009

Act 2009-499 (SB 107) – Increases prepaid traveling expenses for Alabama Department of Revenue employees

This bill increases the amounts that

ADOR may prepay for the expenses of its employees traveling out of state. No traveler will have prepaid expenses in excess of \$4,000 for any one period of travel, nor will prepaid expenses exceed a total of \$20,000 for all travelers at any time.

Effective date: May 14, 2009

Act 2009-503 (HB 29) – Authorizes agents of the Alabama Department of Revenue to seize illegal cigarettes

This bill authorizes ADOR agents to seize any brand of cigarettes that are sold, possessed for sale, or imported for personal consumption in this state without being listed in the Directory of Cigarettes Approved for Stamping or Sale in Alabama.

Effective date: May 14, 2009

Act 2009-508 (SB 142) – Redemption of property sold for delinquent taxes – provides further for rights of the purchaser

This bill concerns the redemption of property sold for delinquent ad valorem taxes; further defines the term residential property; allows tax status to remain for Class III owner-occupied property; requires ad valorem taxes to be paid before the judge of probate issues a deed upon the expiration of three years from the date of sale of any real estate for taxes and provides further for the deposit of redemption money; provides further for the purchaser's rights where the tax sale proceedings were defective, for actions for possession and defenses that are defeated on grounds other than that the taxes were not due, for the tender of parties claiming adversely to the tax title, for the effect of payment by the original owner, and for the time and by whom the land may be redeemed.

Effective date: September 1, 2009

Act 2009-513 (HB 222) – Adds Title 10A, the Alabama Business and Nonprofit Entities Code

This bill adds Title 10A to the *Code of Alabama 1975*; entitled the Alabama Busi-

ness and Nonprofit Entities Code, comprised of chapters concerning general provisions; the Alabama Business Corporation Law; the Alabama Professional Corporation Law; the Alabama Limited Liability Company Law; the Alabama General Partnership Law; the Alabama Real Estate Investment Trust Law; the Alabama Employee Cooperative Corporations Law; business trusts; and the Alabama Unincorporated Nonprofit Association Law.

Effective date: January 1, 2011

Act 2009-549 (HB 868) – Hospital funding program for the Alabama Medicaid Program

This bill provides for an assessment on privately operated hospitals in Alabama as a funding program for the Alabama Medicaid Program, and creates a Hospital Assessment Account in the Health Care Trust Fund. The program terminates on September 30, 2011.

Effective date: May 15, 2009. Expires September 30, 2011. Article automatically terminates and becomes null and void on September 30, 2011, unless later bill is passed extending the article to future state fiscal years.

Act 2009-561 (HB 700) – Provides for levy of fees upon employers based upon the Alabama wages paid to construction workers

This bill levies fees based upon the Alabama wages paid to certain skilled construction workers under a construction contract or job located in this state; funds a program to provide for the recruitment of, and the promotion of training programs and opportunities for, new construction craft trade workers; provides for remittance of fees to the state 21st Century Authority for the benefit of the Alabama Construction Recruitment Institute.

Effective date: May 18, 2009; contingent upon passage of SB 301. Expires and repealed May 18, 2013 (four years after effective date)

Act 2009-563 (SB 301) – Promotes recruiting and training programs for construction craft trade workers

This bill promotes recruiting and training programs for construction craft trade

workers; grants the 21st Century Authority the power to establish the Alabama Construction Recruitment Institute.

Effective date: May 18, 2009; contingent upon passage of HB 700

Act 2009-568 (HB 71) – Authorizes the sale of admission tickets at a price greater than the original price

This bill allows admission tickets to be sold at a price greater than the original price, and provides penalties for the sale of counterfeit tickets.

Effective date: August 1, 2009

Act 2009-583 (HB 445) – Heavy equipment rental companies may include recovery fee in rental agreements

This bill provides that companies renting heavy equipment property located in Alabama may include a one and one-half percent recovery fee on the gross rental receipts from any item of heavy equipment rented by a customer; recovery fee to be retained by the business and used to pay personal property taxes; the recovery fee doesn't apply to the leasing or renting of heavy equipment to the State of Alabama, any municipality, or any county.

