

Revenue REVIEW

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New Assignments in State Revenue Department

Joe Walls Appointed Taxpayer Advocate; Voncile Catledge Named Collection Services Division Director

Alabama Assistant Revenue Commissioner Cynthia Underwood recently announced two key personnel changes within the Alabama Department of Revenue (ADOR).



Joe Walls

Joe Walls was named to the post of Taxpayer Advocate, effective June 1, 2010. Prior to his appointment as Taxpayer Advocate, Mr. Walls, a career Revenue employee, served as manager of the department's Sales, Use, and Business Tax Administration Section. He brings to the Taxpayer Advocate post over 34 years of

experience in the tax administration field. Mr. Walls began his career with the ADOR in 1976 as an account clerk, and since that time, has held various supervisory and management positions throughout his career.

As Taxpayer Advocate, Mr. Walls will serve as an independent channel of assistance for those taxpayers who have followed standard procedures, but find their tax matters still unsatisfactorily resolved. The post of Taxpayer Advocate was established by law in 2000.



Voncile Catledge

Mr. Walls replaces **Voncile Catledge**, who was named director of the department's Collection Services Division, effective June 1.

Ms. Catledge, a career employee, brings to her new assignment as director of the Collection Services Division over 31 years of experience in the audit and management areas of income

and business taxes. Ms. Catledge began her career with the ADOR in 1979 as a tax auditor, and has held various audit supervisory and management positions throughout her tenure with the department. In March 2009, she was named to the post of Taxpayer Advocate.

As Collection Services Division Director, Ms. Catledge oversees the collection of final tax assessments for all ADOR tax divisions, excluding the Property Tax Division.

Ms. Catledge replaced Director Dwight Pridgen, who retired in May.

"Both Joe and Voncile bring a wealth of knowledge from all facets of the department," said Assistant Revenue Commissioner Cynthia Underwood. "Their commitment to jobs well done and their leadership styles set high standards within the department. We welcome them to their new assignments."

GULF OIL SPILL GUIDANCE Questions and Answers



Oil Spill Information

SALES TAX
HOLIDAY
2010

For more
information
click here

IRP Annual Meeting Recognizes ADOR Reps

Motor Vehicle's Jay Starling and Renee Kyser were honored at this year's IRP Annual Meeting in St. Louis, Missouri. Both received honorary awards at two different luncheons held to recognize award recipients and those individuals for whom the awards were named.

Jay, Motor Vehicle Division's Registration Section Supervisor, received the Richard L.

demonstrated those qualities that most exemplify the standards of leadership established by Rick Reeves during his 25 years of commitment to the transportation industry. It honors the memory of a man who dedicated his career to making sure the transportation industry had a fair and equitable approach to vehicle taxation and registration. Although Rick was a member of the

Sub-committees chartered by the IRP Board of Directors, or the IRP IAC Steering Committee

Has demonstrated ongoing commitment to fairness in the administration of the IRP

Has demonstrated willingness to act as a mentor for new membership

Has actively participated in support of the concepts embodied by IRP

Sheila Rowen of Tennessee, in presenting the award to Jay, made the following remarks:

"Jay fulfills all four of the criteria for the Reeves Leadership Award. As an administrator with the Alabama Department of Revenue, he is a member of the IRP community. Through his leadership, the generosity with which he donates his time and energy, and his strength of character, he continues to make outstanding contributions to the IRP community. Jay has been a member of the IRP Audit Committee (1996-2000) and served while there as a member of the Audit Workshop Planning Committee. He served as both vice-chair and chair of the Audit Committee (2000-2002). He has served as well on IRP Peer Review teams and as a member of the Dispute Resolution Committee of the Plan. He currently serves as the vice chair of the IRP Board of Directors and as the chair of both the Plan's Compliance Audit Working Group and the task force considering the feasibility of the Full Reciprocity Plan. He is a frequent – and able – presenter at IRP conferences.

"That he has filled all of these roles would alone speak highly of Jay's dedication to the success of the Plan and of his contributions to it. It is in the way he fills them, however, that makes Jay especially deserving of the award. His intelligence, fairness, patience, and energy are notable in whatever he puts his hand to, as well as his open friendliness and his ability to accommodate points of view other than his own. Finally, Jay's contributions are notable in his home jurisdiction as well. He was instrumental in the development of Alabama's motor carrier system, serves on



(Left to right) Motor Vehicle Division representatives Jay Starling, Registration Section Supervisor; Tyies Fleet, Motor Carrier Services Unit Supervisor; and Renee Kyser, Revenue Examiner, Motor Vehicle Audit Unit, at the IRP Volunteer of the Year Award Reception.

Reeves IRP Leadership Award. Division Director Brenda Coone describes the history and reasons for the award:

"The Richard L. Reeves IRP Leadership Award is presented to an individual who has distinguished herself or himself by outstanding contributions and involvement within the IRP Community. The award recognizes effective leadership and outstanding accomplishments and contributions within the nominee's jurisdiction or within the IRP community.

