

ADOR Hosts Forum for Annual Equalization Counties

With annual equalization underway in 10 counties this year, and 20 counties scheduled for equalization in 2005, the state revenue department met with county officials Sept. 20 for an open meeting on annual equalization.

and experience.

Alabama Commissioner of Revenue Tom Surtees welcomed the audience of revenue commissioners, assistant revenue commissioners, appraisers, clerks, and Board of Equalization members. ADOR Property Tax Division Director Bill Bass,

intends to supplement county budget needs with both personal and financial assistance.

Mindful of the scarce technological resources in some counties, Bass emphasized the department's commitment to render aid. "We will make available a grant of \$1.2 million to those counties in need of geographical systems implementation (GIS)," said Bass. "In addition, we will help some 12 to 15 counties by assisting them in the cost of acquiring digital orthophotography."

Doug Fowler, Chief Appraiser for Marion County, echoed the need for additional field personnel. "We are understaffed, and I had to spend a good deal of time doing field work in addition to the analytical work. However, we are treating this in the same manner as any other reappraisal, and we are making progress. We are on schedule to complete the revaluation for tax roll 2005."

Representatives from Calhoun County included Revenue Commissioner Karen Roper, who offered her perspective on the meeting. "All of us received valuable information," she said. "It really helps when you can talk one-on-one with people who have been where your office is going. It gives me confidence that my staff is doing their job the way it should be done. It gives them the same confidence. It also exposes us to ideas on other ways to handle unusual situations. As they say, 'Two heads are better than one.' I hope we may have given someone the same insight.

"I think anytime a group can share



In his welcome to county officials, Alabama Revenue Commissioner Tom Surtees explains the department's role in statewide annual equalization. ADOR Property Tax Division Director Bill Bass is in the background.

The Gordon Persons Building Auditorium in Montgomery was the site for the ADOR Annual Equalization Discussion Forum, where county officials came to listen, learn and exchange ideas, not only with each other, but also with ADOR representatives willing to share their knowledge

along with Assistant Director Hartley McLaney and Tax Valuation Analyst Derrick Coleman, suggested useful criteria for determining neighborhood sales ratios, explained the utilization of resources for property appraisals due to Hurricane Ivan, and assured the counties that ADOR



ADOR Property Tax Division Director Bill Bass:
 "Annual equalization is a 'hands-on' process for the department. We are here to help you."



State and county officials learn some useful criteria for determining neighborhood sales ratios.

and compare information is never a waste of time. You will definitely come out with more than you went in with. I think we should compare notes more often."

Chambers County Revenue Commissioner Wendy Williams left the forum armed with useful information. "We are scheduled for annual equalization in 2005," she said. "Hearing the experiences of the other counties has been very beneficial. I have gained a deeper understanding of the tools needed for effective implementation. I know now what to plan for, what to watch for, what to anticipate in the way of potential problems."

Commissioner Williams also expressed appreciation for the role of the county appraiser. "The appraisers are the backbone of the whole system," she said. "Education workshops for them are essential, and I appreciate the State Revenue Department's efforts to help us."

With the goal of statewide annual equalization by 2009, the department plans to continue hosting future countywide workshops and on-site training in Montgomery.



Marion County Chief Appraiser Doug Fowler is joined by Rachel Self, Chief Clerk, Appraisal Office.



Calhoun County representatives (left to right) Brenda Acray, Shay Thompson, and Revenue Commissioner Karen Roper listen to ADOR Property Tax representatives.



Chambers County Revenue Commissioner Wendy Williams (left) attended the meeting with Appraiser Faithe Joiner.

Notice to Alabama Employers or Withholding Agents

The Alabama Department of Revenue (ADOR) encourages all employers filing state income tax withholding returns to review their current filing and payment methods to determine if a new ADOR administrative rule will affect how they file or pay their monthly or quarterly state income tax withholding.

ADOR Administrative Rule 810-3-74-.01, effective Aug. 26, 2004, requires Alabama employers or withholding agents who are required by law to submit their monthly or quarterly tax payments through electronic funds transfer to now file their withholding tax returns electronically, beginning with the Sept. 15, 2004, return.

Since 1992, Alabama taxpayers who make individual or single tax payment amounts greater than \$25,000 must pay their taxes electronically through electronic funds transfer—a process that allows tax payments to be electronically debited from the taxpayer’s bank account, upon approval, and electronically transferred to the Alabama Department of Revenue.