Effective date: May 20, 2009

Act 2009-595 (HB 715) – Alabama Gold Star Family license plate

This bill establishes a new distinctive license plate category entitled "Alabama Gold Star Family." Any member of the immediate family of a person who died while on active duty of any branch of the US military may apply to the judge of probate or other county license plate issuing official, present proper documentation, pay required motor vehicle license fees and taxes, and pay an additional fee of \$3.00 for the initial issuance of this tag.

Effective date: January 1, 2010

Act 2009-618 (SB 54) – Volunteer firefighters exempted from paying license taxes and registration fees

This bill exempts certain volunteer firefighters from the payment of certain license taxes and registration fees on motor vehicles.

Effective date: August 1, 2009

Act 2009-620 (SB 84) – Practice privilege for nonresident CPAs

This bill provides for a practice privilege for nonresident certified public accountants; makes certain technical changes; conforms state law to certain federal auditing standards; increases certain administrative fines.

Effective date: October 1, 2009

Act 2009-621 (SB 87) – Alabama Uniform Limited Partnership Act of 2010

Adds Chapter 9C of Title 10 to the Code of Alabama 1975, entitled "Alabama Uniform Limited Partnership Act of 2010"; establishes rights, liabilities, and rules for registration of limited partnerships.

Effective date: January 1, 2010

Act 2009-623 (SB 212) – Operation Iraqi Freedom and Operation Enduring Freedom-Afghanistan Veteran Plate

This bill provides for the issuance of an Operation Iraqi Freedom and an Operation Enduring Freedom-Afghanistan Veteran Plate; provides for the fee and distribution of fee.

Effective date: August 1, 2009

Act 2009-630 (SB 311) – Establishes and supports reduced cigarette ignition propensity standards; and establishes civil penalties for violations

This bill establishes and supports reduced cigarette ignition propensity standards, and establishes civil penalties for violations. The Alabama Department of Revenue, while conducting inspections of wholesale dealers, agents, and retail dealers, may inspect cigarettes to determine if the cigarettes are marked as required by this act; and will notify the State Fire Marshal of any violations. ADOR, along with the Attorney General, the State Fire Marshal, their duly authorized representatives, and other law enforcement personnel, is authorized to examine the books, papers, invoices, and other records of any person in possession, control, or occupancy of any premises where cigarettes are placed, stored, sold, or offered for sale, as well as the stock of cigarettes on the premises.

Effective date: January 1, 2010; provided subsection (a) of Section 7 and Section 12 shall become effective immediately following its passage and approval by the Governor, or its otherwise becoming law (May 21, 2009).

Act 2009-637 (HB 28) – U.S. Marine Corps distinctive license plate

This bill establishes a new distinctive license plate category for the U.S. Marine Corps; provides an additional \$3.00 fee for active corps members in the year the license plate is issued, and an annual additional fee of \$25.00 for retirees and honorably discharged corps members; and provides that the proceeds from the annual additional fees will be distributed to the Department of Alabama Marine Corps League.

Effective date: January 1, 2010

Act 2009-639 (HB 58) – Vietnam veterans pay additional tag fee for each year registration is renewed

This bill provides that Vietnam veterans will pay an additional \$3.00 tag fee for each year the registration is renewed; provides that the fees will be distributed to the Vietnam Veterans of America, Inc., Alabama State Council.

Effective date: August 19, 2009 (90 days following its enactment date of May 21, 2009)

Act 2009-644 (HB 130) – Increases tag fee for Fraternal Order of Police license tags; authorizes distinctive license tags for motorcycles owned by FOP members

This bill increases the annual additional fee for a Fraternal Order of Police distinctive license tag to \$30.00 and authorizes distinctive license tags for motorcycles owned by members of the Fraternal Order of Police under certain conditions; and provides for distribution of the fee.

Effective date: August 1, 2009

Act 2009-660 (HB 315) – Exempts Alabama Association of Rescue Squads from state and local gasoline and diesel fuel taxes

This bill exempts rescue squads who are members in good standing of the Alabama Association of Rescue Squads from state

and local gasoline and diesel fuel taxes; and exempts these squads from all tax and motor vehicle license fees on motor vehicles.

Effective date: August 1, 2009

Act 2009-717 (HB 519) – Exempts volunteer fire departments from state and local gasoline and diesel fuel taxes

This bill exempts vehicles owned and operated by volunteer fire departments and fire protection districts from state and local gasoline and diesel fuel taxes.

