



State of Alabama Department of Revenue

Montgomery, Alabama 36132
(www.ador.state.al.us)

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July 19, 2004

NOTICE

ALL PERSONS SEVERING NATURAL MATERIALS WITHIN THE STATE OF ALABAMA

Governor Bob Riley signed Act Number 2004-629 into law on May 25, 2004. This Act will be known as the Alabama Uniform Severance Tax Act and becomes effective on October 1, 2004. The following is a summary of the changes:

- Repealed or replaced Act 99-255 (Macon County), Act 94-478 (Cleburne County), Act 91-609 (Hale County), and other conflicting local laws. The local tax of any county in which on October 1, 2004 the severance tax is an amount of 25 cents (\$.25) or more per ton is not repealed.
- Levies ten cents (\$.10) per ton statewide tax on all natural minerals severed and sold as tangible personal property.
- The Act does not affect the current \$0.25 per ton tax for Coosa County. The Coosa County tax return must still be filed, as before.
- Producers are required to remit the tax and file the tax return by the twentieth (20th) day of the month next succeeding the month the tax accrues.
- Severed material is defined as all natural minerals, including, but not limited to, sand, gravel, sandstone, granite, shale, clay, except clay that produces lightweight aggregate, dolomite, and limestone.
- Severed material does not include lime or limestone used for agricultural purposes or for pollution control or abatement purposes, nor rock dust used for settling coal dust in underground mines or similar uses, nor any natural minerals used for the purpose of producing portland cement, nor processed sand used in the foundry cores, mold, and linings, nor clay that produces lightweight aggregate, marble and marble by-products, iron ore, quartzite, coal, oil and natural gas.
- The tax is due on all minerals that are sold to a purchaser for use outside the state when such minerals are transported on public roads in Alabama.
- The severance tax does not apply to severed material moved from one place to another on the same site or transported to another site owned by the same operator or producer.
- In addition, the severance tax does not apply to severed material used for fill or to any cherts including county or municipality owned chert facilities.
- The tax levied by this Act shall be collected by the producer from the purchaser at the time of sale or delivery, whichever occurs first, provided the tax is identified as a severance tax on the bill of sale, invoice or similar sales document.
- Any tax not identified and collected from the purchaser must still be paid by the producer.

Additional information concerning this tax:

- The first Alabama Uniform Severance Tax Return will be due by November 20, 2004 for the October 2004 activity.
- Returns are being prepared and will be mailed to each taxpayer in time to file the October 2004 return.

Questions concerning this Act should be directed to:

Severance & License Tax Section
Sales, Use & Business Tax Division
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Montgomery, Alabama 36132-7550
(334) 353-7827