Those employers who do not meet the electronic funds payment requirement, established in 1992, can still choose whichever filing and payment method they prefer—electronic or paper. The ADOR cautions, however, that regardless of whichever filing and payment method employers choose, the methods must now be uniform—employers must either file and pay electronically using electronic funds transfer as their payment method, or file a paper return and pay by check or money order.

On a quarterly basis, the ADOR processes over 138,000 withholding tax returns with payments totaling over \$500 million per quarter.

ADOR Hits 1 Million Mark in Business Tax Filings

Since Oct. 1, 2003, business taxpayers have filed over 1 million sales, use, rental, lodgings, and withholding tax returns electronically and transmitted electronically over \$3.03 billion in tax payments to the state.

"This is indeed impressive," said State Revenue Commissioner Tom Surtees. "And everyone involved in the filing process—especially Alabama's business taxpayers—is commended on making a tremendous transition from a paper-filing environment to an electronic one. We are very pleased with the program's success and its acceptance by taxpayers."

"Last October, the ADOR reached a milestone in its customer service efforts, processing capabilities, and operating efficiency levels in the business tax area. Our move to a paperless filing system has totally changed the way we do business on a daily basis within the ADOR," said Surtees.

The ADOR estimates that it saves approximately one dollar for every return that is electronically filed.

"These are real, measurable savings," added Surtees.

Since last October, business taxpayers who file state and state-administered local sales, use, rental, and lodgings taxes are required to file these returns electronically. In February 2004, the ADOR expanded its business tax mandatory electronic filing program to include the utility gross receipts, utility service use, mobile telecommunications services, pharmaceutical providers, Alabama nursing home privilege, direct pay sales and direct pay motor fuel taxes.

Last November, ADOR offered e-filing to all Alabama employers filing state income tax withholding returns.

According to the ADOR, business tax-

payers can choose to file their taxes electronically, by using the Internet, or by telephone, using the ADOR's telephone-based filing system. Both systems are free to filers. There are no filing or transaction fees that must be paid before a return is electronically filed.

Surtees reminds taxpayers that all taxpayer return information—whether paper or electronically-filed and received by the ADOR—is confidential information, protected by state and in some tax areas, by federal law.

For more information concerning ADOR's electronic filing programs, visit the department's Web site at www.ador.state.al.us.

Four Earn Certified Appraiser Designation

Four employees of the department's Property Tax Division have achieved designation as an Alabama Certified Appraiser. Offered by the Center for Governmental Services at Auburn University, the Alabama Certified Appraiser Course for both real and personal property requires the completion of 120 hours of practical and applied coursework prior to a comprehensive examination. To maintain certification, individuals must complete 30 hours of approved courses every three years.

Those receiving designation as a Certified Real Property Appraiser are: Shannon Smith, Lee County; Carl Walker, Tallapoosa County; Amy Clelland, Fayette County, and Tim Townsend, Calhoun County.

"Property appraisal is a complicated and detailed task," said ADOR Property Tax Division Director Bill Bass, "and this professional achievement award is one of the most outstanding. I would like to commend our employees for their dedication and commitment to public service in pursuing this goal."

Huntsville Accountant Pleads Guilty to State Tax Charges

A Huntsville accountant pleaded guilty Sept. 3, 2004, in Madison County District Court before Judge Susan Moquin to charges of willful failure to file and pay state income taxes to the Alabama Department of Revenue.

John Kenneth Brown, 53, of Huntsville, pleaded guilty to one count of willful failure to file an Alabama income tax return.

Judge Moquin ordered Brown to make restitution to the Alabama Department of Revenue for all state income taxes he withheld from employees' wages, but failed to pay over to the state during the years 1994 through 2000, as well as his 1999 personal income tax, which he failed to report and pay, plus all applicable penalties and interest.

Brown's conviction carried a 12-month suspended jail sentence with a two-year probationary period.

According to ADOR Investigations Division Director Charles E. Crumbley, the income tax charges against Brown are a frequent subject of informants who call to complain about employee withholding not being turned in properly, and their employers' failure to file their own tax returns.