Effective date: August 1, 2009

Act 2009-722 (HB 568) – Allows additional categories of industries to be eligible for Alabama's existing incentives

This bill expands the categories of businesses eligible for Alabama's existing incentives to new or expanding businesses incentives, including corporate headquarters, data processing centers, research and development facilities, producers of electricity or natural gas from renewable energy resources or biofuels, and biofuel producers. It also increases the base wage requirement for qualifying projects.

Effective date: May 21, 2009. This act does not repeal or amend the effective date for projects first authorized by Act 2008-275. The provisions of this act shall be effective and shall apply for projects authorized in this act that are first placed in service on or after the effective date of this act.

Act 2009-731 (HB 807) – Income tax refund check-off for Alabama Military Support Foundation

This bill provides an income tax refund check-off for a contribution to the Alabama Military Support Foundation, Incorporated; applies to each Alabama state income tax return for the 2009 tax year and each year thereafter.

Effective date: August 1, 2009

Act 2009-738 (SB 19) – Alabama Land Bank Authority

This bill creates the Alabama Land Bank Authority for the purpose of acquiring tax delinquent properties for rehabilitation of

such properties; authorizes the release of certain tax liens in order to facilitate the development of certain tax delinquent properties; creates a board to govern the land bank authority. This act shall not apply to property owned, operated, or used by utilities engaged in the generation, transmission, or distribution of electricity.

Effective date: August 1, 2009.

Act 2009-743 (SB 105) – Spouses of eligible retired military members and eligible retired reservists will receive one distinctive motor vehicle tag designated for retired members of the USAF

This bill provides for spouses of eligible retired military members and eligible retired reservists to receive one distinctive motor vehicle tag designated for retired members of the U.S. Armed Forces upon payment of license and registration fees; provides that upon the death of any retired military license plate recipient, the surviving spouse will retain the distinctive license plate upon one motor vehicle owned by the surviving spouse for the remainder of the spouse's lifetime or until remarriage.

Effective date: August 1, 2009

Act 2009-746 (SB 151) – Alabama Manufactured Home Certificate of Title Act

This bill establishes title law specifically for manufactured homes; removes manufactured homes from the Alabama Uniform Certificate of Title and Anti-theft Act and establishes a new chapter for titling manufactured homes and cancelling certificates of title when a manufactured home is permanently affixed to real property. The bill also exempts utility trailers and certain vehicles already titled out of state from having to be titled in Alabama before they are registered. Finally, the bill requires that vehicles not subject to titling be physically inspected by the licensing official prior to first registration in Alabama.

Effective date: January 1, 2010

Act 2009-779 (HB 808) – Amends the Alabama Scrap Tire Environmental Quality Act

This bill amends the Alabama Scrap Tire Environmental Quality Act; defines terms,

accumulation and expansion of limits, cleanups, receivers, transportation of scrap tires, manifests, financial assurance, administration and enforcement, and the distribution of environmental fee proceeds; provides for criminal penalties for violations. This bill changes the discount that the tire dealer receives when he pays the scrap tire environmental fees from 5% to 7%, thereby decreasing the amount of money that would be deposited in the Scrap Tire Fund.

Effective date: August 1, 2009

Act 2009-787 (HB 931) – Alabama Capital Assistance Stimulus for Rail Projects Act of 2009

This bill establishes the Alabama Capital Assistance Stimulus for Rail Projects Act of 2009; requires the Alabama Department of Economic and Community Affairs (ADECA), with the assistance of the Mississippi-Louisiana-Alabama Rapid Rail Transit Commission, to establish and operate a program to promote passenger rail travel and service; develops the state rail plan; provides for funding.

Effective date: July 1, 2009

Local Legislation

Act 2009-152 (SB 179) – Lawrence County Community Development Commission

This bill creates the Lawrence County Development Commission; provides for membership of the commission; establishes a Community Development Fund within the county treasury, and provides for the source of revenue.

Effective date: June 1, 2009

Act 2009-285 (HB 620) – Cullman County Community Development Commission

This bill creates the Cullman County Community Development Commission; establishes a Community Development Fund within the county treasury, and provides for the source of revenue; ratifies and confirms certain payments made before the effective date of this act; distributes the proceeds of certain alcoholic beverage funds received by the county.