"For the recipient's distinguished service, it is given to an individual who has

motor carrier industry, he continually worked to achieve equality between the jurisdictions and industry.

"The ideal candidate for the Richard L. Reeves IRP Leadership Award has contributed to the IRP organization in one or more of the followings ways:

Has contributed as a presenter at an IRP meeting such as the Annual Meeting, Supervisors/Managers Workshop, Joint Audit Workshop

Has served as a jurisdictional member or industry advisor on the IRP Board of Directors, Standing Committees, Special Issue

the state's PRISM and CVISN teams, assisted in the development of an automated deposit system for local governments, and helped to implement Alabama's on-line filing systems for both IRP and the International Fuel Tax Agreement."

In 2009, Renee Kyser received the IRP Volunteer of the Year Award. Shortly afterward, the award's name was changed to the Mick Ramirez IRP Volunteer Award. Renee attended this year's conference to accept the 2009 award bearing the new name.

According to Jay Starling, "Mick Ramirez was an active volunteer in the IRP community and lent his expertise to many areas related to IRP, including serving as a member of the Peer Review Committee and the Dispute Resolution Committee. He passed away in February 2009, after a long illness."

New License Requirement Effective July 1 for Dealers of Precious Metals/Stones

The Alabama Department of Revenue (ADOR) reminds dealers of precious metals and stones of a new business privilege licensing requirement that became effective July 1.

The new law, Act 2010-732, establishes an annual license fee of \$150 (\$100 state; \$50 county) and sets specific recordkeeping and reporting requirements for Alabama dealers of precious metals and stones, beginning July 1, 2010. Precious metals and stones include items made in whole or in part of gold, silver, or platinum, and precious or semiprecious stones or pearls.

Manufacturers, retail merchants, wholesalers, and pawnbrokers licensed by the State Banking Department are exempt from this new category of the business privilege license.

The ADOR advises that in addition to the licensing provisions, the new law also requires dealers of precious metals and stones to maintain certain recordkeeping procedures and to report certain information to local law enforcement on a regular basis. Dealers are required to forward a copy of their license to local law enforcement within five days after purchasing the license from the county licensing issuing of-



Jay Starling, shown here with Cheryl Jackson Reeves, widow of Rick Reeves, displays his award.

ficial of the county where the dealer's permanent place of business is located. (A permanent place of business is defined as fixed premises either owned by the dealer or leased by the dealer for at least one year.)

Records concerning the sale of the precious metals/stones must be maintained for six months and must be available for inspection by local law enforcement. Dealers, at least once a week in which a purchase is made, must forward a list of the items purchased to the local law enforcement which includes the following information:

- Brand name and serial number of the item(s) purchased.
- Accurate description of the item.
- Date and time item was received.
- Amount paid for each item.
- Name, address, date of birth, and signature of the person from whom the dealer purchased the item.

- Description of the person, including height, weight, race, complexion and hair color.
- Valid identification card information provided by the seller (e.g., driver license, non-driver identification card, Armed Services or other valid photo identification) to include a traceable serial number.

The new law also requires dealers to hold the items purchased in the same shape and form as received for 15 business days following notification of the purchases to law enforcement.

To obtain more information about the new license, visit ADOR's Web site at www.revenue.alabama.gov or call the Alabama Department of Revenue Sales, Use and Business Tax Division, Severance Tax Section at 334.353.7827.

ADOR Reps Attend Miles College Business Summit

ADOR representatives from the Jefferson/Shelby Taxpayer Service Center attended the Miles College Small Business Summit held May 25 at the Fairfield Civic Center.

Amelia McEachin, representing the Individual and Corporate Tax Division, explained the filing of small business tax forms and the importance of good recordkeeping and revenue and expense reporting. Jessica Pope, representing the Sales and Use Tax Division, explained the reporting of sales and use tax, along with penalties

and interest which can result from improper reporting. Wendy Plash, representing the Property Tax Division, explained property tax assessment and taxation, along with the difference between real and personal property. James Kitt, of the Sales and Use Tax Division, assisted with handouts and the question-and-answer session.

Representatives from the Internal Revenue Service, the Small Business Administration, United Way and the State House of Representatives were also on hand for presentations.



Attendees and presenters included (left to right): Rep. Roderick Scott (D), 55th District, professor at Miles College; Dr. Dave Thompson, assistant professor, Division of Business and Accounting, Miles College; DeForrest Brown, United Way; Jessica Pope, Wendy Plash, James Kitt, Amelia McEachin, ADOR.



Fairfield Mayor Kenneth Coachman (at podium) offers remarks as (left to right) Amelia McEachin, ADOR, and Roderick Perkins, Small Business Administration, take notes and listen.

