

# **A LEGISLATOR’S GUIDE TO ALABAMA’S TAXES**

**A SUMMARY OF THE MAJOR REVENUE SOURCES OF  
THE STATE OF ALABAMA**



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To the Legislature of Alabama:

This is the 27<sup>th</sup> edition of a publication that the Legislative Fiscal Office first completed in January of 1979. The book is intended as a reference source for the most basic information about Alabama's taxes and revenues.

This publication involved the entire staff of the Legislative Services Agency-Fiscal Division. John Stathopoulos directed the project and was responsible for editing the final edition. The research and data collection were accomplished by the staff analysts.

Legislative history information has been updated to include acts established through the 2019 Regular Session of the Legislature. Collection information has been updated to include fiscal year 2019 receipts. Comparisons with other states are provided for some revenue sources and were last updated in November 2019.

The primary sources used in compiling this information were the *Code of Alabama 1975*, the Acts of Alabama, and the Commerce Clearing House's State Tax Guide. The data for revenue collections was obtained primarily from the Department of Revenue's Revenue Abstract reports and revenue reports prepared by the Department of Finance.

Except where noted, all references to years concern fiscal years. The fiscal years of the neighboring states cited cover the period July 1 through June 30, while Alabama's fiscal year extends from October 1 through September 30.

We would appreciate your suggestions as to how we might make future editions of more value to you.

Sincerely,

A handwritten signature in black ink, appearing to read "Kirk Fulford", is written over a light blue horizontal line.

Kirk Fulford  
Deputy Director

KF:js

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# **Part I – Education Trust Fund and State General Fund Receipts**

## Education Trust Fund Receipts, Fiscal Years 2016 – 2019

	ACTUAL FY 16		ACTUAL FY 17		ACTUAL FY 18		ACTUAL FY 19	
BEER TAX	22,909,170		22,231,590		21,871,509		22,594,709	
HYDROELECTRIC TAX	508,723		473,797		411,576		401,355	
INCOME TAX	3,722,129,992		3,892,525,501		4,208,436,406		4,548,470,728	
INSURANCE PREMIUM TAX (1)	30,993,346		30,993,296		30,993,296		30,993,296	
MISCELLANEOUS	5,167		(29)		7,121		5,009	
MOBILE TELECOMM TAX	17,700,484		15,904,023		10,402,545		11,924,391	
SALES TAX	1,744,468,414		1,811,657,811		1,908,442,758		2,013,911,327	
STORE LICENSES	129,773		112,337		139,424		125,217	
UNCLASSIFIED	-		-		20		-	
USE TAX	151,801,741	(2)	151,598,885		159,169,978		150,447,230	
USE TAX REMOTE	4,985,996		6,913,726		8,122,483		11,251,938	
USE TAX SIMPLIFIED SELLERS	280,461	(3)	6,545,297		9,849,026		23,292,598	
UTILITY TAX	376,625,096		387,966,309		395,433,475		401,311,662	
<b>SUBTOTAL</b>	<b>6,072,538,363</b>		<b>6,326,922,547</b>		<b>6,753,279,616</b>		<b>7,214,729,459</b>	
TRANSFERS AND REVERSIONS	397,699		404,672		285,763		546,744	
<b>TOTAL</b>	<b>6,072,936,062</b>		<b>6,327,327,215</b>		<b>6,753,565,379</b>		<b>7,215,276,203</b>	

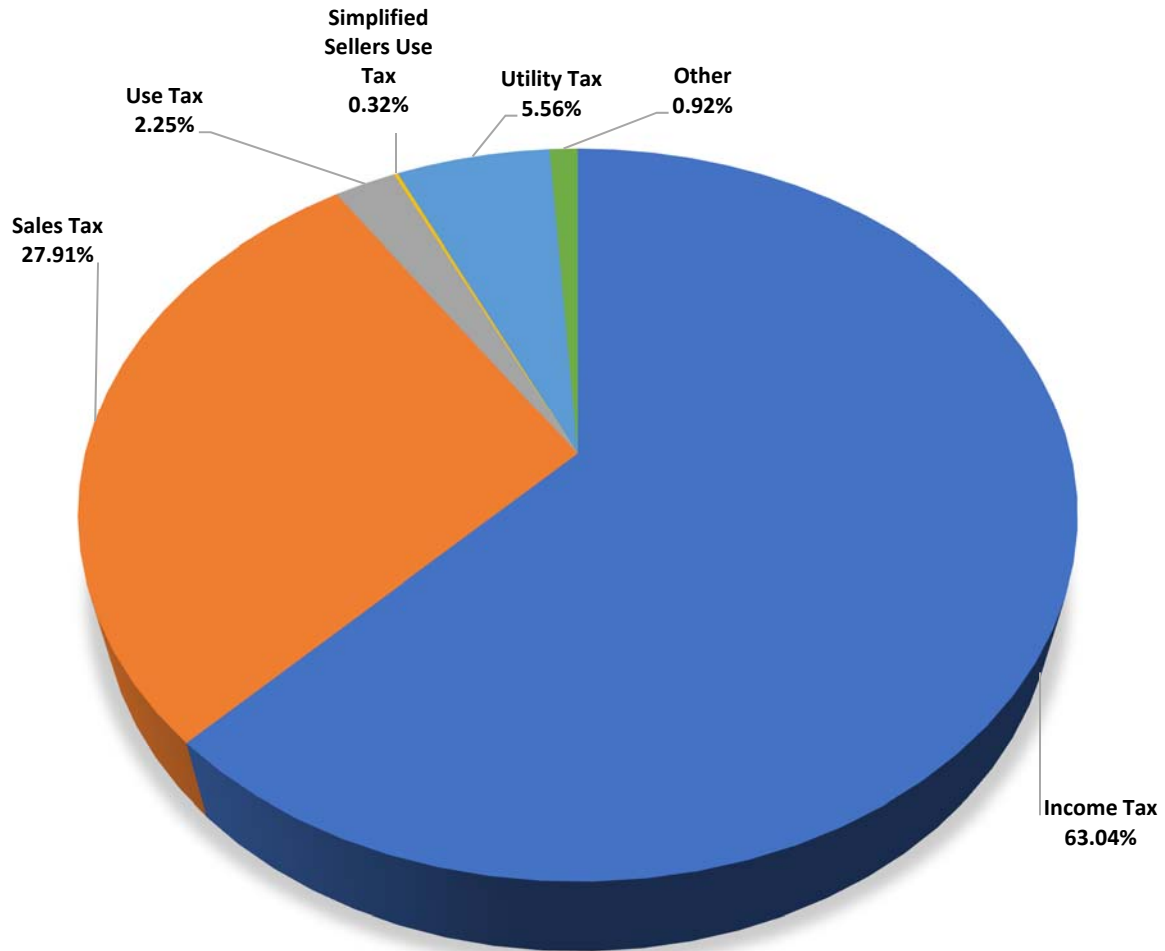
(1) Capped at FY 1992 level by Act 1993-679.

(2) Beginning in FY 2016, use tax receipts include a decreased distribution pursuant to Act 2015-539.

(3) Pursuant to Act 2015-448, the Simplified Sellers Use Tax Remittance Act was effective beginning in FY 2016.



## Education Trust Fund Receipts by Tax, Fiscal Year 2019



## State General Fund Receipts, Fiscal Years 2016 – 2019

	ACTUAL FY 16		ACTUAL FY 17		ACTUAL FY 18		ACTUAL FY 19	
ABANDONED PROPERTY TAX	45,000,000		52,000,000		61,000,000		61,000,000	
A.B.C. BOARD	100,816,514		100,623,508		116,129,608		122,599,970	
AD VALOREM TAX	150,853,517		154,429,888		158,296,335		164,661,076	
ALABAMA TRUST FUND	103,310,045		98,040,084		96,782,802		104,228,915	
AUTO TITLE TAX	23,026,791		23,116,469		23,942,409		22,587,317	
CIGARETTE TAX	164,746,858	(1)	163,313,105		154,554,657		148,920,124	
COPORATION TAXES	56,831,934		75,499,764		96,063,758		95,856,519	
COURT COSTS-JUDICIAL ARTICLE	61,282,678		61,860,771		59,980,037		59,708,762	
DEED RECORD TAX	9,478,709		9,978,359		10,080,344		11,058,210	
DRIVER LICENSE FEES	17,443,036		16,642,064		15,748,930		17,033,989	
FINANCIAL INSTIT. EXCISE TAX	22,246,274		27,633,823		30,925,467		39,686,474	
FREIGHT LINE & EQUIP. CO. TAX	4,028,577		4,749,814		5,341,968		4,725,315	
HAZARDOUS WASTE	208,997		34,219		24,643		(231,287)	
ESTATE TAX	0		0		0		0	
INSURANCE PREMIUM TAX	293,534,706	(2)	319,814,875		349,352,551		385,145,244	
INTEREST ON STATE DEPOSITS	9,533,292		13,550,218		31,614,789		63,036,403	
JUDICIAL ADMIN FEES	102,779		99,655		93,645		88,712	
LEASE TANG. PERS. PROP.	76,634,471		77,297,544		78,556,124		82,463,257	
LODGINGS TAX	46,869,544		49,851,286		53,633,487		58,855,436	
MANUFACTURED HOME FEES	553,107		544,840		533,556		525,918	
MISC. DEPT FEES & RECEIPTS	75,168,635	(3)	62,053,603	(3)	4,462,970		4,651,629	
MOBILE TELECOM TAX	30,900,967		27,308,041		16,305,089		19,348,781	
MORTGAGE RECORD TAX	28,292,880		29,886,763		30,327,033		31,506,248	
MOTOR VEH LICENSE	44,210,293		45,143,979		45,994,198		46,872,246	
OIL CO LICENSES	8,026,984		8,383,195		8,508,697		8,890,802	
OIL AND GAS PRODUCTION	29,481,805		33,943,406		34,108,548		32,210,824	
PARI-MUTUEL TAX	1,400,662		1,226,025		1,146,282		1,297,972	
PRIVILEGE LICENSE TAX	5,067,963		4,955,113		5,915,884		4,779,709	
PUBLIC SAFETY MISC.	17,561,609		17,587,450		17,627,506		17,745,967	
PUBLIC UTILITY REC TAX	24,169,859		23,198,681		23,050,907		24,694,412	
SALES TAX ON AUTOS	97,844,307		102,230,663		106,979,981		111,941,527	
SALES TAX DISCOUNT	19,732,349	(4)	20,238,678	(4)	22,584,102	(4)	22,564,286	(4)
STATE SECURITIES COMM.	9,420,790		9,457,109		10,270,085		11,793,513	
TOBACCO - MEDICAID WAIVER	2,004,710		2,070,858		2,443,623		2,364,291	
TOBACCO TAX	8,739,383		9,220,768		10,024,096		10,166,162	
USE TAX	178,951,918	(5)	184,790,861	(5)	198,615,737	(5)	205,423,028	(5)
USE TAX REMOTE	14,958,062		20,741,255		24,367,530		33,755,908	
USE TAX SIMPLIFIED SELLERS	841,382	(6)	19,635,891		29,547,077		69,877,794	
USE TAX DISCOUNT	2,940,282	(7)	3,216,163	(7)	3,767,289	(7)	4,118,373	(7)
UNCLASSIFIED	10,914		200		1,500		75	
VAPOR PRODUCTS	1,147,675	(8)	1,361,915		1,396,406		2,256,443	
<b>SUB-TOTAL</b>	<b>1,787,375,258</b>		<b>1,875,730,902</b>		<b>1,940,099,648</b>		<b>2,108,210,347</b>	
TRANSFERS AND REVERSIONS	57,951,577	(9)	44,102,869	(10)	56,017,857	(11)	43,744,358	(12)
<b>GRAND TOTAL</b>	<b>1,845,326,835</b>		<b>1,919,833,772</b>		<b>1,996,117,505</b>		<b>2,151,954,704</b>	

(1) Pursuant to Act 2015-535, the cigarette tax rate was increased beginning in FY 2016.

(2) Includes insurance license fee increase pursuant to Act 2015-195.

(3) FY 2016 includes a \$20 million court ordered settlement from Transocean Deepwater Drilling, Inc. and a \$50 million court ordered settlement from BP Exploration and Production, Inc. for state economic damages. FY 2017 includes a \$50 million court ordered settlement from BP Exploration and Production, Inc. for state economic damages and an \$8 million settlement from Blue Cross Blue Shield.

(4) Includes amount pledged for debt service on state parks and historical sites bonds and the SGF per Act 2000-731.

(5) Beginning in FY 2016, use tax receipts include an increased distribution pursuant to Act 2015-539

(6) Pursuant to Act 2015-448, the Simplified Sellers Use Tax Remittance Act was effective beginning in FY 2016.