Administrative Rules

Effective Oct. 5, 2004:

Adopted:

810-1-6-.13 Requirements for Third-Party Bulk Filers

Amended:

810-6-5-.26 Utility Privilege or License Tax

State Implements New Vehicle Registration System

The State of Alabama implemented its new Vehicle Information System (ALVIS) in September of this year.

Representatives from Archon Technologies, the company that provides and manages the software for the state-of-the-art motor vehicle registration system, conducted training seminars for those Alabama Revenue Department employees who will utilize the system.

ALVIS became a reality with federal monies resulting from Alabama's participation in the federal-state verification program for commercial vehicle safety, PRISM, which went into effective November 2003. The Performance and Registration Information Systems Management is an enhancement to IRP (International Registration Plan) registration which allows Alabama Department of Revenue personnel to verify the safety record of a commercial motor carrier, as well as the carrier's compliance with safety regulations.

IRS Interest Rate Increases to 5% for Quarter Beginning Oct. 1, 2004

The interest rate for the calendar quarter beginning Oct. 1, 2004, increased to five percent (5% APR) for underpayments, according to the Internal Revenue Service's News Room webpage, citing News Release IR-2004-112.

According to §40-1-44, *Code of Alabama 1975*, the Alabama Department of Revenue will calculate interest on underpayments and overpayments (where applicable) at this same annual rate (5%), with the exception of land sold by the state for taxes, which shall be calculated at 12% as provided for under Sec. 40-5-9.



To keep abreast of law changes resulting from the 2004 Regular Legislative Session, ADOR'S Sales, Use and Business Tax Division recently hosted training sessions for its Field Audit Section. Representatives explained law changes relating to scrap tires, motor fuels, dealer licenses, tobacco tax, and the storage tank trust fund fee. Here, Ronnie Cox (right), Demopolis satellite office, assists Kathryn Goins, Muscle Shoals Taxpayer Service Center, with an audit problem. Ben Bailey (left front), Birmingham Taxpayer Service Center, and Harry Cagle (rear), Gadsden Taxpayer Service Center, work individually.

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
1982	20%	20%	20%	20%
1983	16%	16%	11%	11%
1984	11%	11%	11%	11%
1985	13%	13%	11%	11%
1986	10%	10%	9%	9%
1987	9%	9%	9%	10%
1988	11%	10%	10%	11%
1989	11%	12%	12%	11%
1990	11%	11%	11%	11%
1991	11%	10%	10%	10%
1992	9%	8%	8%	7%
1993	7%	7%	7%	7%
1994	7%	7%	8%	9%
1995	9%	10%	9%	9%
1996	9%	8%	9%	9%
1997	9%	9%	9%	9%
1998	9%	8%	8%	8%
1999	7%	8%	8%	8%
2000	8%	9%	9%	9%
2001	9%	8%	7%	7%
2002	6%	6%	6%	6%
2003	5%	5%	5%	4%
2004	4%	5%	4%	5%

ADOR Offers Online Business Registration

New business owners in Alabama can now register for various business taxes by accessing the ADOR's new online registration system at www.ador.state.al.us.

"Within the last year, the ADOR has made remarkable strides in its electronic tax filing and payment programs. Today, we have now come full circle with the addition of the online business tax registration program," said ADOR Commissioner Tom Surtees.

The free online registration system allows new business owners to register for any of the following ADOR-administered state and local taxes:

- State Sales Tax
- State Consumer's Use Tax
- State Seller's Use Tax
- State Rental or Leasing Tax
- State Lodgings Tax
- State-Administered Local Sales, Use, Rental/Leasing, and Lodgings Taxes
- Mobile Communications Services Tax
- Utility Service Use Tax
- Utility Gross Receipts Tax
- Utility Excise Tax
- Pharmaceutical Provider's Tax
- Alabama Nursing Home Privilege Tax
- Alabama Income Withholding Tax

Prior to the new online system, new business owners had to complete a paper registration application form, mail or deliver the form to the ADOR, and then wait approximately seven to ten days for the paper form to be processed.

The online registration system allows new business owners to complete their registrations anytime at their convenience and electronically transmit the registration application free of charge to the ADOR for immediate processing. By using the online registration system, new business owners can help the ADOR significantly reduce the registration processing time from seven to ten days to only two to three days.

The online service is limited to registration only. Those taxpayers wishing to add business locations or provide changes

of address must contact the department via telephone or letter.