IRS NEWS

Important Reminders about Form SS-4

The Internal Revenue Service revised Form SS-4, *Application for Employer Identification Number (EIN)*, to clearly identify the applicant's true owner. Effective January 2010, all mail, fax, phone, and electronic EIN applications must disclose the name and taxpayer identification number of the true "responsible party" for the entity requesting an EIN.

Revised Form SS-4, Application for Employer Identification Number, requires identification of responsible party
Updating Incorrect Business Entity Information
Change in Application for Employer Identification Number, target id: 219210, target content type: Article
Use of Nominees in the EIN Application Process

The following is an overview of the information included in the above links:

- Form SS-4, *Application for Employer Identification Number*, has been revised and applicants must disclose the name and taxpayer identification number of the true "responsible party" for the entity requesting an EIN.

- For an EIN applicant that is publically traded or is registered with the Securities and Exchange Commission, the "responsible party" is the principal officer, general partner, grantor, owner of a disregarded entity, owner, or trustee, depending on the business entity of the applicant.

- For all other entities, the "responsible party" is the person who can control, manage, or direct the entity and the disposition of the entity's funds and assets.

- A nominee is an entity with delegated authority to act in name only and can never be the "responsible party" for the Form SS-4 application.

- The SS-4 must be signed by an individual with the authority to legally bind the entity; therefore, it cannot be signed by a nominee.

- Entities that used nominees on their applications in the past should consider up-

dating the information shown on the original application.

- There is no form available for updating information on previous applications; instead the entity should send a letter to IRS. Information on how to do this is included in the "Updating Incorrect Business Entity Information" link.

- Third party designees filing online applications must retain a complete copy of

the paper Form SS-4, signed by the responsible party, and a signed authorization statement, for each EIN application filed with the IRS.

- Using nominees in the EIN application process prevents the IRS from gathering appropriate information on entity ownership and may also facilitate tax non-compliance by entities and their owners. Clearly identifying an entity's true owner makes it difficult for taxpayers to conceal their income and assets.

For more information, visit the IRS web site at www.irs.gov.

Administrative Rules

Effective May 19, 2010:**Amended:**

810-3-15-.20 Federal Income Tax Deduction – Individuals

810-14-1-.30 Penalty for Failure to Timely Pay Tax

Effective May 26, 2010:**Amended:**

810-5-1.240 Permanent Trailer License Plates

810-5-75-.48 Title Procedures – Defining "Junk" Vehicles and Requiring Notice

810-5-75-.49 Certificate of Title Required – New Title Issued When Information on a Certificate of Title Is Changed or When Correction Is Required

810-5-75-.50 Certificate of Title Required – Continuance of Recorded Legends

810-5-75-.51 Returned Title Request Form (Form MVT 5-27)

810-5-75-.52 Designated Agent—Dealer and Financial Institution Appointments

810-5-75-.53 Application for Certificate of Title Leased Vehicles (Including Lease/Purchase Agreements)

810-5-75-.54 Application for Certificate of Title – Corrections on an Application for Certificate of Title by the Department

810-5-75-.55 Application for Certificate of Title – Certification of Physical

Inspection of a Motor Vehicle on Application for Certificate of Title

810-5-75-.56 Issuance and Records – Abbreviations Used in Data Entry

810-5-75-.57 Application for Salvage Certificate of Title (Form MVT 41-1)

810-5-75-.58 Security Interest – Motor Homes

810-5-75-.59 Powers of the Department – Application for Alabama Vehicle Identification Number and Supporting Documents

810-5-75-.60 Powers of the Department – Revocation and Denial of Authority to Act as Designated Agent of the Department

810-5-75-.61 Schedule of Fees and Commissions – Remittance of Fees by Personal Checks or Company Checks of Designated Agents

810-5-75-.62 Salvage – Determining Fair Retail Values for Total Loss Vehicles

810-5-75-.64 Report of Unclaimed Vehicle – Where Vehicle Unclaimed for Longer than Thirty (30) Days (Form MVT 38-1)

Effective May 27, 2010:**Adopted:**

810-5-75-.63 Powers of Attorney – Guidelines for Use

Repealed:

810-5-50-.13.01 Powers of Attorney – Guidelines for Use

810-5-76-.02 Odometer Disclosure for Certificate of Title – Power of Attorney

Effective June 4, 2010:**Amended:**

810-5-1-.451 Prerequisites to Issuance of Apportioned License Plates or Cab Cards

Repealed:

810-5-1-.207 Disabled Veterans – Uses and Transferability of Distinctive Tags



Collections Services Division Director Dwight Pridgen (right) retires after 34 years and seven months of service with the State of Alabama. His retirement acknowledgments are presented by former Commissioner Tim Russell and Assistant Commissioner Cynthia Underwood.