(7) Revenue distributed to SGF per Act 2001-669.

(8) Pursuant to Act 2015-535, sales and use tax was applied to consumable vapor products beginning in FY 2016.

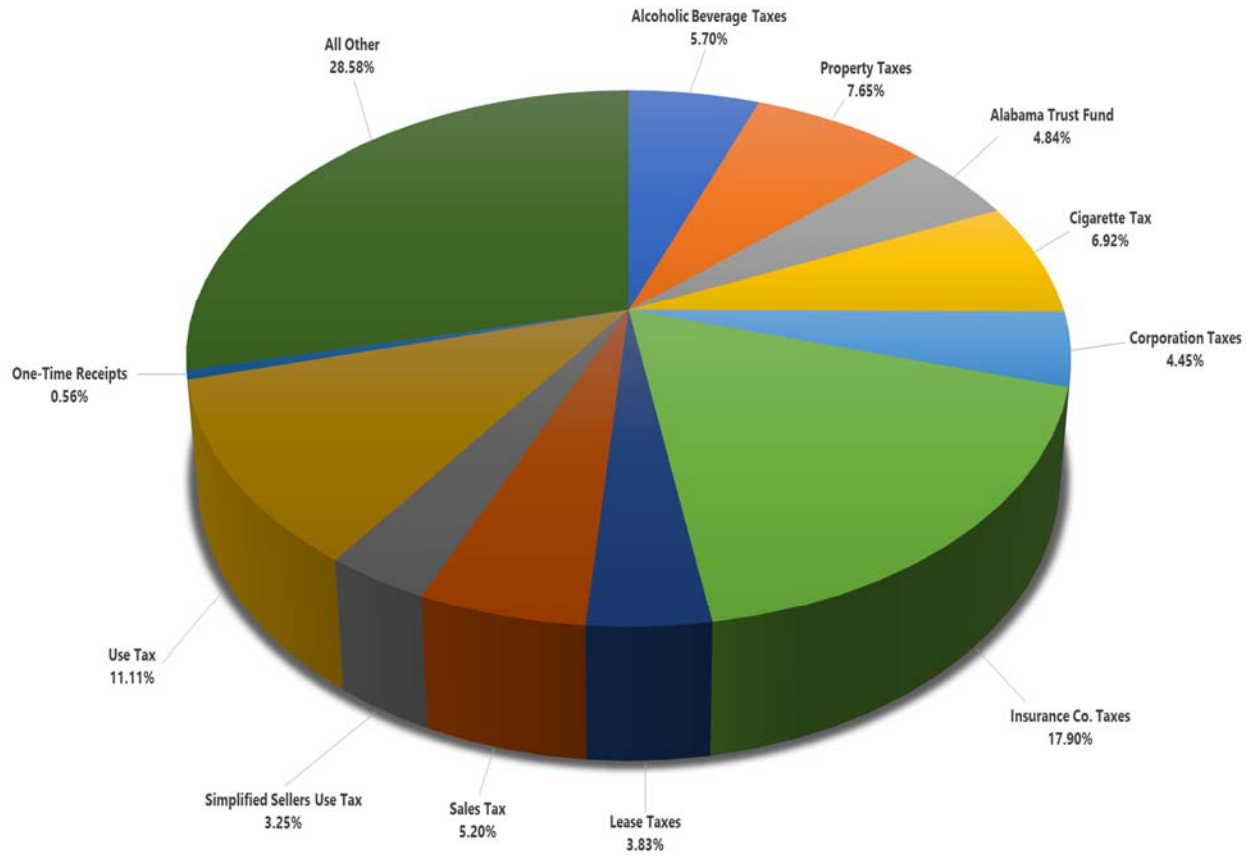
(9) Includes one-time transfer of \$10,253,705 from tobacco balances.

(10) Includes one-time transfer of \$10,592,912 from tobacco balances.

(11) Includes one-time transfer of \$12,496,449 from tobacco balances.

(12) Includes one-time transfer of \$12,059,640 from tobacco balances.

## State General Fund Receipts by Tax, Fiscal Year 2019



# **Part II – Revenue Sources of the State of Alabama**

## A.B.C. Licensing and Penalty Revenue

### **Statutory Authority:**

Sections 28-3-1, 28-3A-1 through 28-3A-26, 28-4A-1 through 28-4A-6, 28-7-5 through 28-7-15, and 28-10-1 through 28-10-8, *Code of Alabama 1975*.

### **Tax Base:**

Licenses and associated filing fees are required of distillers, manufacturers, importers, wholesalers, and retailers for the privilege of distributing alcoholic beverages within the State of Alabama.

### **Tax Rate:**

#### **(1) Annual license fees:**

- (a) Manufacturer license, \$500.  
*Licensed wine manufacturers in Alabama that produce less than 50,000 gallons of table wine per year may obtain one off-site tasting room license subject to an additional filing fee.*
- (b) Importer license, \$500.
- (c) Liquor wholesale license, \$500.
- (d) Wholesaler's license for beer, \$550; wine, \$550; beer and wine, \$750; plus \$200 for each warehouse in addition to the principal warehouse.
- (e) Warehouse license, \$200.
- (f) Lounge retail liquor license, \$300.
- (g) Restaurant retail liquor license, \$300.
- (h) Club retail liquor license; Class I, \$300; Class II, \$750.
- (i) Retail table wine license for off-premises consumption, \$150.
- (j) Retail table wine license for on-premises and off-premises consumption, \$150.
- (k) Retail beer license for on-premises and off-premises consumption, \$150.
- (l) Retail beer license for off-premises consumption, \$150.
- (m) Retail common carrier liquor license, \$150 for each railroad, airline, bus line, ship line, vessel or other common carrier entity with a vehicle passenger capacity of at least 10 people.
- (n) Special retail license, \$100 for 30 days or less; \$250 for more than 30 days.
- (o) Special events retail license, \$150.
- (p) Brewpub license, \$1,000.
- (q) International Motor Speedway license, \$300.

#### **(2) Application filing fees, \$50 with original application only.**

- (3) **Filing fee** for transfer of a license, \$50.
- (4) **Responsible vendor fee**, \$35.
- (5) **Counties and municipalities** may levy additional license fees on any of the licenses listed in (1) above.

**Collections:**

By the Alcoholic Beverage Control (ABC) Board. Licenses are due and payable on or before October 1 of each year; county license fees are deposited to the State Treasury and paid semiannually to the respective county; state license fees are deposited to the to the credit of the Beer Tax and License Fund and paid to the State General Fund and the ABC Board Fund no later than the end of the following month.

<b>Fiscal Year</b>	<b>Collections (\$) <sup>1</sup></b>	<b>Percent Change</b>
2019	3,476,153	(1.47)
2018	3,528,105	1.95
2017	3,460,486	12.77
2016	3,068,575	(2.23)
2015	3,138,605	4.81

Source: "Comparative Summary of Revenues by Revenue Source" Report - Comptroller's Office. Beginning FY 2016, "Comparative Schedule of Revenues" Report – STAARS.

**Distribution:**

- (1) County license fees to the levying county.
- (2) License, filing, and permit fees to the State General Fund.
- (3) Responsible vendor fees to the ABC Board Fund.

**Legislative History:**

**Acts 1936-37, No. 66, p. 40**

Established the ABC Board and provided for its authority to regulate sales of alcoholic beverages.

**Acts 1947, No. 298, p. 149**

Established the licensing procedures for manufacturers and agents with license fees of \$250 and \$50, respectively.

**Acts 1963, No. 589, p. 1285**

Established the distributor's license tax at 3% of the gross receipts from the previous year.

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<sup>1</sup> State only.

**Acts 1965, No. 766, p. 1398**

Required that license tax proceeds be divided equally between the Public Welfare Trust Fund and the Special Mental Health Fund.

**Acts 1979, No. 761, p. 1360**

Repealed the 3% distributor's license tax; increased the associated filing fee from \$250 to \$500; and levied an additional excise tax of 3%.

**Acts 1980, No. 529, p. 806**

Revised the entire license code, added new categories, and increased fees to the current rates except for the club license which was a single rate of \$750.

**Acts 1981, No. 701, p. 1178**

Amended license code to provide for two classes of club licenses and set rates for each license as follows: Class I, \$300; Class II, \$750.

**Acts 1990, No. 525, p. 767**

Established the Responsible Vendor program and provided for a \$35 filing fee payable upon the issuance or renewal of a license to any licensee of the ABC Board certified as a responsible vendor.

**Acts 1992, No. 535, p. 1078**

Provided for the licensing of brewpubs to brew and sell beer on the same premises for on-premises consumption and established the annual brewpub license fee at \$1,000.

**Acts 1997, No. 937, p. 506**

Established the International Motor Speedway license and the annual license fee of \$300.

**Acts 2000, No. 146, p. 211**

Clarified that the license fee for a beer wholesaler is \$550.

**Acts 2016, No. 97, p. 133**

Allows licensed beer manufacturers that produce less than 60,000 barrels of beer per year to sell its product for off-premise consumption not to exceed 288 ounces per day per customer. Removes location requirements of such licensed beer manufacturers. Also allows such license manufacturers to donate and deliver two kegs, still subject to taxation, to a licensed charitable special event for a nonprofit organization and defines 'keg'.

**Acts 2016, No. 111, p. 173**

Allows a licensed manufacturer to conduct liquor or wine tastings inside the premises of licensed retailers that sell for off-premises consumption only and inside a state liquor store. Provides for restrictions regarding such liquor or wine tastings.

**Acts 2016, No. 130, p. 305**

Allows liquor manufacturers to sell at retail up to 750 milliliters of its products per customer per day.  
Provides for regulations regarding such sales.

**Acts 2016, No. 131, p. 308**

Allows a licensed wine manufacturer in Alabama producing less than 50,000 gallons of table wine per year and only the association that represents the majority of wineries and grape growers in Alabama to obtain a permit allowing the establishment and operation of one off-site tasting room, subject to the \$50 filing fee. Also allows such licensed wine manufacturers to donate and deliver two cases of its table wine, still subject to taxation, to a licensed charitable special event for a nonprofit organization.  
Provides regulations for such off-site tasting rooms and donations.

**Acts 2018, No. 513**

Allows manufacturers of alcoholic beverages for tastings or samplings on the manufacturers' licensed premises to sell alcoholic beverages between 9:00 p.m. on Saturday through 2:00 a.m. the following Monday.

**Comparison with Neighboring States:****Florida**

\$25 to \$4,000 according to business classification; initial one-time fee of \$10,750 for new liquor (quota) licenses.

**Georgia**

\$25 to \$1,000 according to business classification.

**Mississippi**

\$10 to \$9,025 according to business classification.

**Tennessee**

\$100 to \$5,000 according to business classification.



# Abandoned Property Act

## **Constitutional Provision:**

Section 258 of the *Constitution of Alabama of 1901*, by Amendment No. 111, now appearing as Section 258 of the Official Recompilation of the *Constitution of Alabama of 1901*.

Provided that the estates of deceased persons who die without leaving a will or heir shall be used or applied to the maintenance of the public schools. Amendment 111 (proposed by Act 1956-82, 1<sup>st</sup> Ex. Sess. and proclaimed ratified September 7, 1956) replaced reference to "maintenance of the public schools" with "the furtherance of education."

## **Statutory Authority:**

Sections 35-12-70 through 35-12-96, *Code of Alabama 1975*.

## **Description:**

This revenue source is not a tax but a provision for the orderly disposition of unclaimed or abandoned property. Every person or entity holding funds or other property, tangible or intangible, presumed abandoned must file a report with and deliver the property to the Treasurer. This property includes, but is not limited to, monies kept on deposit in financial institutions, traveler's checks, money orders, debit cards or other payment instruments, safe deposit box contents, monies owed to policyholders by insurance companies, utility deposits, and corporate stocks, securities and dividends held by brokers and fiduciaries. The Treasurer is required to attempt to notify the apparent owners of abandoned property in a cost-effective manner. All abandoned property (other than money and securities) delivered to the State Treasurer is sold to the highest bidder at public sale within three years after its delivery (unless the treasurer determines that the probable cost of sale exceeds the proceeds of the sale).

## **Collections:**

All funds received, including the proceeds from the sale of abandoned property, are collected by the Treasurer.

<b>Fiscal Year</b>	<b>Gross Collections</b>	<b>Claims Paid</b>	<b>Net Collections</b>	<b>Percent Change</b>
2019	86,800,000	35,300,000	51,500,000	(2.12)
2018	89,494,645	24,112,574	65,382,071	18.65
2017	81,170,671	26,067,101	55,103,570	(6.77)
2016	83,696,149	24,592,415	59,103,734	29.40
2015	75,713,392	30,039,593	45,673,799	10.42

Source: State Treasurer's Office Unclaimed Property Division.