"Our number one goal is to make tax registration, filing, and payment methods easier and more convenient for all Alabama taxpayers. Our move to an electronic business tax format not only will save valuable taxpayer dollars in forms processing, printing, and postage costs, but also will expedite many tax registration procedures that will allow businesses to open their doors sooner," added Surtees.

The ADOR encourages taxpayers who do not have computer access, but wish to register, file or pay their business taxes online to visit the nearest ADOR Taxpayer Service Center located in Auburn/Opelika, Dothan, Gadsden, Huntsville, Mobile, Montgomery, Muscle Shoals, or Tuscaloosa.

For more information concerning ADOR's new online business tax registration system, call (334) 242-1170 or visit http://ador.efile.govconnect.com/web/AL_O_CBR/WelcomeRegis.asp.

Alabama Income Tax Refund Checkoffs (Non-Campaign) \$'s Collected

Fiscal Quarters:	2004/1	2004/2	2004/3	2004/4	2004 FYTD
Alabama Aging Fund	\$ 625.00	\$ 11,767.00	\$ 10,571.00	\$ 1,191.00	\$ 24,154.00
Alabama Arts Development Fund	240.00	5,485.00	8,791.00	680.00	15,196.00
Alabama Nongame Wildlife Fund	1,311.00	7,822.00	13,813.00	869.00	23,815.00
Child Abuse Trust Fund	1,656.00	25,984.00	25,739.00	1,707.00	55,086.00
Alabama Veterans Program	693.00	13,050.00	16,125.00	1,581.00	31,449.00
AL Indian Children's Scholarship FD	209.00	4,874.00	7,236.00	575.00	12,894.00
Penny Trust Fund	172.00	2,786.00	3,788.00	393.00	7,139.00
Foster Care Trust Fund	683.00	6,800.00	9,398.00	900.00	17,781.00
Mental Health	389.00	6,358.00	8,719.00	584.00	16,050.00
Neighbors Helping Neighbors	468.00	8,468.00	9,781.00	1,052.00	\$19,769.00
Breast & Cervical Cancers Fund	1,322.00	16,039.00	19,953.00	1,104.00	\$38,418.00
4H Clubs	—	3,081.00	8,335.00	288.00	\$11,704.00
TOTALS:	\$7,768.00	\$112,514.00	\$142,249.00	\$10,924.00	\$273,455.00

Alabama Income Tax Refund Checkoffs (Non-Campaign): No. of Returns

Fiscal Quarters:	2004/1	2004/2	2004/3	2004/4	2004 FYTD
Alabama Aging Fund	37	1,017	1,289	57	2,400
Alabama Arts Development Fund	25	663	986	60	1,734
Alabama Nongame Wildlife Fund	27	902	1,260	74	2,263
Child Abuse Trust Fund	60	2,359	2,363	140	4,922
Alabama Veterans Program	34	1,213	1,473	96	2,816
AL Indian Children's Scholarship FD	20	647	813	50	1,530
Penny Trust Fund	20	463	585	46	1,114
Foster Care Trust Fund	39	923	1,173	73	2,208
Mental Health	32	818	1,016	59	1,925
Neighbors Helping Neighbors	19	625	829	66	1,539
Breast & Cervical Cancers Fund	109	1,553	1,697	93	3,452
4H Clubs	0	462	581	31	1,074
TOTALS:	422	11,645	14,065	845	26,977

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.
 - 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.
- *The first Alabama Uniform Severance Tax Return will be due Nov. 20, 2004, for the October 2004 activity.
- 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

(Jan., Feb., March, April 2005)

Jan.

- 1**
- Quarterly Dry Cleaning Trust Fund Fee return and payment due.
 - Utility license (2.2%) second quarterly payment due.
- 15**
- Fourth installment of estimated personal income tax due.
- 20**
- Quarterly sales tax return and payment due.
 - Annual sales tax return and payment due.
 - Quarterly use tax return and payment due.
 - Annual use tax return and payment due.
 - Quarterly rental or leasing tax return and payment due.
 - Annual rental or leasing tax return and payment due.
- 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.

Feb.

- 28**
- Annual withholding return due.

March

- 1**
- Freight line equipment return due.
 - Public utility property tax return delinquent after this date.
- 15**
- Corporate income tax return and information return due (for calendar-year taxpayers).
 - Business Privilege Tax return (Form PSA due for corporations).