2010 Revenue-related Legislation

General Legislation

Act 2010-184 (SB 283) Enhanced Use Lease Area Act of 2010

This bill creates the Enhanced Use Lease Area Act of 2010; adds Chapter 9E to Title 40; makes legislative findings and defines terms; provides for the utilization of underutilized real and personal property located in enhanced use lease areas and funds the costs through tax increment financing; entitles qualified property within a tax increment district in which not less than 50 percent, by area, of the real property within the tax increment district is an enhanced use lease area, to an abatement of state property taxes. In lieu of paying property taxes, the taxable owner of qualified prop-

erty must make a payment to the public entity which created the tax increment district in which the property is located. This bill also ensures that withholding amounts for wages paid to construction workers are reported and paid to the state. *Effective date: March 9, 2010*

Provisions of this act shall apply to any tax increment district created before March 9, 2010, provided that (1) the tax increment district is created on or after Jan. 1, 2010, and (2) not less than 50 percent, by area, of the real property within the increment district is an enhanced use lease area.

Act 2010-211 (HB 115) Provides Effective Date that Act 2009-621 Governs Limited Partnerships

This act amends Section 1 of Act 2009-

621 to provide an effective date that the uniform act governs certain limited partnerships. *Effective date: March 22, 2010*

Unless an election is made pursuant to subsection (a) (2), limited partnerships formed before Jan. 1, 2010, continue to be governed in their entirety by Chapter 9B until Jan. 1, 2011. Beginning Jan. 1, 2011, this chapter shall govern all limited partnerships.

Act 2010-220 (SB 179) Removes Construction Recruitment Institute from the 21st Century Authority

This bill removes the Alabama Construction Recruitment Institute from oversight of the 21st Century Authority and establishes it as an independent authority; establishes duties and powers; provides that certain

fees previously collected and paid to the 21st Century Authority are transferred to the Recruitment Training and Promotion Fund; provides for deposit of construction craft industry fees, collected by the Revenue Department, into the Recruitment and Promotion Fund in the State Treasury; subjects the institute to annual audit by Department of Examiners of Public Accounts. *Effective date: March 22, 2010*

Division 2 of Article 18, Title 41, shall expire in accordance with the repeal date in Act 2009-561.

Act 2010-254 (HB 109) Base Wage Requirements of Qualifying Economic Development Projects

This bill defines the term "base wage requirement" for qualifying economic development projects. For qualifying projects for which an investing company filed a written statement of intent as defined in Section 40-18-191 with the Department of Revenue on or before Nov. 21, 2009, the term "base wage requirement" as defined in Section 40-18-190 (a) (1) a. means the term "base wage requirement" as defined in Section 40-18-190 (a) (1) prior to the effective date of Act 2009-722. *Effective date: March 30, 2010*

Act 2010-261 (SB 383) Creates POW/MIA Motor Vehicle and Motorcycle License Plate

This bill creates a distinctive POW/MIA motor vehicle and motorcycle license plate; provides for additional \$5.00 annual fee. *Effective date: June 1, 2010*

Act 2010-510 (HB 335) Establishes Distinctive License Plate Categories for Military Members

This bill establishes new distinctive license plate categories for certain members and prior members of the United States Air Force, Army, Navy, Coast Guard, and Merchant Marines; provides for an additional \$3.00 fee for the initial issuance of the license plate. *Effective date: Jan. 1, 2011*

Act 2010-511 (HB 369) Sales and Use Tax Exemption Form for Commercial Fishing Vessels

This bill creates a specific form for sales and use tax exemption for the purchase of

material, equipment, or machinery for commercial fishing vessels described in subdivision (13) of subsection (a) of Section 40-23-4. *Effective date: July 1, 2010*

Act 2010-514 (HB 448) Clarifies Sales and Use Tax Exemption for Watercraft

This bill amends Sections 40-23-4 and 40-23-62; clarifies the sales and use tax exemption for watercraft. *Effective date: July 1, 2010*

Act 2010-520 (HB 721) Changes Privilege Tax Rate and Imposes New Supplemental Tax on Nursing Facilities

This bill amends Section 40-26B-21; changes privilege tax on nursing facilities to an annual rate of \$1,899.96; imposes a new supplemental tax of \$1,063.08 for the period Sept. 1, 2010 through Aug. 31, 2011; reduces percentage of total nursing facility revenues used when considering a reduction of the tax; provides for the prepayment of the supplemental privilege tax through an increase in the Medicaid per diem rate beginning in January 2011. *Effective date: Sept. 1, 2010*

Act 2010-557 (HB 260) "Reemployment Act of 2010"; Income Tax Deduction for Businesses Hiring Unemployed Persons

This bill provides an incentive for job creation for unemployed persons by creating an income tax deduction for businesses that hire certain unemployed persons. The deduction, with exceptions listed in Section 2. (b)., shall equal 50% of the gross wages paid to each person hired by an employer who, at the time of employment, was drawing unemployment compensation or whose unemployment benefits had expired. *Effective date: For tax years 2011 and 2012*