<b>Fiscal Year</b>	<b>State General Fund Receipt Collections (\$)</b>	<b>Percent Change</b>
2019	61,000,000	0.00
2018	61,000,000	17.31
2017	52,000,000	15.56
2016	45,000,000	7.14
2015	42,000,000	90.91

Source: "State General Fund Receipts-- Summary Comparison of Net Receipts. Beginning FY 2017, "General Fund Net Receipts of Revenue" Report – STAARS.

### **Distribution:**

All funds received and proceeds from the sale of abandoned property are deposited as follows:

- (1) Funds from estates of persons who died without leaving a will or heir are deposited into the Public School Fund.
- (2) All other funds are deposited into the Unclaimed Property Reserve Fund from which the Treasurer pays claims duly allowed and transfers funds to the State Treasury Operations Fund as necessary to pay all costs and expenses of administering the program and all costs and expenses of administering the Office of the Treasurer. Surpluses in the Unclaimed Property Reserve Fund are deposited into the State General Fund on a quarterly schedule.

### **Major Exemptions:**

- (1) Municipalities, incorporated municipal boards, counties, county boards, and electric cooperatives are exempted from reporting property as abandoned.
- (2) Gift certificates, gift cards, or in-store credits issued by persons primarily engaged in a retail business.
- (3) Property held, due, and owing in a foreign country and arising out of a foreign transaction.

### **Legislative History:**

#### **Acts 1971, No. 63, p. 101**

Established the procedure for the uniform disposition of unclaimed or abandoned property; and established distribution as follows: 20% into the trust fund for enforcement and claims; 80% to the State General Fund.

#### **Acts 1991, 1<sup>st</sup> Ex. Sess., No. 788, p. 176**

Accelerated state custody of unclaimed or abandoned tangible and intangible property by changing the dormancy period from seven to five years (provided one-time \$6 million windfall to State General Fund); and provided that all receipts be deposited to the State General Fund, unless the trust fund needed to be maintained at an amount not to exceed \$1 million.

#### **Acts 1996, No. 724, p. 1197**

Transferred the administration of the Uniform Disposition of Unclaimed Property Act from the Department of Revenue to the State Treasurer's Office beginning October 1, 1996; amended reporting and delivery of property requirements; and also established new funds within Treasurer's Office with reserves accruing to the State General Fund on a quarterly basis.

#### **Acts 1999, No. 381, p. 607**

Provided that any warrant drawn by the state comptroller which is outstanding and unpaid one year from the date of issue is void and shall be reported and maintained through the unclaimed property program (formerly void after one year with payment to the State General Fund).

#### **Acts 2004, No. 440, p. 755**

Repealed the prior unclaimed property law and provided for the Uniform Disposition of Unclaimed Property Act of 2004; shortened the time period within which holders of property must report and pay to the state property that is presumed to be abandoned; and clarified that property resulting from demutualization of an insurance company is subject to the unclaimed property law.

#### **Acts 2013, No. 91, p. 192**

Allowed banks to treat debit cards and other payment instruments equally to other deposit products regarding abandonment; required the holder of property presumed abandon to electronically file a report to the Treasurer concerning the property and remit any monies electronically; and allowed the surviving child or children or, if none, the surviving parent or parents of an abandoned property owner who has died intestate to claim the abandoned property if certain conditions are met.

**Acts 2013, No. 92, p. 203**

Established funding for the Office of the State Treasurer through the newly created State Treasury Operations Fund merging the operations of Treasury Administrative, Unclaimed Property, and the SAFE Program; dissolved the Unclaimed Property Administrative Fund and the SAFE Program Administration Fund and transferred any unobligated funds to the State Treasury Operations Fund; and required that all unobligated funds shall remain in the fund and be used for office operations.

**Comparison with Neighboring States:****Florida**

The law requires reports of abandoned property to be filed with the Department of Financial Services. Funds are deposited into the State School Fund, where the funds are used for public education, until being claimed by the owners or owners' heirs. No statute of limitation is placed on claiming abandoned property.

**Georgia**

Procedures for disposition of abandoned property are carried out by the Department of Revenue. Unclaimed property reverts to the State General Fund.

**Mississippi**

Abandoned property is handled by the Office of the State Treasurer. A portion is set aside in the Historic Properties Financing Fund with its interest and income earned transferred quarterly to the Mississippi Landmark Grant Program for use by the Department of Archives and History. The remainder of the proceeds invested generate interest income for the state. Abandoned property remaining unclaimed for five years is transferred back to the original fund source.

**Tennessee**

The Department of Treasury administers the orderly disposition of abandoned property. Proceeds are deposited into the State General Fund.

# Ad Valorem Tax

## **Constitutional Provisions:**

### **(1) Levying Provisions:**

Section 214 of the *Constitution of Alabama of 1901*, now appearing as Section 214 of the Official Recompilation of the *Constitution of Alabama of 1901*.

Limited total state property tax levied for state purposes to 6.5 mills.

Amendment No. 111 to Section 260 of the *Constitution of Alabama of 1901*, now appearing as Section 260 of the Official Recompilation of the *Constitution of Alabama of 1901*, (proposed by Act 1956-82, 1<sup>st</sup> Ex. Sess., proclaimed ratified September 7, 1956).

Section 260 provided a tax of 3 mills for the Public School Fund to be applied to the support and maintenance of public schools and restated the authority of the Legislature to levy a total state ad valorem tax up to 6.5 mills, including the 3 mills provided by this section, for the Public School Fund (See Legislative History-Acts 1935, No. 194). Amendment 111 replaced reference to the "public school fund" with "educational fund" and reference to use of the 3-mill tax for the "support and maintenance of the public schools" with "support and furtherance of education."

### **(2) Exemption Provisions:**

Section 91 of the *Constitution of Alabama of 1901*, now appearing as Section 91 of the Official Recompilation of the *Constitution of Alabama of 1901*.

Prohibited the Legislature from taxing the real or personal property of the state, counties or municipal corporations or cemeteries and certain property used exclusively for religious worship, schools or for purely charitable purposes. (See also Amendment No. 373).

### **(3) Other Provisions:**

Amendment No. 373 to the *Constitution of Alabama of 1901*, now appearing as Section 217 of the Official Recompilation of the *Constitution of Alabama of 1901*, "Lid Bill" (proposed by Act 1978-6, 2<sup>nd</sup> Ex. Sess., proclaimed ratified November 20, 1978, effective October 1, 1978).

- (a) Established the current classes of property, assessment ratios and the maximum total amount of ad valorem tax payable on any item in any one year (as a percentage of fair market value).
- (b) Provided the option of current use value for Class III property.
- (c) Provided that taxable property be assessed uniformly by local governments at the state ratio effective October 1, 1978 and further provided for the adjustment of the ratios (within a

prescribed range of assessment ratios of 5% to 35%) as applied to property taxes levied by local authorities.

- (d) Established procedures for increasing local millage rates above limits otherwise provided in the *Constitution* as follows:
  - (i) proposal by the local governing body after a public hearing;
  - (ii) approval by the Legislature;
  - (iii) approval by a majority of affected voters in a special election.
- (e) Provided that, on or after October 1, 1978, taxing authorities may levy and collect up to 2 mills property tax for reimbursement for certain reappraisal costs, with any collections above the reassessment costs in the year the tax terminates to be used for general purposes.
- (f) Restated exemption of property devoted exclusively to religious, educational or charitable purposes (see also Section 91) and provided additional exemptions. (See Major Exemptions).

**Statutory Authority:**

Sections 38-4-12, 38-4-12.1, 38-4-13, and 40-1-1 through 40-11-5, *Code of Alabama 1975*.

**Tax Base:**

A property tax is levied on the owners of real and personal property within Alabama. All property is assessed in one of four classes at the ratios and maximums below:

Class	Description	Assessment Ratio	Annual Max. Payable (as % of Market Value <sup>2</sup> )	Total Millage Equivalent
I	All property of utilities	30%	2.00%	66.7
II	All property not otherwise classified	20%	1.50%	75
III	All agricultural, forest and single-family, owner-occupied residential property, including owner-occupied residential manufactured homes, located on land owned by the manufactured home owner, and historical buildings and sites	10%	1.00%	100
IV	All private passenger automobiles and motor trucks of the type commonly known as "pickup trucks" used for personal use	15%	1.25%	83.3

<sup>2</sup> Total (including state and all applicable local levies) payable per taxpayer per property. The cities of Mountain Brook, Vestavia Hills and Huntsville are exempted from the ceiling by Amendment No. 373 "Lid Bill." Other cities may be exempted by constitutional amendment. The fair and reasonable market value of the property (to which the appropriate assessment ratio is applied) is determined by the local tax assessor and local Board of Equalization except in the case of public utility property, where the Department of Revenue makes such determinations.

**Tax Rate:**

State levy of 6.5 mills per dollar of assessed value. (A mill is 1/1000 of a dollar or 1/10 of a cent, so that 6.5 mills equal \$.0065 or .65% of \$1. One mill equals \$1 of taxes per \$1,000 of assessed value of property.)

**Example of application of state millage rate to determine state ad valorem taxes due:** Assuming a home has an appraised value of \$100,000 and the homeowner (taxpayer) is eligible for the \$4,000 state homestead exemption. (See Major Exemptions).

\$100,000	(appraised value)
x 10%	(assessment ratio of Class III property)
<hr/>	
\$ 10,000	(assessed value)
-4,000	(homestead exemption)
<hr/>	
\$ 6,000	
x .0065	(6.5 mills)
<hr/>	
\$ 39	(State ad valorem tax due)

Information regarding local levies follows Legislative History.

**Collections:**

By County Tax Collector or Revenue Commissioner; remitted to State Treasury on the 5<sup>th</sup> and 20<sup>th</sup> of each month.

Fiscal Year	Collections (\$) (State only) <sup>3</sup>	Percent Change
2019	372,182,990	3.82
2018	358,482,745	2.52
2017	349,685,343	2.06
2016	342,628,804	2.92
2015	332,904,934	0.86

Source: "Comparative Summary of Revenues by Revenue Source" Report-Comptroller's Office. Beginning FY 2016, "Comparative Schedule of Revenues" Report – STAARS.

<sup>3</sup> Does not include property tax relief replacement revenues from income tax receipts. Section 40-18-58 of the *Code of Alabama 1975*, provides an appropriation from income tax receipts to the Property Tax Relief Fund (Section 40-9-24) to replace revenue losses which result from homestead exemptions. The transferred amount is distributed as are other state property tax receipts.

**Property Tax Relief Fund Collections:**

Fiscal Year	Collections (\$)	Percent Change
2019	55,599,404	4.40
2018	53,254,158	2.99
2017	51,705,847	2.62
2016	50,384,782	2.10
2015	49,348,769	1.35

Source: "Comparative Summary of Revenues by Revenue Source" Report - Comptroller's Office. Beginning FY 2016, "Comparative Schedule of Revenues" Report – STAARS.

**Distribution:**

3-mills to the Public School Fund; 2.5-mills to the State General Fund; and 1-mill distributed as follows: (1) \$20,773,500 to the Department of Human Resources for "old age pension purposes"; (2) one percent of the entire 1-mill levy to the Alabama Historical Commission for capital improvements and maintenance of the Confederate Memorial Park in Chilton County; (3) the amount appropriated by the Legislature in the annual appropriations act to the Department of Revenue for administrative costs; (4) the amount required by the Department of Human Resources for pension payments to Confederate soldier and sailor widows; and (5) the remainder to the Alabama Veterans' Assistance Fund. County, municipal, and other special tax district levies are generally earmarked.

**Major Exemptions:**

Section 91 of the *Constitution of Alabama of 1901*, exempts the real and personal property of the state, counties, or other municipal corporations, or cemeteries and property devoted exclusively to religious, educational or charitable purposes, as does Amendment No. 373. Amendment No. 373 also exempts household and kitchen furniture, all farm tractors, all farming implements when used exclusively in connection with agricultural property and all stocks of goods, wares and merchandise (inventory). Several sections, between 40-9-1 through 40-9-38, *Code of Alabama 1975*, provide a listing of additional property tax exemptions for various organizations and for various types of property. Among these are a \$4,000 (in assessed value) homestead exemption from state taxes for those 65 or under (up to 160 acres) and a total exemption from state ad valorem taxes on homesteads for those over 65 years of age or those who are retired due to total and permanent disability, regardless of age, or who are blind, regardless of age. Municipal industrial development projects, county industrial development projects and property and projects of Municipal Industrial Development Boards, Downtown Redevelopment Authorities, County Industrial Development Boards, County Industrial Development Authorities, and Municipal Medical Clinic



Boards may be exempt from certain ad valorem taxes as provided by *Code of Alabama 1975*, Sections 11-54-31, 11-20-12, 11-54-96, 11-54A-14, 11-20-47, 11-92A-18 and 11-58-14, respectively. Numerous other statutes exempt other authorities, facilities, commissions, corporations, districts, and foundations from property taxes.