Effective date: April 21, 2009

Act 2009-286 (HB 242) – Prohibition in Amendment 778, now appearing as Section 269.08 in the Constitution of Alabama, applies only to levy and collection of additional ad valorem taxes levied specifically under provisions of Amendment 778

This constitutional amendment provides that the prohibition in Amendment 778, now appearing as Section 269.08 in the Constitution of Alabama, against the payment of any fees, charges, or commissions for the assessment or collection of any new taxes levied in order to comply with the provisions of Amendment 778, applies only to levy and collection of additional ad valorem taxes levied specifically under provisions of Amendment 778 and does not apply to any prior or future levy set by or renewed under the laws or constitution of the state.

Effective date: Contingent upon voter approval

Act 2009-329 (HB 668) – Lee County Commission may levy additional sales and use tax outside corporate limits of Auburn, Opelika, Phenix City, and Smiths Station

This bill authorizes the Lee County Commission to levy an additional sales and use tax outside the corporate limits of Auburn, Opelika, Phenix City, and Smiths Station; provides for collection, distribution, and use of the tax proceeds; provides for the enforcement of the act, and its referendum.

Effective date: Contingent upon voter approval

Act 2009-340 (SB 49) – Distribution of Jackson County's gasoline tax

This bill provides further for the distribution of the gasoline tax in Jackson County; expenditures provided for in Section 12 shall be made exclusively for road materials only.

Effective date: May 5, 2009

Act 2009-350 (HB 387) – Levies lodgings tax in Houston County outside the corporate limits of Dothan

This bill levies a lodgings tax in Houston County outside the corporate limits of

Dothan; provides for the collection of the tax; provides for the distribution of the tax proceeds.

Effective date: August 1, 2009

Act 2009-361 (HB 641) – Reallocates a portion of TVA payments received by Morgan County Commission to the Morgan County Rescue Squad

This bill reallocates to the Morgan County Rescue Squad a portion of the additional TVA in-lieu-of-taxes payment received by the county commission.

Effective date: May 5, 2009

Act 2009-368 (HB 761) – Increases rate of ad valorem tax in Ozark

This bill authorizes the city council of Ozark, in Dale County, to increase the rate of ad valorem tax, and provides for a referendum.

Effective date: Contingent upon voter approval

Act 2009-379 (HB 820) – Increases lodgings tax in Covington County

This bill increases the amount of the lodgings tax in Covington County and provides for the distribution of the tax proceeds.

Effective date: May 5, 2009

Act 2009-476 (HB 467) – Amends "The Greater Montgomery Act"

This bill amends Act 386, 1978 Regular Session, cited as "The Greater Montgomery Act"; provides for the assessment for ad valorem taxation by the City of Montgomery and the maintenance of roads and streets in areas that have been annexed by the City of Montgomery pursuant to Act 386.

Effective date: May 13, 2009

Act 2009-477 (HB 591) – System of indexing documents affecting property titles in DeKalb County's Judge of Probate Office

This bill requires the installation of an improved system of indexing documents affecting the title to property and other documents recorded in the office of Judge of Probate in DeKalb County.

Effective date: May 13, 2009

Act 2009-494 (SB 566) – Distribution of TVA payments in DeKalb County

This bill provides further for the distribution of the share of in-lieu-of-taxes payments from the TVA to DeKalb County.

Effective date: August 1, 2009

Act 2009-497 (SB 586) – Creates Etowah County Tourism Board

This bill creates the Etowah County Tourism Board; distributes certain lodging taxes to the board.

Effective date: May 14, 2009

Act 2009-510 (SB 90) – Alabama Uniform Real Property Electronic Recording Act

This bill adopts the Alabama Uniform Real Property Electronic Recording Act; provides standards for electronic filing of real property documents and signatures on documents; provides for the validity of electronic documents; provides for the compliance with standards adopted by the Electronic Recording Commission.

Effective date: January 1, 2010

Act 2009-545 (HB 742) – Constitutional amendment extending length of time for person claiming homestead exemption in Jefferson County by three years after he/she is admitted to nursing home or assisted living facility

This constitutional amendment allows a person residing in Jefferson County and claiming a homestead exemption in the county to continue to claim the homestead exemption for three years after he/she is admitted to a nursing home or assisted living facility. The extension is allowed only if the property continues to be used for residential purposes and the property is not converted to commercial or other purpose.