Act 2010-563 (HB 329) Exempts Transfer or Sale of State-Owned Real Property from Normal Procedure

This bill amends Section 9-15-82; exempts the transfer or sale of certain state-owned real property from the normal statutory procedure; decreases the time frame in which the state may repurchase

property sold by the state from five to three years; includes municipal commercial development authorities within the exemption. *Effective date: Retroactive to June 29, 1995*

Act 2010-568 (HB 504) Conforms Alabama Estimated Income Tax Payments to Federal System

This bill amends Sections 40-18-80 and 40-18-80.1, and repeals Sections 40-18-82, 40-18-83, 40-18-83.1, and 40-18-85. This bill conforms Alabama's estimated income tax payments to the federal system; raises the filing and payment threshold for Alabama estimated quarterly tax for individuals having income not subject to withholding from \$100 to \$500; and lowers the quarterly estimated payment requirement for corporations to \$500 in anticipated Alabama tax liability. *Effective date: For all tax years beginning after Dec. 31, 2009*

Act 2010-579 (HB 179) Clarifies Definitions of New Vehicle and Used Vehicle for Titling Purposes

This bill amends Sections 32-8-2, 32-8-6, 32-8-31, 32-8-32, 32-8-36, and 32-8-64. This bill clarifies "new vehicle" and "used vehicle" for titling of motor vehicles; provides for the fees ADOR charges for certain records relating to titles and registrations; provides for privacy of records; authorizes ADOR to prescribe the manner of payment of fees; requires that a motor vehicle be physically inspected, with exceptions, by the license plate-issuing official; provides alternative methods for lien releases when a lienholder is no longer in business. *Effective date: Oct. 1, 2010*

Act 2010-582 (HB 262) Free License Plate for Widow/Widower of Volunteer Firefighter or Any Firefighter who Dies in Line of Duty

This bill amends Section 32-6-272; requires Alabama Forestry Commission and the Firefighters' Personnel Standards and Education Commission to prepare lists of eligible persons for distinctive license plates; provides for receipt of a free license plate for a widow or widower of a volunteer firefighter, or any firefighter who dies in the line of duty. *Effective date July 1, 2010*

Act 2010-689 (HB 62) Registration Fees for Governmental and Volunteer Fire Department License Plates

This bill amends Section 40-12-250; provides for the determination of the registration fees for governmental and volunteer fire department license plates by ADOR; fees may not exceed the fees required for standard passenger license plates as provided for in Sections 40-12-242 and 40-12-273; provides for an issuance fee in the amount as provided for in Section 40-12-271; specifies that governmental and volunteer fire department license plates may be transferred to another vehicle upon certain conditions being met; provides for the replacement of license plates; provides that all fees associated with governmental and volunteer fire department license plates will be retained by ADOR to cover administrative costs. *Effective date: Jan. 1, 2011*

Act 2010-710 (HB 549) Distinctive License Plates for Retired Professional Firefighters

This bill creates distinctive license plates for retired professional firefighters. *Effective date: July 1, 2010*

Distinctive plates or tags as provided by this act shall be prepared and furnished for the licensing year commencing Jan. 1, 2012, and thereafter as is provided by law for the issuance of other license plates.

Act 2010-716 (HB 686) Reinstatement Fees and Submission of Current Proof of Insurance by Vehicle Owners to Administrative Office of Courts

This bill amends Section 32-7A-9; allows the Administrative Office of Courts or the Circuit Court Clerk of any county to collect applicable fees and reinstate vehicle registrations resulting from Mandatory Liability Insurance registration suspensions; provides that 15% of the reinstatement fees collected by the Administrative Office of Courts or the Circuit Court Clerk will be retained by their respective office and the balance will be remitted to ADOR; provides that ADOR will prescribe the manner of reinstatement fees; 15% of the net proceeds received by ADOR will be deposited into

the Alabama Peace Officers' Annuity and Benefit Fund. *Effective date: Jan. 1, 2011*

Act 2010-727 (SB 326) Expands Purpose of Alabama Land Bank Authority; Removes Minimum Date that Taxes have been Unpaid from the Definition of "Tax-Delinquent Property"

This bill amends Sections 2, 4, 5, 6, 7, and 8 of Act 2009-738, 2009 Regular Session; expands purpose of Alabama Land Bank Authority; removes the minimum date that taxes have been unpaid from the definition of the term "tax-delinquent property"; alters board voting procedures; establishes civil immunity for board members; allows authority to hold in its name certain property that has been sold for delinquent taxes and allows the property to be redeemed for taxes; allows authority to repeal and rescind all unpaid state taxes at the time it sells or disposes of the property purchased for nonpayment of taxes; authority may distribute property for economic development; limits the time the authority may retain ownership of delinquent property; allows authority to extinguish right of redemption for property sold for delinquent taxes.