**Legislative History:**

**Acts 1935, No. 194, p. 256**

Levied the 3-mill tax specified by Section 260 of the *Constitution of Alabama of 1901*, plus 1-mill for needy Confederate soldiers and sailors and their widows, and 2.5 mills for general state purposes; set the assessment ratio of taxable property at 60% of fair market value and specified certain exemptions.

**Acts 1951, No. 703, p. 1211**

Established the State Department of Public Welfare (now the State Department of Human Resources) and provided that the surplus or residue of the proceeds from the levy of the 1-mill tax for the relief of needy Confederate soldiers and sailors and their widows be used for old age assistance purposes exclusively before any part may be expended for any other purposes of the department of public welfare.

**Acts 1967, No. 502, p. 1215**

Changed assessment ratio to 30% of market value.

**Acts 1971, 3<sup>rd</sup> Ex. Sess., No. 116, p. 4339, (Constitutional Amendment No. 325, now appearing as Section 217 of the Official Recompilation of the *Constitution of Alabama of 1901*.)**

- (1) Created three classes of taxable property with the following state assessment ratios:
  - Class I - all property of utilities - 30%
  - Class II - all property not otherwise classified - 25%
  - Class III - all agricultural, forest and residential property - 15%
- (2) Provided that taxable property be assessed by local governments according to the classes and assessment ratios above; further provided that the Legislature could vary the local governments' assessment ratio for each class of property or fix a uniform ratio for all property and that such ratios could vary among counties (within a prescribed range of 15% to 35%); also provided for local adjustment of tax rates.
- (3) Established maximum amount of total ad valorem tax payable on one property in any one year at 1.5% of fair market value.
- (4) Restated certain exemptions.

**Acts 1971, 3<sup>rd</sup> Ex. Sess., No. 166, p. 4413**

Restated and further defined property classes and assessment ratios, provided additional exemptions; and established differing assessment ratios for counties, as authorized by Act 1971-116, 3<sup>rd</sup> Ex. Sess.

**Acts 1973, No. 1216, p. 2062**

Changed assessment ratios of several individual counties.

**Civil Action No. 2877-N. (U.S. District Court for the Middle District of Alabama, Northern Division, March 8, 1974)**

Required a statewide re-valuation of all real property in Alabama, fairly appraising each parcel of real estate at its current market value.

**Civil Action 77-242-H. (U.S. District Court for the Southern District of Alabama, Northern Division, April 21, 1978)**

Declared Section 40-8-1(e) *Code of Alabama 1975*, unconstitutional because the varying county assessment ratios provided therein created a disparity in rates among counties that was determined to be arbitrary and grossly unequal. However, the provision in Amendment No. 325 allowing the Legislature to vary assessment ratios among counties was upheld.

**Acts 1975, No. 1187, p. 2319**

Provided that 1% of the 1-mill ad valorem tax allocated for the relief of needy Confederate soldiers and sailors and their widows be remitted to the Alabama Historical Commission to provide for capital improvements and maintenance at the Confederate Memorial Park at Mountain Creek, Chilton County, Alabama.

**Acts 1978, 2<sup>nd</sup> Ex. Sess., No. 46, p. 1724**

Restated and further defined classes and assessment ratios as prescribed by Constitutional Amendment No. 373-Lid Bill.

**Acts 1982, No. 302, p. 384**

Provided a formula method for determining the current use value of agricultural and forest land.

**Acts 1991, No. 694, p. 1340**

Provided that a registration fee be paid in lieu of ad valorem taxes on manufactured homes which are rented or leased or located on land owned by someone other than the owner of the manufactured home. An owner-occupied manufactured home located on land owned by the occupant remained subject to ad valorem taxes.

**Acts 1993, No. 309, p. 464**

Allocated a portion of the proceeds from the 1-mill tax for veterans' homes in Bay Minette and Huntsville.

**Acts 1997, No. 279, p. 499**

Capped the amount that the Department of Human Resources receives from the 1-mill tax at \$20,773,500 annually; established the Alabama Veterans' Assistance Fund; and allocated the residue from the 1-mill tax to the Alabama Veterans' Assistance Fund.

**Acts 1999, No. 399, p. 663**

Provided that property owned by customer-owned coin operated telephone companies and broadband personal communication services companies would be taxed as Class II property rather than as Class I property.

**Acts 1999, 2<sup>nd</sup> Ex. Sess., No. 665 p. 131**

Exempted shares of stock from ad valorem tax.

**Acts 2000, No. 242, p. 386 (Constitutional Amendment No. 669, now appearing as Section 269.07 of the Official Recompile of the *Constitution of Alabama of 1901*.)**

Removed the requirement that at least a 3-mill county school tax must be levied before a 3-mill district school tax may be levied under Amendment No. 3.

**Acts 2005, 1<sup>st</sup> Ex. Sess., No. 215, p. 423 (Constitutional Amendment No. 778, now appearing as Section 269.08 of the Official Recompile of the *Constitution of Alabama of 1901*.)**

Proposed a constitutional amendment to require 10 mills of ad valorem tax in each public school district (no longer "or equivalent") beginning October 1, 2006.

**Acts 2009, No. 551, p. 1593**

Proposed an amendment to Section 269 of the *Constitution of Alabama of 1901*, to remove the supermajority vote requirement for the 1-mill countywide school tax to become effective.

**(The proposed amendment was defeated at the 2010 General Election.)**

**Acts 2011, No. 544, p. 996**

Established the Homeowners and Storm Victims Protection Act of 2011. Allowed single-family dwellings and a fully-developed lot owned by a home builder to be classified as residential property for ad valorem taxes. The reclassification terminates when one of the following occurs: (1) the classification has been in place for 24 months; (2) the owner no longer holds a valid license; or (3) the sale, transfer, or other action resulting in the single-family dwelling or fully-developed lot no longer being held by the person seeking reclassification.

**Acts 2011, No. 710, p. 2192**

Provided that residential property does not lose its classification as residential property for a period of 24 months if the property is not used as the owner's single-family dwelling because the property is not inhabitable or is otherwise under repair after being damaged by a natural disaster. Also, any homestead exemption is not affected during any period the homestead is being repaired after being damaged by a natural disaster.

**Acts 2012, No. 313, p. 708**

Increased the income limit for persons over 65 years of age to qualify for a full homestead exemption (state and local) from \$7,500 to \$12,000 in net taxable income as shown on the person's and spouse's United States income tax return or other appropriate evidence. Reinstated an income limit for persons retired due to total and permanent disability to qualify for a full homestead exemption at \$12,000 in net taxable income as shown on the person's and spouse's United States income tax return or other appropriate evidence.

**Acts 2013, No. 295, p. 1003**

Restored the following homestead exemption provisions that were changed by Act 2012-313, retroactive to August 1, 2012:

- Language interpreted by Attorney General Opinion to allow persons totally disabled to receive a full homestead exemption regardless of income.
- Language allowing persons over 65 with adjusted gross income less than \$12,000 on their State income tax return to receive a homestead exemption of \$5,000 of assessed value of the county portion of their ad valorem taxes.

The provision in Act 2012-313 that increased the income limitations for persons over 65 to receive a full (state and local) homestead exemption from \$7,500 on their Federal income tax return to \$12,000 was not changed.

Assessed a penalty for any person who knowingly and willfully gives false information for claiming a homestead exemption or assisting another person in claiming a homestead exemption. Authorized the Department of Revenue, by regulation, to issue certificates of disability to persons determined to be "permanently and totally disabled" and requires the Department to automatically grant a certificate to any person drawing any pension or annuity from the armed services, a private company or any governmental agency because they are permanently and totally disabled.

## **Acts 2015, 2<sup>nd</sup> Ex. Sess., No. 556, p. 2085**

Established the Motor Vehicle Ad Valorem Tax Fairness Act. Removed the tax deferral on new motor vehicles being registered for the first time beginning January 1, 2016.

### **Local Rates:**

#### **1. County School Mills**

<u>Mills</u>	<u>Constitutional Authorization</u>	<u>Implementation Statutes</u>
1-Countywide	Section 269 by Amendment No. 111	Section 16-13-160. Upon petition of at least 200 qualified electors to the county commission, an election is held and a 3/5 approval required.
3-Countywide	Amendment No. 3, now appearing as Section 269.01 of the Official Recompilation of the <i>Constitution of Alabama of 1901</i> )	Section 16-13-180. Upon petition of at least 200 qualified electors to the county commission an election is held.
3-District	Amendment No. 3, now appearing as Section 269.02 of the Official Recompilation of the <i>Constitution of Alabama of 1901</i> )	Section 16-13-180. Upon the request of county or city board of education to the county commission, an election is held.
5-Countywide	Amendment No. 202, now appearing as Section 269.04 of the Official Recompilation of the <i>Constitution of Alabama of 1901</i> )	Because of conflicting language in the Amendment, it is recommended that both a petition of 200 electors and a request by the local board of education be made to the county commission for an election.
3-District	Amendment No. 382, now appearing as Section 269.05 of the Official Recompilation of the <i>Constitution of Alabama of 1901</i> )	Lacking implementation language in the Amendment, the procedures for Amendment No. 3 (above) should be followed.

#### **2. County Government Mills**

<u>Mills</u>	<u>Constitutional Authorization</u>	<u>Implementation Statutes</u>
5 - (for general purposes)*	Section 215 by Amendment No. 208	Section 22-3-10; up to 5 mills may be levied for maintenance of a full-time county health officer and full-time health department; Section 11-9-1; for sanitary waste disposal systems. No election required.
2.5 - (for public buildings, bridges or roads-excess	Section 215 by Amendment No. 208	Section 11-14-11; for public buildings, bridges or roads; Section 11-14-10; for courthouses, jails and hospitals; Section 11-14-16; for courthouses or jails. No election required.

<u>Mills</u>	<u>Constitutional Authorization</u>	<u>Implementation Statutes</u>
may be used for general purposes)		
.1 - (for county hospitals)	Amendment No. 59 (Mobile and Montgomery Counties exempted), now appearing as Section 215.01 of the Official Recompilation of the <i>Constitution of Alabama of 1901</i> )	Section 11-14-10; for courthouses, jails, and hospitals. Election required.
4 - (for county hospitals and health facilities)	Amendment No. 72 (Mobile, Montgomery, and Jefferson Counties exempted), now appearing as Section 215.02 of the Official Recompilation of the <i>Constitution of Alabama of 1901</i> )	Section 11-14-10; for courthouses, jails, and hospitals. Election required.
.5 - (for public library)	Amendment No. 269, now appearing as Section 215.05 of the Official Recompilation of the <i>Constitution of Alabama of 1901</i> )	None. Election required.
Per acre tax (for forest fire protection). Local levy limited to the amount that, when combined with the state levy (currently \$.10), would result in a total tax of no more than \$.20.	Amendment No. 511, now appearing as Section 214.01 of the Official Recompilation of the <i>Constitution of Alabama of 1901</i> )	Section 9-13-197; Local legislative act required.

\*May be higher if county has levied and is collecting the special 2 mill property tax authorized by Amendment No. 373(e).

### **3. Municipal Government Mills (may be levied by ordinance)**

<u>Mills</u>	<u>Constitutional Authorization</u>	<u>Implementation Statutes</u>
5 - (for general purposes)	Section 216 (authorizes certain cities to levy more than 5 mills)	None. No election required.

<u>Mills</u>	<u>Constitutional Authorization</u>	<u>Implementation Statute</u>
7.5 - (for general purposes)	Amendment No. 56, now appearing as Section 216.04 of the Official Recompilation of the <i>Constitution of Alabama of 1901</i>	None. Election required.
.5 - (for public library)	Amendment No. 269, now appearing as Section 215.05 of the Official Recompilation of the <i>Constitution of Alabama of 1901</i>	None. Election required.