Effective date: Contingent upon voter approval

Act 2009-551 (HB 253) – Special county educational taxes may be levied by a majority vote

This bill amends Section 269 of the Alabama Constitution; provides that special county educational taxes may be levied by a majority vote, not by three-fifths vote, of those voting at the election.

Effective date: Contingent upon voter approval

Act 2009-567 (HB 37) – Social Security number or birth date removed from certain documents recorded with probate office

This bill requires that a person recording certain documents with the probate office redact, remove, or otherwise make illegible a Social Security number or birth date appearing on the documents under certain conditions; authorizes the judge of probate to make certain records available to the public in electronic format and to publish certain records on the Internet.

Effective date: May 20, 2009

Act 2009-594 (HB 669) – Increases special recording fee collected by judge of probate in Chilton County

This bill increases the special recording fee collected by the judge of probate for instruments and documents filed for record in the probate office of Chilton County.

Effective date: August 1, 2009

Act 2009-599 (HB 793) – Marshall County Commission may impose an annual motor vehicle tag fee on certain municipalities

This bill authorizes the Marshall County Commission to impose a motor vehicle tag fee to be levied and collected annually on each motor vehicle registered outside the corporate limits of any city having a city board of education, and the Cities of Arab, Boaz only within Marshall County, and Gunterville; proceeds to be used for public school and education purposes.

Effective date: August 1, 2009

Act 2009-736 (HB 925) – Levies lodgings tax in Lowndes County

This bill authorizes the levy of a lodgings tax in Lowndes County; provides for the collection of the tax and the distribution of the proceeds.

Effective date: May 21, 2009

Act 2009-764 (SB 613) – Montgomery I-65 Corridor Development Authority

This bill establishes the Montgomery I-65 Corridor Development Authority; provides for the membership, powers, and du-

ties of the authority; provides for the employees of the authority.

Effective date: May 22, 2009

Act 2009-767 (SB 637) – Distribution of TVA payments in Morgan County

This bill reenacts and amends Act 2007-339, of the 2007 Regular Session, to provide further for the distribution of TVA in-lieu-of-taxes payments in Morgan County.

Effective date: May 22, 2009

Act 2009-785 (HB 961) – Coosa River Valley Recreation Board

This bill establishes the Coosa River Valley Recreation Board in Talladega County; the board will manage, control, regulate, and maintain certain property in the county.

Effective date: May 22, 2009

Act 2009-786 (HB 928) – Levies an increased fire protection service fee in Colbert County

This bill provides for the levy of an increased fire protection service fee on dwellings outside the corporate limits of Tuscumbia, Sheffield, and Muscle Shoals, in Colbert County. The bill also provides for a levy of the fee on each business or commercial building or facility in the area; proceeds will fund volunteer fire departments.

Effective date: Contingent on voter approval

Act 2009-791 (HB 784) – Exempts certain districts in Jefferson County from privilege or license taxes or excise tax on gasoline or motor fuels

This bill amends Act 79, 1966 Special Session, to exempt Jefferson County districts, for fighting fires, emergency medical services, and for the disposal of garbage, from any privilege or license taxes or excise tax on gasoline or motor fuels.

Effective date: May 22, 2009

Tax Calendar

Required Monthly Returns Tax Activity

10th • Medicaid-related tax return and payment due for nursing facilities.

- Tobacco use tax return and payment due.

15th • Gasoline information return due from carriers, transporters, and warehouses.

- Lubricating oils information return due from carriers, transporters, and warehouses.
- Motor carrier mileage tax return and payment due.
- Oil and gas production tax and privilege tax return and payment due two months following month of production.

17th • Withholding return and payment due from those employers required to remit on a monthly basis

20th • Aviation fuel 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.
- Gasoline tax return and payment due.
- Iron ore severance tax return and payment due.
- Local solid minerals tax returns and payments due.
- Lodgings tax return and payment due.
- Lubricating oils tax return and payment due.
- Medicaid tax return and payment due from pharmaceutical service providers.
- Mobile telecommunications tax return and payment due.
- Motor fuel tax return and payment due.
- Natural minerals severance tax return and payment due.
- Pari-mutuel pool tax return and payment due.
- Rental or leasing tax return and payment due.
- Sales tax (state and local) return and payment due.
- Scrap Tire Environmental Fee due.
- Tobacco tax (state and county) return and payment due.