Effective date: April 30, 2010

Act 2010-732 (SB 530) Permit Requirements and Record Keeping to Prevent Transient Operation of Gold or Precious Item Buying Business

This bill provides for permit requirements and record keeping that would prevent the transient operation of a gold or precious item buying business; provides that a violation of this act is a Class B misdemeanor; requires dealers engaged in the business of purchasing precious items for reselling purposes to purchase a state license in the amount of \$100.00 and a county license in the amount of \$50.00. *Effective date: July 1, 2010*

Act 2010-748 (HB 168) Provides Exception from Requirement that Owner of Salvage Vehicle be a Licensed Rebuilder in Order to Apply for an Inspection

This bill amends Section 32-8-87; allows

the owner to provide evidence that he or she was the owner prior to the event which caused the salvage title to be issued in lieu of being a licensed rebuilder in order to apply for inspection of the salvage vehicle; eliminates the provision requiring ADOR to approve nationally-recognized indexes and databases of retail values for the purpose of salvage vehicle valuations; authorizes an owner of a salvage vehicle to apply for an inspection in certain cases where the supporting paperwork is incomplete or unavailable by posting a bond in accordance with Section 32-8-36; provides that any motor vehicle for which a certificate of title has been issued by any state with the notation of "junk," "parts car," "parts only," "nonrebuildable," or when a bill of sale has been issued for transfer of the vehicle with similar language, the vehicle shall be considered to be "junk" and shall not be titled in this state; requires that any scrap metal processor who acquires a motor vehicle for the purposes of recycling it into metallic scrap for remelting purposes shall surrender the certificate of title to ADOR for cancellation; requires that scrap metal processors shall maintain records for a period of five years of every motor vehicle acquired for the purpose of recycling it into metallic scrap; provides criminal penalties for violation of these provisions. *Effective date: June 1, 2010*

Local Legislation

Act 2010-37 (HB 110) Prohibits Occupational Tax in Madison County

This bill proposes a constitutional amendment to prohibit the imposition of an occupational tax in Madison County. *Effective date: Contingent upon voter approval*

Act 2010-108 (HB 107) TVA Distribution in Madison County

This bill amends Section 1 of Act No. 80-277, 1980 Regular Session, as last amended by Act No. 2007-320, 2007 Regular Session, to provide further for the distribution of Madison County's share of payments made by the Tennessee Valley Authority to the

state in-lieu-of-taxes. *Effective date: Feb. 23, 2010*

Act 2010-112 (SB 122) Prohibits Occupational Tax in Morgan County

This bill proposes a constitutional amendment to prohibit the imposition of an occupational tax in Morgan County. *Effective date: Contingent upon voter approval*

Act 2010-128 (SB 99) Prohibits Occupational Tax in Limestone County

This bill proposes a constitutional amendment to prohibit the imposition of an occupational tax in Limestone County. *Effective date: Contingent upon voter approval*

Act 2010-134 (SB 13) Prohibits Occupational Tax in Lawrence County

This bill proposes a constitutional amendment to prohibit the imposition of an occupational tax in Lawrence County. *Effective date: Contingent upon voter approval*

Act 2010-135 (HB 44) Redistribution of TVA Payments; Reallocation of Liquor Tax Revenues

This bill amends Section 40-28-2 to provide for the redistribution of in-lieu-of-taxes payments made by the Tennessee Valley Authority; reallocates certain liquor tax revenues. *Effective date: March 4, 2010*

Beginning in fiscal year ending Sept. 30, 2010, the distribution provided in subsection (c) (1) to the dry counties and municipalities that are not served by TVA. shall be reduced by an amount equal to the funds allocated to those dry counties and municipalities from liquor tax revenues pursuant to Section 2 of this act, until the aggregate annual amount of revenue received by those dry counties and municipalities from the provisions of Section 2 is equal to the amount of TVA. payments distributed to the dry counties and municipalities therein pursuant to this subdivision for the fiscal year ending Sept. 30, 2009.

For fiscal year ending Sept. 30, 2011, an adjustment will be made to the liquor tax revenues distributed to non-served TVA

counties to make the total amount paid to these counties equal to the amount of TVA revenues the counties would have received prior to the amended distribution in this act.