**Additional Notes Regarding Local Levies:**

- (1) Local governments may levy additional mills for schools or other purposes (a) under the provisions of Amendment No. 373 "Lid Bill" outlined under Constitutional Provisions, (b) by local constitutional amendment, or (c) by general constitutional amendment. A general constitutional amendment requires passage of a legislative act by 3/5 votes of both houses and statewide approval of voters. A local constitutional amendment requires passage of a legislative act by 3/5 votes of both houses with no dissenting votes cast and approval of the Local Constitutional Amendment Commission with subsequent approval only by voters in the affected area. If there is a dissenting vote, then statewide approval is required.
- (2) Section 16-13-231 of the *Code of Alabama 1975*, requires that each school system receive an amount of local tax proceeds equivalent to 10 mills of school district tax in order to participate in the Foundation Program.
- (3) Numerous constitutional amendments and local implementation acts authorize certain local governments to levy additional property taxes for specified purposes.
- (4) Countywide school mill revenues are distributed to local school districts on the basis of the total calculated costs of the Foundation Program for those local school districts.
- (5) District school mill revenues are distributed directly to the district school system.
- (6) Local governments may also levy and collect the special 2 mills property tax authorized by Amendment No. 373 (l), related to reimbursement for certain reappraisal costs, if they have not already done so.

**Local Homestead Exemptions (After Act 2013-295):****County Homestead Exemptions (Up to 160 Acres)**

<b>Eligibility</b>	<b>Assessed Value Limitation</b>	<b>Income Limitation</b>	<b>County School Tax Collected</b>
Under Age 65	Not more than \$2,000*	None	Yes
Age 65 or older	Not more than \$2,000*	Adjusted Gross Income of \$12,000 or more (State Tax Return)	Yes
Age 65 or older	Not more than \$5,000	Adjusted Gross Income of less than \$12,000 (State Tax Return)	No
Age 65 or older	No Maximum	Not more than \$12,000 (Combined Taxable Income-Federal Tax Return)	No
Permanent and Total Disability, Regardless of Age	No Maximum	None	No
Blind, Regardless of Age	Not more than \$5,000	None	No

**State, County and City – Principle Residence (Up to 160 Acres)**

<b>Eligibility</b>	<b>Assessed Value Limitation</b>	<b>Income Limitation</b>	<b>County School Tax Collected</b>
Age 65 or older	No Maximum	Not more than \$12,000 (Combined Taxable Income-Federal Tax Return)	No
Permanent and Total Disability, Regardless of Age	No Maximum	None	No

\*The counties, cities, or other taxing authority may grant a homestead exemption up to \$4,000 in assessed value.

**Comparison with Neighboring States:****Florida**

All property, real and personal is assessed, whether the property is taxable wholly or partially exempt or subject to classification reflecting a value less than its just value. All real estate and personal property (other than homesteads or property valued on use) is assessed at its full cash value. The assessed value of homesteads cannot exceed the assessment for the prior year plus the lesser of (1) 3% of that assessed value or (2) the percent change in the Consumer Price Index. Agricultural land may be assessed based solely on its agricultural use. There is no state levy on real and tangible personal property.



**Georgia**

All real and personal property, unless expressly exempt, is assessed at 40% of its fair market value except bona fide conservation use property (up to 2000 acres) which is assessed at 40% of its current use value and property devoted to agricultural purposes (the first \$100,000 of fair market value and up to 2000 acres) which is assessed at 75% of the value of other realty. Timber is assessed at 100% of its fair market value at the time of its harvest or sale. For the 2015 tax year, the levy was 0.05 mills. For tax years beginning after 2015, there is no state tax levy.

**Mississippi**

All property, real and personal, is subject to taxation unless expressly exempted and is assessed in proportion to its value. The applicable rate is the total of all lawful levies. For purposes of assessment, taxable property is divided into 5 classes: Class I. Single-family, owner-occupied, residential real property, 10%; Class II. All other real property, 15%; Class III. Personal property, 15%; Class IV. Public utility property, 30%; and Class V. Motor vehicles, 30%. There is no state levy.

**Tennessee**

All property, real and personal, is taxed unless exempted. Real property of utilities is assessed at 55% of actual value, industrial and commercial property is assessed at 40% and farm and residential property is assessed at 25%. Tangible personal property is assessed at 55% for public utilities, 30% for industrial and commercial property, and 5% for all other tangible personal property. However, by statute, all tangible personal property, other than public utility property and industrial and commercial property, has no value. No state tax has been imposed since 1949.

# Alabama Trust Fund

## **Constitutional Provisions:**

Amendment No. 450 to the *Constitution of Alabama of 1901*, now appearing as Section 219.02 of the Official Recompilation of the *Constitution of Alabama of 1901*, (proposed by Act 1985-79, 1<sup>st</sup> Ex. Sess., proclaimed ratified June 4, 1985).

Established the Alabama Trust Fund and provided for distribution of Trust Fund earned income.

Amendment No. 488 to the *Constitution of Alabama of 1901*, now appearing as Section 219.03 of the Official Recompilation of the *Constitution of Alabama of 1901*, (proposed by Act 1988-550, proclaimed ratified November 23, 1988).

Redefined the investment authority of the Alabama Trust Fund to equate to that of the Teachers' and State Employees' Retirement Systems.

Amendment No. 543 to the *Constitution of Alabama of 1901*, now appearing as Section 219.07 of the Official Recompilation of the *Constitution of Alabama of 1901*, (proposed by Act 1991-219, proclaimed ratified February 2, 1993).

Provided for the acquisition, maintenance and protection of unique lands and water areas in the state (The Forever Wild Land Trust Act). Funding for this purpose was provided from a percentage of the trust income earned from the Alabama Trust Fund that would have been reinvested in the fund. This funding would have expired beginning with fiscal year 2013 but the program was extended by Amendment No. 860. (See Distribution).

Amendment No. 666 to the *Constitution of Alabama of 1901*, now appearing as Section 219.04 of the Official Recompilation of the *Constitution of Alabama of 1901*, (proposed by Act 2000-491, proclaimed ratified December 13, 2000).

Provided for the distribution of trust income and capital gains earned by the Alabama Trust Fund; provided for the distribution of offshore oil and gas lease payments beginning October 1, 2001 (see Revenue Source and Distribution; see also Lease of Oil and Gas Rights) and authorized the board to transfer up to 75% of capital gains each fiscal year.

Amendment No. 668 to the *Constitution of Alabama of 1901*, now appearing as Section 219.05 of the Official Recompilation of the *Constitution of Alabama of 1901*, (proposed by Act 1999-393, proclaimed ratified December 13, 2000).

Placed the distributions to the County Government Capital Improvement Fund and the Municipal Government Capital Improvement Fund that were previously provided by general law into the constitution. Similar provisions are also provided in Amendment No. 666.

Amendment No. 709 to the *Constitution of Alabama of 1901*, appearing as Section 260.01 of the Official Recompilation of the *Constitution of Alabama of 1901*, (proposed by Act 2001-1066, proclaimed ratified June 19, 2002).

Provided for the creation of the Education Trust Fund Rainy Day Account within the Alabama Trust Fund. Up to 6% of Education Trust Fund appropriations for fiscal year 2002 (approximately \$248 million) were credited to the Account to be drawn upon in the event of proration in the Education Trust Fund. In fiscal year 2003, \$179,993,229 was transferred from the Rainy Day Account in the Alabama Trust Fund to the Education Trust Fund. (See Legislative History for payback legislation).

Amendment No. 803 to the *Constitution of Alabama of 1901*, now appearing as Section 260.02 of the Official Recompilation of the *Constitution of Alabama of 1901*, (proposed by Act 2008-508, proclaimed ratified December 1, 2008).

Repealed Amendment No. 709, reestablished the Education Trust Fund Rainy Day Account (ETFRDA) within the Alabama Trust Fund, and created a General Fund Rainy Day Account (GFRDA) within the Alabama Trust Fund. The ETFRDA is limited to an amount equal to 6.5% of the immediately preceding fiscal year's appropriations from the Education Trust Fund. The Legislature must provide for payback from withdrawals to the ETFRDA within six years. (See Legislative History for payback legislation.) Following the ratification of this amendment, the initial balance in the ETFRDA was \$437,390,828. The entire amount was withdrawn in fiscal year 2009 in order to reduce proration in the Education Trust Fund and was repaid in full in fiscal year 2015. The GFRDA is limited to an amount equal to 10% of the immediately preceding fiscal year's appropriations from the General Fund. The Legislature must provide for payback from withdrawals to the GFRDA within ten years. Following the ratification of this amendment, the initial balance of the GFRDA was \$188,329,374. In fiscal year 2010, \$161,565,874 was withdrawn in order to reduce proration in the State General Fund and was repaid in full in fiscal year 2017 with bond proceeds payable from revenues received from state claims against BP Petroleum and Exploration, Inc. pursuant to Act 2016-469.

Amendment No. 856 to the *Constitution of Alabama of 1901*, now appearing as Section 219.09 of the Official Recompilation of the *Constitution of Alabama 1901*, (proposed by Act 2012-490, proclaimed ratified October 9, 2012).

Provided for the transfer of \$145,796,943 from the Alabama Trust Fund (ATF) to the State General Fund for each of the fiscal years 2013, 2014, and 2015 and revised the method of distributions from the Alabama Trust Fund beginning with the 2013 fiscal year. (See Legislative History for payback legislation). Repealed the previous process of distributing annual interest earnings and capital gains in

the ATF and replaced it with a process which bases annual distributions on the amount of royalties received in the previous fiscal year and the average market value of invested assets in the ATF as of the end of the three fiscal years prior to the beginning of the fiscal year for which distributions are being made.

Amendment No. 860 to the *Constitution of Alabama of 1901*, now appearing as Section 219.09 of the Official Recompilation of the *Constitution of Alabama 1901*, (proposed by Act 2011-315, proclaimed ratified December 13, 2012).

Reauthorized the Forever Wild Land Trust for a 20-year period ending in fiscal year 2032.

Amendment No. 887 to the *Constitution of Alabama of 1901*, (proposed by Act 2013-266, proclaimed ratified December 1, 2014).

Increased the total amount of bonding authority authorized by Amendment 666 by \$50 million.

Proceeds from such bond issuance are to be used for plans, construction, and maintenance of Alabama National Guard armories. Oil and gas capital payments received by the Alabama Trust Fund are to be used for repayment of any bond issuances pursuant to this Amendment.

**Revenue Source:**

The Alabama Trust Fund is a perpetual trust which was established in June 1985 with an initial trust capital of \$333,583,680 from cash bonus payments and royalties paid to the state from offshore oil and gas leases. The trust capital was augmented from time to time by the deposit of proceeds of any offshore oil and gas payment (including royalty payments) received after August 14, 1984. The lands division of the Department of Conservation and Natural Resources received 4% of the original lease payment of \$347,483,000 and receives 1% of any payments made subsequent to August 14, 1984. The Alabama Trust Fund receives 32% of the balance of oil and gas capital payments received by the state; however, this amount is reduced by an amount necessary to make an additional transfer to the Capital Improvement Trust Fund to pay debt service (See Amendment No. 887) and 33% is distributed pursuant to the annual spending plan. (See Amendment No. 856). The remaining 35% is transferred to: (1) the County and Municipal Government Capital Improvement Trust Fund (7%); and (2) the Alabama Capital Improvement Trust Fund (28%). As of September 30, 2019, the trust capital of the Alabama Trust Fund totaled \$3.13 billion.

**Collections:**

**Pursuant to the revised spending plan adopted by Amendment No. 856:**

Distributions are made quarterly as adopted by the Alabama Trust Fund Board.

<b>Fiscal Year</b>	<b>Regular Trust Distributions</b>	<b>Additional Distribution to State General Fund</b>	<b>Total</b>
2019	104,228,915	-----	104,228,915
2018	96,782,802	-----	96,782,802
2017	98,040,084	-----	98,040,084
2016	103,310,045	-----	103,310,045
2015	146,280,408	145,796,943	292,077,351

Source: State Treasurer's Office

### **Distribution:**

Pursuant to Amendment No. 856, 33% of the royalties received in the previous fiscal year plus 5% of the average market value of invested assets in the ATF as of the end of the three fiscal years prior to the beginning of the fiscal year for which distributions are being made:

- 1% (up to a maximum of \$5 million) - Senior Services Trust Fund
- 10% - County Government Capital Improvement Fund.
- 10% - Municipal Government Capital Improvement Fund.
- 10% (up to a maximum of \$15 million) – Forever Wild Land Trust.
- Remainder – State General Fund.

### **Legislative History:**

#### **Acts 1986, No. 206, p. 269**

Created the County Government Capital Improvement Fund and provided that 10% of the Alabama Trust Fund income shall be appropriated to this fund when such income exceeds \$60 million. (The income exceeded \$60 million for the first time in FY 1997).

#### **Acts 1986, No. 234, p. 345**

Created the Municipal Government Capital Improvement Fund and provided that 10% of the Alabama Trust Fund income shall be appropriated to this fund when such income exceeds \$60 million. (The income exceeded \$60 million for the first time in FY 1997).