- Underground and aboveground storage tank trust fund charge due.
- Use tax return and payment due.
- Utility gross receipts tax return and payment due.

30th • Hazardous waste fee return and payment due.

Last day

- of month • State horse wagering fee return and payment due.

Quarterly/Annual Tax Activity

(August-December 2009)

September

15 • Third installment of estimated corporate income tax due (for calendar-year taxpayers).

- Third installment of estimated personal income tax 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 fuel identification markers issued.
- Motor vehicle dealers, reconditioners, rebuilders and wholesalers license tax due.
- Store and chain store license tax due.
- Utility license (2.2%) return and first quarterly payment due.

(Continued on Page 12)

14 • Annual wholesale oil license return and payment 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 • Forest products severance tax return and payment due.

31 • Quarterly withholding return and payment due from employer.

- Quarterly IFTA tax return and payment due.
- Annual business privilege licenses delinquent after this date.
- Store and chain store licenses delinquent after this date.

- Quarterly payroll fee and return due.
*New state fee, effective July 1, 2009, applied to construction craft trade job payrolls.

November

30 • Last day to register and pay fee for manufactured homes without penalty.

December

15 • Fourth installment of estimated corporate income tax due (for calendar-year taxpayers).

31 • Property tax on real and personal property delinquent after this date.

- Last day to claim exemptions/abatements on property tax assessments.
- Expiration of the previous calendar year's motor fuel identification markers.

ADOR Notifies Construction Industry Employers of New Payroll Fee Aimed to Promote Craft Trade Jobs

The Alabama Department of Revenue (ADOR) recently notified all Alabama contractors, subcontractors, and general contractors of record to inform them of a new state fee that applies to construction craft trade job payrolls, effective July 1, 2009.

The new fee, authorized by Act 2009-561 and approved by the Legislature during the 2009 session, applies to construction industry employers who employ skilled construction workers directly engaged in commercial and industrial construction operations located in Alabama.

The ADOR advises that the fee does not apply to residential home building or any residential project.

The fee is set at \$90 per \$100,000 of affected construction job payroll and is remitted to the Alabama Department of Revenue on a quarterly basis. The first return and fee payment are due Oct. 31, 2009, and are required to be remitted electronically to the ADOR.

Collections from the fee are earmarked for the Alabama 21st Century Authority to the credit of the Recruitment and Training Promotion Fund for the purpose of funding a recruitment and training promotion program aimed at identifying and attracting individuals to construction craft trades.

For more information concerning employers' filing requirements, taxpayers may contact the ADOR at 334.242.1300 or visit the department's Web site at www.revenue.alabama.gov.

Statement of Gross Tax Collections

Through End of 3rd Quarter FY 2009
(April, May, June 2009)

	FYTD 2008-2009	FYTD 2007-2008	% Change
Business Privilege Tax	\$ 99,557,743.16	\$ 89,870,098.26	10.78
Gasoline	297,256,979.68	301,436,083.50	(1.39)
Income Tax-Corporate	391,332,161.73	440,923,842.34	(11.25)
Income Tax-Individual	2,593,075,322.07	2,824,975,355.59	(8.21)
Income Tax (Total)	2,984,407,483.80	3,265,899,197.93	(8.62)
Motor Fuels	88,168,765.71	102,098,010.15	(13.64)
Oil & Gas Privilege (8%)	65,269,793.78	90,887,246.25	(28.19)
Oil & Gas Production (2%)	27,044,879.82	36,424,569.38	(25.75)
Sales	1,374,736,982.41	1,511,793,068.71	(9.07)
Use Tax	191,387,242.08	205,035,278.55	(6.66)
Utility Gross Receipts	318,963,109.28	310,484,408.28	2.73
SUBTOTAL	5,446,792,979.72	5,913,927,961.01	(7.90)
SUBTOTAL (OTHER TAXES)	1,023,898,993.24	981,881,580.57	4.28
TOTAL (ALL TAXES)	\$6,470,691,972.96	\$6,895,809,541.58	(6.16)