April

- 1**
- Annual Dry Cleaning Trust Fund Fee return and payment due by wholesalers of dry cleaning agents.
 - Quarterly Dry Cleaning Trust Fund Fee return and payment due.
 - Utility license (2.2%) third quarterly payment due.

(Continued on Page 8)

ADOR Extends Tax Relief to Include Oct 15 Filers Affected by Hurricane Ivan

The Alabama Department of Revenue (ADOR) is offering Alabama tax relief filing measures to Hurricane Ivan victims in meeting their Oct. 15, 2004, individual income tax filing extension deadline.

The extension period for the Oct. 15, 2004, filing of Alabama Forms 40, 40NR (non-resident), and 40A will be extended until Dec. 30, 2004, for affected taxpayers

Tax Activity *(Continued from Page 7)*

- 15
- First installment of estimated personal income tax due.
 - Financial institutions' excise tax return and payment due.
 - Business Privilege tax return (Form PSA) due for limited liability entities.
 - First installment of estimated corporate income tax due (for calendar-year taxpayers).

NOTE: Other fiscal-year taxpayers pay their corporate estimated tax on the 15th day of the fourth, sixth, ninth and twelfth months of their tax year and file their return on the 15th day of the third month following the close of their tax year.

- Partnership income tax return due.
- Personal income tax return and payment due.

- 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
- Forest products' severance tax return and payment due.
 - Quarterly withholding return and payment due from employer.
 - Quarterly IFTA tax return and payment due.

located in disaster-declared counties. Late filing and payment penalties will be waived for those affected taxpayers seeking this relief, provided their 2003 tax year Form 40, Form 40NR, or Form 40A returns are filed and any additional taxes paid by Dec. 30, 2004. Alabama's tax laws have no provision for the waiver of interest.

Relief measures for other taxes administered by the ADOR will be handled on a case-by-case basis. Taxpayers who are unable to meet future filing requirements as the result of damage caused by Hurricane Ivan are urged to contact the ADOR by e-mail at www.ador.state.al.us. Click on IVAN TAX RELIEF in the blue menu bar and follow the directions provided. Telephone assistance is also available. For Income Tax assistance, call toll-free 1-800-322-4106; for

Sales, Use, and Business Tax assistance, call toll-free 1-866-576-6531.

Taxpayers who are eligible for the relief should add the following designation in red ink at the top of any Alabama paper returns they file: IVAN. Those taxpayers filing electronic returns and seeking tax relief should contact the appropriate ADOR division office.

Revenue Review is published quarterly by the Alabama Department of Revenue Media Affairs Section. Comments or suggestions should be sent to: cblackstock@revenue.state.al.us, telephone (334) 242-1390 or (334) 242-1175. Tom Surtees, Commissioner; Cynthia Underwood, Assistant Commissioner; Lewis A. Easterly, Department Secretary; Carla A. Snellgrove, Public Information Manager; Carolyn Blackstock, Editor; and Mickey Godwin, layout and design.

Statement of Gross Tax Collections

FYTD 2003-2004 Through End of Fourth Quarter
(July, August, September 2004)

	FYTD 2003-2004	FYTD 2002-2003	% Change
Business Privilege Tax	\$ 72,168,808.44	\$ 74,410,736.38	(3.01)
Gasoline	405,895,172.80	396,188,934.02	2.45
Income Tax Corporate	299,669,781.50	240,091,331.34	24.81
Income Tax Individual	2,652,646,044.77	2,456,330,108.43	7.99
Income Tax (Total)	2,952,315,826.27	2,696,421,439.77	9.49
Motor Fuels	128,913,728.92	119,564,453.68	7.82
Oil & Gas Privilege (8%)	72,461,569.68	66,069,066.16	9.68
Oli & Gas Production (2%)	28,722,479.09	26,626,236.45	7.87
Sales	1,703,151,053.77	1,576,670,337.87	8.02
Use Tax	208,759,788.20	187,930,708.03	11.08
Utility Gross Receipts	347,884,032.35	341,806,595.06	1.78
SUBTOTAL	5,920,272,459.52	5,485,688,507.42	7.92
SUBTOTAL (OTHER TAXES)	952,351,796.15	867,429,691.01	9.79
TOTAL (ALL TAXES)	\$6,872,624,255.67	\$6,353,118,198.43	8.18