#### **Acts 1998, No. 499, p. 1075**

Effective October 1998, changed the distribution date for the appropriation of trust income to the County Government Capital Improvement Fund and the Municipal Government Capital Improvement Fund from January 2 to April 15.

**Acts 2003, No. 438, p. 1516**

The Education Trust Fund appropriations act for FY 2004 provided for a conditional appropriation of \$36 million to make the first installment on the repayment to the Rainy Day Account. The conditional appropriation was released.

**Acts 2004, No. 456, p. 810**

The Education Trust Fund appropriations act for FY 2005 provided for a conditional appropriation of \$36 million to make the second installment on the repayment to the Rainy Day Account. The conditional appropriation was released.

**Acts 2005, No. 173, p. 295**

The Education Trust Fund appropriations act for FY 2006 provided for an appropriation of \$36 million to make the third installment on the repayment to the Rainy Day Account.

**Acts 2006, No. 282, p. 519**

The Education Trust Fund appropriations act for FY 2007 provided for an appropriation of \$71,993,229 to make repayment in full to the Rainy Day Account.

**Acts 2010, No. 555, p. 1124**

Proposed an amendment to the *Constitution of Alabama of 1901* to appropriate \$100 million from the Alabama Trust Fund for each of the fiscal years 2011 through 2020 for state and local transportation purposes. (The proposed amendment was defeated at the 2010 General Election).

**Acts 2011, No. 3, p. 90**

Established the Education Trust Fund Rolling Reserve Act. Provided that on or before November 15 of each fiscal year, any excess of revenues in the preceding fiscal year above the preceding fiscal year's appropriation cap shall be transferred to the Education Trust Fund Rainy Day Account until repaid in full. Based on the revenues and appropriation cap in FY 2013, a repayment of \$260,388,971 was made in the beginning of FY 2014.

**Acts 2011, No. 655, p. 1675**

The Education Trust Fund appropriations act for FY 2012 provided for a repayment to the Education Trust Fund Rainy Day Account of 50% of any ending balance of the Education Trust Fund. The Education Trust Fund ending balance in FY 2012 was \$28,825,968 which equated to an Education Trust Fund Rainy Day Account repayment of \$14,412,984.

**Acts 2013, No. 6, p. 17**

Established the People's Trust Act. Required the Legislature to provide for the repayment of the \$437,390,829 in additional transfers from the Alabama Trust Fund to the State General Fund

authorized by Amendment No. 856 to the *Constitution of Alabama of 1901* no later than September 30, 2026.

**Acts 2013, No. 264, p. 827**

The Education Trust Fund appropriations act for FY 2014 provided an absolute appropriation of \$35,000,000 and a first priority conditional appropriation of \$65,000,000 to the Education Trust Fund Rainy Day Account. Only \$35,000,000 of the first-priority conditional appropriation was released in FY 2014 resulting in a total repayment of \$70,000,000 to the Education Trust Fund Rainy Day Account in FY 2014.

**Acts 2014, No. 456, p. 1690**

The Education Trust Fund appropriations act for FY 2015 provided an absolute appropriation of \$35,088,873 and a conditional appropriation from the Gross Sales Tax Account to repay the remaining outstanding balance owed to the Education Trust Fund Rainy Day Account which equated to \$57,500,000.

**Acts 2016, 1<sup>st</sup> Ex. Sess., No. 456, p. 1237**

Required bond proceeds payable from revenues received from certain settlement claims of the state against BP Petroleum and Exploration, Inc. to be deposited and paid from the BP Settlement Fund to be used (1) to repay in full the General Fund Rainy Day Account for the \$161,565,874 transferred to the State General Fund pursuant to Amendment 803 of the *Constitution of Alabama 1901*; (2) to repay a total of \$238,434,126 of the \$422,390,829 unpaid amount owed to the Alabama Trust Fund from the transfer to the State General Fund over fiscal years 2013, 2014, and 2015 pursuant to Amendment 856 of the *Constitution of Alabama 1901*; (3) to provide a total of \$120,000,000 to the Alabama Medicaid Agency, to be distributed \$15,000,000 in fiscal year 2017 and \$105,000,000 in fiscal year 2018; (4) to pay an amount not to exceed \$120,000,000 to supplement allocated or planned revenues for transportation projects to be distributed \$65,000,000 to the Alabama Department of Transportation District 91 of the Southwest Region for Highway 98/Highway 158 from the Mississippi state line to Interstate 65 and \$55,000,000 to the Alabama Department of Transportation District 92 of the Southwest Region; and (5) any remaining proceeds to make an additional payment to the Alabama Trust Fund for amounts transferred over fiscal years 2013, 2014, and 2015 pursuant to Amendment 856 to the *Constitution of Alabama 1901*.

**Comparison with Neighboring States:**

**Florida, Georgia, Mississippi and Tennessee**

No comparable revenue sources.

# Automotive Dismantlers and Parts Recyclers License

## **Statutory Authority:**

Sections 40-12-29 and 40-12-410 through 40-12-425, *Code of Alabama 1975*.

## **Tax Base:**

Privilege license on every person or business engaging in the business of purchasing and dismantling, disassembling or repairing wrecked, abandoned, or repairable motor vehicles and selling the usable parts, the motor vehicle as a unit at wholesale, or the hulk of the motor vehicle after salvageable parts have been removed. A person is presumed to be engaged in the dismantling and/or parts recycling business if he possesses ten or more inoperable vehicles for more than 30 days. (See Major Exemptions.)

## **Tax Rate:**

\$225 annually.

## **Collections:**

By the Department of Revenue. License must be renewed on October 1 of each year. Thirty days of grace for obtaining the license is allowed without penalty.

Fiscal Year	Collections (\$)	Percent Change
2019	222,545	42.65
2018	156,006	53.99
2017	101,311	(40.77)
2016	171,038	17.78
2015	145,223	(13.63)

Source: Department of Revenue's "Revenue Abstract" included in the Miscellaneous Taxes data.

## **Distribution:**

All proceeds are deposited into the State General Fund.

## **Major Exemptions:**

A business obtaining an automotive dismantlers and parts recyclers license may accumulate hulks and parts and may scrap them without first obtaining a separate license as a scrap processor or junk dealer and may engage in the business of an automotive dismantler and parts recycler without first obtaining a license as an automobile dealer, automobile accessory dealer, automobile garage or shop, or storage garage or yard. An automotive dismantlers and parts recyclers license is not required when inoperable motor vehicles are being held by a licensed junk dealer or scrap processor for the purpose of recycling



scrap metal or are being held by a licensed repair business awaiting repairs, or when a person, firm, or corporation repairs, reconstructs, or reconditions its own motor vehicles for its own use or disposes of a motor vehicle acquired for its own use.

**Legislative History:**

**Acts 1979, No. 756, p. 1342**

Established privilege license at current rate.

**Acts 1981, No. 811, p. 1449**

Allowed a licensee to file a condensed balance sheet in-lieu-of posting a cash bond; revoked the previously allowed provision for dealers, reconditioners, rebuilders, and wholesalers to buy at salvage pools; revoked all previously issued buyer identification cards for use at salvage pools.

**Acts 1991, No. 321, p. 595**

Eliminated the balance sheet as an alternative to posting a cash bond; raised the amount of the required cash bond to \$10,000; and added additional penalties of not less than \$500 nor more than \$1,000 for willfully failing to comply with Sections 40-12-240 through 40-12-245 of the *Code of Alabama 1975*.

**Acts 2011, No. 633, p. 1507**

Required the form needed to do the business of dismantler and recycler in the state to include the applicant's unique registration number provided by the administrator of the National Motor Vehicle Title Information System (NMTIS ID Number).

**Comparison with Neighboring States:**

**Florida**

\$300 initially; \$75 annual renewal fee.

**Georgia**

\$150 license fee biennially.

**Mississippi**

\$100 permit fee annually.

**Tennessee**

\$400 permit fee biennially.

## Aviation Gasoline Tax

### **Statutory Authority:**

Sections 40-17-325 through 4-17-326, 40-17-340, and 40-17-360, *Code of Alabama 1975*.

### **Tax Base:**

Tax on the sale of aviation gasoline and jet fuel to licensed and non-licensed aviation fuel purchasers.

### **Tax Rate:**

The tax rates are \$.095 per gallon on aviation gasoline and \$.035 per gallon on aviation jet fuel sold to licensed aviation fuel purchasers. Aviation gasoline sold to a non-licensed aviation fuel purchaser is taxed as gasoline, and aviation jet fuel sold to a non-licensed aviation fuel purchaser is taxed as diesel fuel.

### **Collections:**

By the Department of Revenue due on or before the 22nd of each month.

Fiscal Year	Collections (\$)⁴	Percent Change
2019	2,491,879	(0.66)
2018	2,508,545	20.32
2017	2,084,939	8.19
2016	1,927,177	(13.72)
2015	2,233,717	(9.59)

Source: Department of Revenue's "Revenue Abstract."

### **Distribution:**

The revenue, less the cost of collection, is paid into the State Treasury to the credit of the State Airport Development Fund of the Department of Transportation and is used exclusively for the purpose of paying the cost of acquiring, engineering, construction, improvement, and maintenance of existing or proposed airports and other air navigation facilities within the state, for the payment of the salaries of all employees who have been transferred from the Alabama Department of Aeronautics to the Department of Transportation under Article 12 of Chapter 1 of Title 23, and for the payment of administrative expenses incurred by the Department of Transportation in performing aeronautical activities and for the further purpose of creating a sinking fund for the payment of the interest and retirement of the principal of all

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<sup>4</sup> Gross collections.

bonds which may be hereafter lawfully issued, sold, and delivered for funds to be used exclusively for the enumerated purposes.

**Refunds/Exemptions:**

- (1) A licensed air carrier with a hub operation in the state may apply for a refund on a quarterly basis for any purchases of jet fuel used to propel aircraft.
- (2) A licensed aviation fuel purchaser can apply for a monthly refund of the excise taxes paid to Alabama on the gallons of jet fuel sold to a licensed air carrier that purchases jet fuel to propel aircraft powered by jet or turbine engines operated in scheduled all-cargo operations being conducted on international flights or in international commerce.
- (3) K-1 kerosene or aviation jet fuel is produced at a refinery in Alabama and is either exported directly by the operator of the refinery or sold for immediate export by the operator to a license exporter with proper documentation.
- (4) Motor fuel exported from the state for which proof of export is available in the form of a terminal issued destination state shipping document that is:
  - (a) Exported by a supplier who is licensed in the destination state or
  - (b) Sold by a supplier to a licensed exporter for immediate export to a state for which the applicable destination state motor fuel excise tax has been collected by the supplier who is licensed to remit the tax to the destination state.
- (5) Sales of dyed diesel fuel.
- (6) Gasoline blendstocks when sold to:
  - (a) Licensed supplier or
  - (b) Person who will not be using blendstocks in the manufacture of gasoline or as a motor fuel (with exemption certificate).
- (7) Fuel sold by licensed supplier or licensed permissive supplier to an exempt agency under Section 40-17-332 (United States government or agency thereof, any county governing body of state, any incorporated municipal governing body of state, city and county boards of education of state, Alabama Institute for the Deaf and Blind and Alabama Department of Youth Services school district, and private and church schools as defined in Section 16-28-1).
- (8) Motor fuel delivered by licensed supplier from one terminal to another terminal when ownership in the motor fuel has not changed or by a licensed supplier from a terminal to a refinery operated by the licensed supplier.

**Legislative History:**

**Acts 1945, No. 367, p. 590**

Established tax on all gasoline or other fuels used to propel aircraft at the same rate in effect for gasoline (\$.06 per gallon).

**Acts 1967, Ex. Sess., No. 221, p. 278**

Authorized the Commissioner of Revenue to adjust the aviation fuel rate to ensure that the net revenue would be maintained at \$450,000 annually; and reduced tax rate on aviation fuel to \$.015 per gallon for gasoline and \$.005 per gallon for jet fuel.

**Acts 1977, No. 674, p. 1163**

Authorized the Commissioner of Revenue to adjust rates to ensure that the net revenue from the aviation gasoline tax would be maintained at \$500,000 annually.

**Acts 1979, No. 714, p. 1267**

Authorized the Commissioner of Revenue to adjust the aviation gasoline tax rate to ensure net revenue of \$600,000 per 12-month period.

**Acts 1986, No. 214, p. 282**

Exempted fuel used in aircraft of an air carrier with a hub operation in Alabama.

**Acts 2000, No. 220, p. 328**

Via Sunset legislation, transferred Aeronautics Department and funds to the Department of Transportation.

**Acts 2002, No. 153, p. 401**

Effective October 1, 2002, exempted fuel used in jet or turbine aircraft destined for a foreign port or engaged in international flights or commerce.