Act 2010-196 (HB 390) Authorizes Monroe County Commission to Levy Special Sales and Use Tax

This bill amends Act 85-898, Second Special Session 1985; authorizes Monroe County Commission to levy a special sales and use tax in the county; tax revenue will be distributed to the City of Monroeville. *Effective date: March 9, 2010*

Act 2010-219 (SB 169) Reenacts Tax Exemption for Hudson Alpha Institute for Biotechnology

This bill reenacts Section 40-9-34, which exempts the Hudson-Alpha Institute for Biotechnology from all state, county, and municipal taxes, licenses, fees, and charges, including privilege or excise tax. The bill also clarifies that there was no intent to repeal the section pursuant to Act 2009-144 of the 2009 Regular Session. *Effective date: Retroactively effective to Oct. 1, 2008*

Act 2010-226 (SB 339) Prohibits any Municipality Located outside of Blount County from Imposing Tax

This bill proposes a constitutional amendment to prohibit any municipality located entirely outside of Blount County from imposing any municipal ordinance or regulation, including, but not limited to, any tax, zoning, planning, or sanitation regulations, and any inspection service in its police jurisdiction located in Blount County. *Effective date: Contingent upon voter approval*

Act 2010-393 (SB 459) Authorizes Limestone County Commission to Apply Sales and Use Tax to Payment of Refinanced Debt

This bill amends Act No. 2001-557, 2001 Regular Session; authorizes the Limestone County Commission to apply sales and use taxes authorized by the act to payment of refinanced debt. *Effective date: April 8, 2010*

Act 2010-396 (HB 458) Authorizes Class 2 Municipalities to File

Expedited Quiet Title and Foreclosure

This bill authorizes Class 2 municipalities to file an expedited quiet title and foreclosure action in circuit court to establish clear title to abandoned tax sale properties within the corporate limits that are acquired from the State Land Commissioner pursuant to Chapter 10, Title 40; provides for procedure and due process for the action in circuit court. *Effective date: April 8, 2010*

Act 2010-402 (SB 490) Additional Tax on Tobacco and Tobacco Products in Randolph County

This bill amends Sections 3 and 6 and repeals Section 5 of Act 2003-213, 2003 Regular Session; provides an additional tax on tobacco and tobacco products in Randolph County; provides for collection and distribution of the tax; abolishes the District Community Service Office. *Effective date: Sept. 30, 2010*

Act 2010-439 (HB 379) Prohibits Municipalities Located outside Blount County from Imposing Tax

This bill proposes a constitutional amendment to prohibit any municipality located entirely outside of Blount County from imposing any municipal ordinance or regulation, including, but not limited to, any tax, zoning, planning, or sanitation regulations, and any inspection service in its police jurisdiction located in Blount County. *Effective date: Contingent upon voter approval*

Act 2010-442 (HB 791) Continued Levy and Collection of Special Ad Valorem Tax in Chambers County

This bill proposes a constitutional amendment authorizing Chambers County to continue to levy and collect, in each fiscal or tax year until and including the fiscal or tax year beginning on Oct. 1, 2032, and ending on Sept. 30, 2033, the special county ad valorem tax exclusively for public library purposes; prohibits use of any of the proceeds of the special tax for payment of costs or expenses incurred in connection with the levy and collection of the tax. *Effective date: Contingent upon voter approval*

Act 2010-518 (HB 610) Renewal of Motor Vehicle, Boat, and Business Licenses in Winston County

This bill provides an optional procedure for renewing motor vehicle, boat, and business licenses by mail or electronic means by the Winston County Judge of Probate and Revenue Commissioner; mailing fees to be deposited in county's general fund. *Effective date: Contingent upon voter approval*

Act 2010-526 (HB 762) Chambers County Authorized to Raise Additional Sales and Use Tax

This bill amends Section 45-9-245.02; authorizes the Chambers County Commission to levy an additional sales and use tax; provides for amount of the levy in the police jurisdiction of a municipality located outside the county. *Effective date: April 21, 2010*

Act 2010-549 (SB 575) TVA Distributions in Limestone County

This bill amends Section 1 of Act 79-501, 1979 Regular Session, as last amended by Act 2008-95, 2008 Regular Session; provides for the distribution of certain TVA payments in Limestone County. *Effective date: April 21, 2010*

Act 2010-552 (SB 423) Prohibits any Municipality not Located in Blount County from Imposing Taxes

This bill proposes a constitutional amendment to prohibit any municipality not located entirely inside of Blount County from imposing any municipal ordinance or regulation, including, but not limited to, any tax, zoning, planning, or sanitation regulations, and any inspection service in its police jurisdiction located in Blount County. *Effective date: Contingent upon voter approval*

Act 2010-588 (HB 641) Distribution of Privilege License Tax Proceeds to Historic Blakely Authority

This bill amends Section 45-2-244.183; provides for the distribution of 25% of the proceeds of the privilege license tax in Baldwin County to be equally split between the Fort Morgan State Historic Site and the Historic Blakely Authority; proceeds for Historic Blakely Authority shall be expended

for capital outlay and operations. *Effective date: July 1, 2010*

Act 2010-589 (HB 705) Distribution of Oil and Gas Proceeds in Citronelle, Mobile County

