

ALABAMA DEPARTMENT OF REVENUE
BUSINESS & LICENSE TAX DIVISION

Uniform Natural Minerals Tax Rule

810-8-7-.03 Exemptions.

(1) The following minerals are not subject to the Alabama Uniform Severance Tax. No quantities of these minerals should be reported to the Department on the monthly Uniform Severance Tax returns.

(a) **Exempt Products:**

1. Marble and marble by-products,
2. Iron ore - Materials subject to the tax in Section 40-12-128, Code of Alabama 1975,
3. Quartzite,
4. Coal - Materials subject to the tax in Chapter 13 of Title 40, Code of Alabama 1975,
5. Oil and natural gas - Hydrocarbons subject to the tax in Chapter 20 of Title 40, Code of Alabama 1975, and
6. Chert

(b) **Exempt Usage:** The minerals listed in this section are not exempt from the severance tax unless used as described below. The total quantities of these materials produced and sold should be listed on the tax return. Any materials used by the producer or first purchaser in ways qualifying the materials for the stated exemptions should be listed on the tax return and subtracted from the total quantities of the various materials to arrive at taxable quantities.

1. Portland Cement or Clay that produces lightweight aggregate
2. Lime or limestone used for agricultural purposes –
 - (i) Producers and first purchasers of lime or limestone who are permitted as manufacturers or distributors of “Agricultural Liming Materials” by the Alabama Department of Agriculture and Industries may claim an exemption from the tax.
 - (ii) A first purchaser who is not required to be permitted because he is located outside the State of Alabama, who manufactures or distributes liming materials meeting the specifications of the Alabama Department of Agriculture and Industries may also claim an exemption from the tax.

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810-8-7-.03 Exemptions. (Cont'd)

(iii) Producers may report as exempt the quantity of agricultural liming materials reported by the producer to the Alabama Department of Agriculture and Industries in accordance with Section 2-23-5(a).

(iv) Exemptions may also be claimed for the quantity of materials meeting the specifications of the Alabama Department of Agriculture and Industries but not required to be reported because the first purchaser is located outside the State of Alabama.

3. Lime or limestone used for pollution control or abatement purposes - Producers or first purchasers selling lime or limestone in a transaction which is exempt from the State of Alabama's sales tax because the lime or limestone qualifies for the pollution control exemption may claim an exemption from the severance tax.

4. Rock dust used for settling coal dust in underground mines or similar uses.

5. Processed sand used in the foundry cores, molds, and linings.

6. Severed materials that are further processed into a finished aggregate or limestone product without being transported on a public road in the State.

(c) **Exempt Sales:**

1. Product sold for use outside the State provided product is not transported on public roads in the State.

2. Product moved from one place to another on the same site, or transported to another site owned by the operator or producer.

3. Product used for fill by an operator, producer or other person other than product from a commercial quarry.

4. Product sold by a producer to a purchaser without being transported on a public road in the State provided such product will be processed into a finished aggregate or limestone product for resale.

5. Product sold to exempt purchasers that is wasted during the manufacturing process provided the material is not transported on a public road in the State or sold to another entity.

6. Sales by producers directly to governmental agencies including, federal, state, county and municipal governments to include city and county school boards.

(Sections 40-2A-7(a)(5) and 40-13-55, Code of Alabama 1975, effective January 11, 2013)