**Acts 2011, No. 565, p. 1084**

Effective October 1, 2012, repealed and reestablished the state gasoline and motor fuel taxes at the same rates as the taxes previously levied except the rate on aviation gasoline was increased from \$.03 per gallon to \$.095 per gallon and the rate on aviation jet fuel was increased from \$.01 to \$.035 per gallon. Changed the point of collection of the taxes from the distributor to the supplier, which could reduce the ability to avoid the taxes and generate additional fuel tax revenues.

**Acts 2013, No. 200, p. 391**

Provided a refund of the excise tax paid on jet fuel sold to a certificated or licensed air carrier conducting all-cargo operations engaged in international flights. Also, exempted the gross receipts from the sale of any aviation jet fuel to a certificated or licensed air carrier conducting all-cargo

operations engaged in international flights from sales tax; and exempted the storage, use, or other consumption of any aviation jet fuel used by an aircraft operated by a certificated or licensed air carrier that purchases jet fuel for all-cargo operations engaged in international flights from use tax.

**Comparison with Neighboring States:**

**Florida**

Effective July 1, 2019, an excise tax of \$.0427 per gallon.

**Georgia**

Effective July 1, 2015, aviation gasoline tax of \$.01 per gallon is levied on licensed distributors. All others are levied an aviation gasoline tax of \$.26 per gallon. In addition, all taxable jet fuel sales are subject to the 4% state sales tax.

**Mississippi**

Aviation gasoline tax of \$.064 per gallon.

**Tennessee**

There is a 4.5% sales tax on all users. Individual users are capped at \$10.5 million. Aviation and jet fuel are exempt from Tennessee fuel taxes.

## Beer Tax

### **Statutory Authority:**

Sections 28-3-1 and 28-3-183 through 28-3-199, *Code of Alabama 1975*.

### **Tax Base:**

Excise tax on the sale, storage, or receipt for the purpose of distribution of malt or brewed beverages.

### **Tax Rate:**

State levy of \$.05 per 12 fluid ounces or fraction thereof. Local beer taxes are uniform at the rate of \$.01625 per 4 fluid ounces or fraction thereof (Section 28-3-190, *Code of Alabama 1975*).

### **Collections:**

By the Alcoholic Beverage Control (ABC) Board on a monthly basis. Deposits are made into the State Treasury.

<b>Fiscal Year</b>	<b>Collections (\$) (State Tax Only)</b>	<b>Percent Change</b>
2019	56,486,772	3.31
2018	54,678,773	(1.62)
2017	55,578,975	(2.96)
2016	57,272,925	0.31
2015	57,095,724	2.66

Source: "Comparative Summary of Revenues by Revenue Source" Report – Comptroller's Office. Beginning FY 2016, "Comparative Schedule of Revenues" Report – STAARS.

### **Distribution:**

- (1) \$.015 to the State General Fund.
- (2) \$.005 divided equally among the wet counties.
- (3) \$.01 to the Public Welfare Trust Fund (Department of Human Resources) for general welfare purposes.
- (4) \$.02 to the Education Trust Fund, of which as much as may be necessary to pay the principal and interest on bonds not exceeding \$30,000,000 in aggregate principal that have been issued and sold by the Alabama Trade School and Junior College Authority.

### **Major Exemptions:**

- (1) Sales between wholesalers or distributors.

- (2) Sales to certain agencies of the U.S. armed forces.

**Legislative History:**

**Acts 1936-37, No. 66, p. 40**

Levied a \$.005 excise tax on each 12 ounces of beer and distributed the proceeds to the State General Fund.

**Acts 1945, No. 358, p. 575**

Levied an additional \$.005 excise tax on each 12 ounces of beer and distributed the proceeds of the additional tax equally to all counties in the state.

**Acts 1955, 2<sup>nd</sup> Ex. Sess., No. 66, p. 177**

Levied an additional \$.01 excise tax on each 12 ounces of beer and distributed the proceeds of the additional tax to the Public Welfare Trust Fund.

**Acts 1963, 2<sup>nd</sup> Ex. Sess., No. 92, p. 257**

Repealed the 1945 and 1955 acts and levied an additional \$.035 tax per 12 ounces of beer, making the total tax \$.04 per 12 ounces of beer; and provided that the additional \$.035 tax would be distributed \$.005 equally to all counties in the state; \$.01 to the Public Welfare Trust Fund; and \$.02 to the Education Trust Fund.

**Acts 1969, No. 746, p. 1324**

Levied an additional \$.01 tax per 12 ounces of beer and distributed the proceeds of the additional tax to the State General Fund.

**Acts 1979, No. 802, p. 1475**

Replaced the three separate state levies with one levy of \$.05 per 12 ounces of beer and established the present distribution of the proceeds.

**Acts 1982, No. 344, p. 473**

Abolished all local beer taxes and established a levelized local beer tax of \$.04875 per 12 ounces.

**Acts 2004, No. 541, p. 1143**

Amended Chapter 8B of Title 35, relating to community development districts, to require that if a dry county or municipality has a community development district, then that county or municipality will share in the distribution of alcoholic beverage tax and license revenues to local governments.

**Acts 2007, No. 417, p. 869**

Amended Chapter 8B of Title 35, relating to community development districts, to require that counties that contain a community development district will participate in the distribution of alcoholic beverage tax revenues to local governments, even if the community development district is located in

a municipality. Also, provided that any alcoholic beverage revenues received by a county as a result of this act will offset any T.V.A. in-lieu-of tax payments received by that county.

**Acts 2011, No. 630, p. 1488**

Allowed manufacturer licensees of the Alcoholic Beverage Control Board actively and continuously engaged in the manufacture of alcoholic beverages to provide tastings and samplings that would be subject to the state and local excise taxes on alcoholic beverages. Also allowed brew pubs to sell beer in original, unopened barrel or keg containers to any licensed wholesaler for resale and to purchase other draft or keg beer for resale.

**Acts 2016, No. 97, p. 133**

Allows licensed beer manufacturers that produce less than 60,000 barrels of beer per year to sell products for off-premise consumption not to exceed 288 ounces per day per customer. Removes location requirements of such licensed beer manufacturers. Also allows such license manufacturers to donate and deliver two kegs, still subject to taxation, to a licensed charitable special event for a nonprofit organization and defines 'keg'.

**Comparison with Neighboring States:**

**Florida**

\$ .48 per gallon; \$.06 per pint or fraction thereof; \$.12 per quart; \$.045 per 12 ounces; No local rate.

**Georgia**

For standard containers, \$.045 per 12 ounces plus local tax of \$.05 per 12 ounces.

**Mississippi**

\$.4268 per gallon; \$.04 per 12 ounces. No local rate.

**Tennessee**

\$4.29 per barrel of 31 gallons; \$.0130 per 12 ounces. Local rate is \$35.60 per barrel of 31 gallons; \$.1077 per 12 ounces.



## Boat Registration Fees

### **Statutory Authority:**

Sections 33-5-1 through 33-5-20, *Code of Alabama 1975*.

### **Tax Base:**

- (1) An annual certificate of registration fee on every vessel on the waters of the State of Alabama.
- (2) A change of ownership fee.
- (3) An inspection fee on all homemade vessels that require a hull identification number.

### **Tax Rate:**

Class 1. Less than 16ft - \$18, plus \$2 issuance fee

Class 2. 16ft or over and less than 26ft - \$23, plus \$2 issuance fee

Class 3. 26ft or over and less than 40ft - \$73, plus \$2 issuance fee

Class 4. 40ft or over - \$98, plus \$2 issuance fee

The above stated fees also apply to livery boats.

Change of Ownership Fee: \$3, plus \$2 issuance fee

Duplicate Fee: \$3, plus \$2 issuance fee

Class 5. Dealer or Manufacturer; temporary license - \$23, plus \$2 issuance fee

Inspection Fee: \$25 for each homemade vessel that requires a hull identification number.

Issuance fees are retained by the probate judge or issuing officer (if on a fee basis) or deposited to the county treasury.

Optional Fees: \$20; plus \$2 issuance fee and (2) five-year distinctive vessel identification sticker: \$50.

### **Collections:**

By probate judges or any other official authorized to issue automobile plates, due to the Alabama State Law Enforcement Agency no later than 10 days after the 1<sup>st</sup> of each month. Registrations are issued on a staggered basis like motor vehicle registrations.

Fiscal Year	Boat Registration Fees		Boat Ownership Transfer Fees	
	Collections (\$)	Percent Change	Collections (\$)	Percent Change
2019	6,088,267	0.38	77,613	1.96
2018	6,065,329	(1.62)	76,121	(4.81)
2017	6,165,068	2.63	79,963	(1.55)
2016	6,007,171	0.62	81,219	0.65

Boat Registration Fees			Boat Ownership Transfer Fees	
Fiscal Year	Collections (\$)	Percent Change	Collections (\$)	Percent Change
2015	5,969,905	(1.21)	80,696	1.71

Source: "Comparative Summary of Revenues by Revenue Source" Report - Comptroller's Office. Beginning FY 2016, "Comparative Schedule of Revenues" Report – STAARS.

### **Distribution:**

All proceeds (except issuance fees and optional fees) are deposited to the credit of the Public Safety Fund to be used solely for the administration of the registration program. The proceeds from the optional \$50 distinctive identification sticker fee are distributed as follows: ( 1) actual cost of production and delivery not to exceed 14% (maximum of \$7) to the Alabama Correctional Industries Division of the Department of Corrections; (2) actual cost of processing applications, not to exceed 6% (maximum of \$3), to the Alabama State Law Enforcement Agency; (3) one-half of the remainder (a minimum of \$20) to the sponsoring organization; and (4) one-half of the remainder (a minimum of \$20) to the Department of Conservation and Natural Resources, designated for the operation of state parks.

### **Major Exemptions:**

- (1) A vessel operating under valid temporary certificate or number.
- (2) A vessel already covered by a number in full force and effect which has been awarded to it pursuant to federal law or a federally approved numbering system of another state; provided that such vessel shall not have been within this state for period in excess of 90 consecutive days.
- (3) A vessel under registry from a country other than the U.S. temporarily using the waters of this state.
- (4) A vessel owned by the United States, or a state, county, or municipality.
- (5) A ship's lifeboat.
- (6) A vessel not propelled by machinery, except sail boats and boats for hire.

### **Legislative History:**

#### **Acts 1959, No. 576, p. 1442**

Established the registration of vessels; established a numbering and identifying system in compliance with the Federal Boating Act of 1958; established exemptions from numbering provisions; and established license fees on vessels as follows: Class 1-\$2; Class 2-\$3; Class 3-\$6; Class 4-\$12; Class 5-\$10 plus a \$.25 issuance fee.

**Acts 1961, No. 878, p. 1377**

Amended Act 1959-576 relating to the distribution of proceeds and changed the Class 5 registration fee to \$10 for first license and \$1 for each additional license.

**Acts 1965, No. 787, p. 1473**

Provided the fee of \$1 for the registration of an ownership change, with an issuance fee of \$.25; also provided for a duplicate of a lost or misplaced registration certificate for \$.50.

**Acts 1971, No. 2081, p. 3352**

Increased the annual license fees for vessel registrations as follows: Class 1-\$4; Class 2-\$6; Class 3-\$12; Class 4-\$24; Class 5 first license-\$20 and each additional license-\$2. Livery: Class 1-\$2; Class 2-\$3; Class 3-\$6. Also, increased the issuance fees on registrations to \$.50.

**Acts 1981, No. 296, p. 377**

Increased the annual license fees for vessel registrations as follows: Class 1-\$6; Class 2-\$10; Class 3-\$20; Class 4-\$40; Class 5 first license-\$25 and each additional license-\$3. Livery: Class 1-\$4; Class 2-\$6; Class 3-\$8.

**Acts 1984, No. 446, p. 1040**

Provided for a statewide fee schedule for the collection of various license fees by probate judges and increased said fee from \$.50 to \$1.

**Acts 1988, No. 552, p. 868**

Established a staggered system for annual vessel registrations (same schedule as for motor vehicle registration).

**Acts 1993, No. 754, p. 1508**

Increased the annual license fees for vessel registration as follows: Class 1-\$11; Class 2-\$15; Class 3-\$30; Class 4-\$50. Provided that the above fees also apply to livery boats.

**Acts 1994, No. 622, p. 1162**

Removed the provision allowing vessel owners to file an application for vessel registration with the Department of Conservation and Natural Resources. Such application must be filed only to the probate judge or license commissioner offices.

**Acts 2007, No. 420, p. 896**

Increased annual license fees for vessel registration, issuance fees, and change of ownership fees to current rates. Established the inspection fee for all homemade boats requiring hull identification numbers at current rate.