This bill amends Sections 1, 2, and 3 of Act 85-490 of the 1985 Regular Session; provides for the distribution of 20% of all tax proceeds of the 4% tax paid to the City of Citronelle pursuant to Section 40-20-8 (c) (2) to the county's volunteer fire department and historical society, up to a maximum of two thousand dollars each per month. *Effective date: July 1, 2010*

Act 2010-592 (HB 735) Exempts Manufacturing Equipment and Manufactured Homes from 3% Privilege or License Tax in Escambia County

This bill amends Sections 2, 3, and 4 of Act 2004-325 of the 2004 Regular Session; exempts manufacturing equipment and manufactured homes from the 3% privilege or license tax against gross sales or gross receipts of a business in Escambia County; levies a consumers' use tax and a sellers' use tax; provides for the collection of the tax; ratifies and confirms prior acts of the county commission in the implementation of the act. *Effective date: Retroactive to June 1, 2004*

Act 2010-596 (HB 726) Levies a Lodging Tax in Lauderdale County

This bill amends Sections 1 and 7 of Act 86-441, 1986 Regular Session, as last amended by Act 2006-377, 2006 Regular Session; levies a lodging tax in Lauderdale County and provides for distribution of the revenue; provides that 25% of the proceeds collected be distributed to the municipality where the lodging or accommodation is located; clarifies that bed and breakfast establishments are included as a form of lodging. *Effective date: April 22, 2010*

Act 2010-601 (SB 551) TVA Distributions in Morgan County

This bill provides for the allocation and expenditure of money received from TVA distributed to Morgan County pursuant to Act 2010-135, 2010 Regular Session, to the Hartselle, Decatur, and Morgan County

Boards of Education for the fiscal years 2010 and 2011. *Effective date: April 22, 2010*

Act 2010-605 (HB 763) Prohibits Municipal Business License Tax on Rental of Residential Real Estate in Calhoun County

This bill proposes a constitutional amendment to prohibit the imposition of a municipal business license tax in Calhoun County on the rental of residential real estate based on a per unit basis. *Effective date: Contingent upon voter approval*

Act 2010-728 (SB 450) Establishes Jackson/DeKalb Counties Industrial Development Authority

This bill establishes the Jackson/DeKalb Counties Industrial Development Authority for the purpose of marketing and developing property in the vicinity of Northeast Alabama Community College; provides for members and operation of the authority. *Effective date: July 1, 2010*

Act 2010-745 (HB 821) TVA Distributions in Cherokee County

This bill provides for the distribution of Cherokee County's share of any TVA distributions received pursuant to Act 2010-135, HB44, of the 2010 Regular Session. *Effective date: April 30, 2010*

Act 2010-749 (HB269) Exempts Eagles' Wings from Sales and Use Taxes

This bill exempts Eagles' Wings, Incorporated, from paying or collecting any state, county, and municipal sales and use taxes. *Effective date: July 1, 2010*

Tax Calendar

Required Monthly Returns Tax Activity

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

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.
• Alabama Uniform 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

(September - December 2010)

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.
• Quarterly Solid Waste Disposal Fee return and payment due.

Note: 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.

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.

30 • Quarterly 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.

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.

• 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.

Interest Rates Remain the Same for Third Calendar Quarter 2010

Interest rates for the calendar quarter beginning July 1, 2010, remain the same (4% a.p.r.) for underpayments, according to the Internal Revenue Service Ruling 2010-14. This ruling was scheduled to appear in Internal Revenue Bulletin No. 2010-26, dated June 28, 2010.

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%	4%
2010	4%	4%	4%	

Statement of Gross Tax Collections

Through End of 3rd Quarter FY 2010
(April, May, June 2010)

	FYTD 2009-2010	FYTD 2008-2009	% Change
Business Privilege Tax	\$ 98,855,552.02	\$ 99,557,743.16	(0.71)
Gasoline	302,357,600.52	297,256,979.68	1.72
Income Tax-Corporate	344,888,749.77	391,332,161.73	(11.87)
Income Tax-Individual	2,478,655,961.32	2,593,075,322.07	(4.41)
Income Tax (Total)	2,823,544,711.09	2,984,407,483.80	(5.39)
Motor Fuels	92,152,409.39	88,168,765.71	4.52
Oil & Gas Privilege (8%)	51,794,325.27	65,269,793.78	(20.65)
Oil & Gas Production (2%)	15,994,932.67	27,044,879.82	(40.86)
Sales	1,380,347,501.30	1,374,736,982.41	0.41
Use Tax	184,421,952.40	191,387,242.08	(3.64)
Utility Gross Receipts	313,846,976.57	318,963,109.28	(1.60)
SUBTOTAL	5,263,315,961.23	5,446,792,979.72	(3.37)
SUBTOTAL (OTHER TAXES)	1,011,590,879.61	1,023,898,993.24	(1.20)
TOTAL (ALL TAXES)	\$6,274,906,840.84	\$6,470,691,972.96	(3.03)