**Acts 2013, No. 67, p. 130**

Created the Marine Police Division within the Department of Public Safety and succeeded to the Department of Conservation and Natural Resources. Transferred funds of the division to the succeeding entity. Beginning January 1, 2015, boat registration fees began being deposited into the Public Safety Fund.

**Acts 2016, No. 421, p. 1191**

Provides an optional five-year vessel identification sticker, to be issued by the Alabama Law Enforcement Agency, in addition to current annual registration fees. The fee for each sticker is \$20, plus \$2 issuance fee retained by issuance official, and the \$20, less costs of production and processing, is distributed to the Department of Conservation and Natural Resources (DCNR) for state parks. Also provides for a five-year distinctive vessel identification sticker at a fee of \$50, of which \$25 is distributed to the sponsoring organization and \$25, less any additional production and processing costs, is distributed to DCNR for the operation of state parks.

**Acts 2017, No. 379, p. 1210**

Amended Act 2016-421 relating to distinctive vessel identification stickers; specifically, to: (1) remove the five (5) year vessel identification sticker and (2) change the renewal period for the distinctive vessel identification sticker from five (5) years to one (1) year. The proceeds from the \$50 distinctive identification sticker fee are distributed as follows: (1) actual cost of production delivery not to exceed 14% to the Alabama Correctional Industries Division of the Department of Corrections; (2) actual cost of processing applications, not to exceed 6%, to the Alabama State Law Enforcement Agency; (3) one-half of the remainder to the sponsoring organization; and (4) one-half of the remainder to the Department of Conservation and Natural Resources, designated for the operation of state parks. In addition, this bill would allow the issuance of one-year distinctive vessel identification stickers at an additional cost of \$50, plus an additional issuance fee of \$2 and any other surcharge or convenience fee, not to exceed the credit transaction fee, charged by the credit card processor.

## **Comparison with Neighboring States:**

### **Florida**

#### **Vessel Registration Fee Chart**

<b>Fees to register vessels (recreational or commercial)</b>	<b>State Vessel Registration Fee<sup>5</sup></b>	<b>Optional County Fee (select counties)</b>
Class A-1 All vessels less than 12 feet in length, and motorized canoes	\$5.50	\$4.13
Class A-2 12 feet or more and less than 16 feet in length	\$16.25	\$7.63
Class 1 16 feet or more and less than 26 feet in length	\$28.75	\$11.63
Class 2 26 feet or more and less than 40 feet in length	\$78.25	\$27.63
Class 3 40 feet or more and less than 65 feet in length	\$127.75	\$43.63
Class 4 65 feet or more and less than 110 feet in length	\$152.75	\$51.63
Class 5 110 feet or more in length	\$189.75	\$63.63
Dealer Classification	\$25.50	\$10.63

### **Georgia**

Three-year rate schedule for vessels:

Class A - less than 16ft - \$35

Class 1 - 16ft but less than 26ft - \$70

Class 2 - 26ft but less than 40ft - \$140

Class 3 - 40ft and over - \$210

Duplicate Registration - \$11

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<sup>5</sup> The above fees include a \$2.25 service fee, \$.50 FRVIS fee.

Marine toilet certificate - \$5

Standalone Marine Toilet Certificate \$15

Late fee for renewal of a lapsed registration (same owner/no transfer) \$10

Transaction Fee - \$10 (mail, phone, online); \$8 (online renewal)

## Mississippi

Three-year rate schedule for vessels:

### Original and Renewal

Under 16ft - \$10.20

16ft to less than 26ft - \$25.20

26ft to less than 40ft - \$47.70

40ft and over - \$47.70

Above fees include \$1.70 transaction fee and \$1.00 agent fee.

Duplicate certificate - \$7.70

Dealer number - \$40.20

## Tennessee

Vessels can be registered for one, two, or three years upon the option of the owner.

<u>Size</u>	<u>1 yr.</u>	<u>2 yr.</u>	<u>3 yr.</u>
Class A- 16ft and under	\$13	\$24	\$35
Class 1- over 16ft to under 26ft	\$25	\$48	\$71
Class 2- 26ft to under 40ft	\$38	\$72	\$107
Class 3- 40ft or more	\$51	\$97	\$142
Dealer/Manufacturer Certificate	\$32	\$64	\$95
Duplicate and Replacement Certificate	\$7	N/A	N/A

## Bureau of Loans Fees

### **Statutory Authority:**

Sections 5-2A-80 through 5-2A-83 (Bureau of Loans), 5-18-1 through 5-18-23 (Alabama Small Loan Act), 5-18A-1 through 5-18A-22 (Alabama Deferred Presentment Services Act), 5-19-1 through 5-19-33 (Alabama Consumer Credit Act), 5-19A-1 through 5-19A-20 (Alabama Pawnshop Act), 5-25-1 through 5-25-18 (Alabama Mortgage Brokers Licensing Act), and 5-26-1 through 5-26-20 (Alabama Secure and Fair Enforcement for Mortgage Licensing Act, also known as the Alabama SAFE Act), *Code of Alabama 1975*.

### **Tax Base:**

Initial application investigation, annual license, and examination fees for the privilege of: (1) operating a small loan company making loans of less than \$1,500 (Alabama Small Loan Act); (2) offering cash advances by accepting and holding a check for a specified period of time (Alabama Deferred Presentment Services Act); (3) extending consumer credit or taking assignments of consumer credit contracts (Alabama Consumer Credit Act); (4) business of lending money on the security of pledged goods left in pawn (Alabama Pawnshop Act); (5) soliciting, processing, placing, and negotiating mortgage loans (Alabama Mortgage Brokers Licensing Act); and (6) engaging in the business of mortgage loan origination (Alabama SAFE Act).

### **Tax Rate:**

\$500 annual license fee for each office, branch, or place of business covered under the Alabama Small Loan Act, the Deferred Presentment Services Act, the Mortgage Brokers Licensing Act, and the Alabama Consumer Credit Act (companies licensed under both the Alabama Small Loan Act and the Alabama Consumer Credit Act pay only the consumer credit \$500 annual license fee); \$100 investigation fee accompanying the initial application; and examination fees which are set by the Superintendent of Banks (currently the fee is \$100 per person per day). Examinations of licensees must be conducted at least annually, with examination fees due at the time of the examination. Pawnbroker licenses are \$100 for an annual license, with an initial application fee of \$50. Each Mortgage Loan Originator shall file an application with an initial license fee of \$75; this license fee is in addition to the fees required to apply through the Nationwide Mortgage Licensing System and Registry (Alabama SAFE Act). The above fees are in addition to any applicable business license fee found in Title 40 of the *Code of Alabama 1975*.

**Collections:**

By the State Banking Department; annual license fees are due each October 1 for the one-year period ending the following September 30. Pawnbroker license fees and Mortgage Brokers license fees are due by December 1 of each year for the next calendar year. Deferred Presentment Services license fees and Consumer Loan license fees are due each January 1 for the one-year period ending the following December 31.

Fiscal Year	Alabama Small Loan Act		Consumer Credit Act	
	Collections (\$) <sup>6</sup>	% Change	Collections (\$) <sup>6</sup>	Percent Change
2019	181,800	(7.00)	1,360,550	(2.28)
2018	195,475	(21.73)	1,392,267	(0.52)
2017	249,750	(6.46)	1,399,550	6.34
2016	267,000	(19.07)	1,316,150	6.40
2015	329,900	7.92	1,237,000	18.52

Fiscal Year	Alabama Mortgage Brokers Licensing Act		Alabama Deferred Presentment Services Act	
	Collections (\$) <sup>6</sup>	% Change	Collections (\$) <sup>6</sup>	Percent Change
2019	103,700	(4.78)	301,600	(4.41)
2018	108,900	16.97	315,500	(9.12)
2017	93,100	(2.51)	347,150	(20.13)
2016	95,500	1.49	434,650	(11.95)
2015	94,100	4.79	493,650	(8.95)

Fiscal Year	Alabama Pawn Shop Act	
	Collections (\$) <sup>6</sup>	Percent Change
2019	94,000	(9.53)
2018	103,900	(6.73)
2017	111,400	(13.44)
2016	128,700	17.75
2015	109,300	(22.70)

Source: "Comparative Summary of Revenues by Revenue Source" Report - Comptroller's Office. Beginning FY 2016, "Comparative Schedule of Revenues" Report – STAARS.

<sup>6</sup> Collections shown include annual license fees only. One-time investigation fees and examination fees are not included in these amounts.



**Distribution:**

License fees, investigation fees, and examination fees are deposited into the Banking Assessment Fees Fund for use by the State Banking Department.

**Major Exemptions:**

- (1) The Alabama Small Loan Act does not apply to:
  - (a) Any person doing business under the authority of the state or U.S. Government relating to banks, trust companies, savings or building and loan associations, credit unions, or pawnbroking businesses.
  - (b) Any person making loans to their tenants engaged in agriculture.
  - (c) Agricultural suppliers who make loans to persons whose principal business is farming.
  - (d) Agricultural credit corporations or associations organized under an Act of Congress.
  - (e) The financing of the purchase of motor vehicles, refrigerators, or other personal property.
  - (f) Loans insured or guaranteed by the U.S. Government.
- (2) The Deferred Presentment Services Act does not apply to:
  - (a) Banks, credit unions, savings associations, savings banks, and thrift institutions organized pursuant to laws of any state or of the United States and any parent of the foregoing entities.
  - (b) Trust companies, life insurance companies, and federally constituted agencies.
- (3) The Alabama Consumer Credit Act (Mini-Code) does not apply to:
  - (a) Any person doing business under the authority of the state or U.S. Government relating to consumer credit transactions involving an interest in real property, banks, trust companies, savings or building and loan associations, credit unions, life insurance companies, or pawnbroking businesses.
  - (b) Federally constituted agencies.
- (4) The Alabama Mortgage Brokers Licensing Act does not apply to:
  - (a) Any depository institution as defined in Section 3 of the Federal Deposit Insurance Act, any subsidiary institution that is owned and controlled by a depository institution, and employees of any of the foregoing. Bank holding companies and subsidiaries of bank holding companies, thrift holding associations, savings banks and other thrift institutions, credit unions, and all other affiliates of each of the above persons if more than 50 percent of the affiliate's shares or other ownership interests are owned or controlled by such person, and federally or state constituted agencies and employees of any of the foregoing.
  - (b) Any person licensed to make consumer loans or take assignments of consumer credit contracts.

- (c) An attorney licensed to practice law in Alabama who is not principally engaged in negotiating mortgage loans when the attorney renders services in the course of his or her practice as an attorney.
  - (d) Any person performing any act relating to mortgage loans under order of any court.
  - (e) A natural person who is employed by a licensed mortgage broker or person exempted from the licensing requirements of this chapter when acting within the scope of employment with the licensee or exempted person; or who solicits mortgage loans exclusively on behalf of a licensed mortgage broker or person exempted from the licensing requirements of this chapter when the natural person is acting within the scope of the agency of the licensee or exempted person.
  - (f) Any licensed real estate salesperson or broker who provides mortgage loan assistance in the course of doing business unless the real estate salesperson or broker is compensated for providing mortgage loan assistance.
- (5) The Alabama Pawnshop Act does not apply to:
- (a) Any bank which is regulated by the State Banking Department of Alabama.
  - (b) The Comptroller of the Currency of the United States.
  - (c) The Federal Deposit Insurance Corporation.
  - (d) The Board of Governors of the Federal Reserve System, or any other federal or state authority, and all affiliates thereof and any bank or savings and loan association whose deposits or accounts are eligible for insurance by the Bank Insurance Fund or the Savings Association Insurance Fund or other fund administered by the Federal Deposit Insurance Corporation all affiliates thereof.
  - (e) Any state or federally chartered credit union.
  - (f) Any finance company subject to licensing and regulation by the State Banking Department pursuant to the Alabama Consumer Credit Act.
- (6) The Alabama SAFE Act does not apply to:
- (a) Registered mortgage loan originators, loan processors, loss mitigation specialists, and other employees when acting for an entity that is a depository institution, a subsidiary that is owned and controlled by a depository institution and is regulated by a Federal banking agency, or an institution regulated by the Farm Credit Administration.
  - (b) Any individual who offers or negotiates terms of a residential mortgage loan with or on behalf of an immediate family member of the individual.

- (c) Any individual who offers or negotiates terms of a residential mortgage loan secured by a dwelling that served as the individual's residence.
- (d) A licensed attorney who negotiates the terms of a residential mortgage loan on behalf of a client as an ancillary matter to the attorney's representation of the client, unless the attorney is compensated by a lender, a mortgage broker, or other mortgage loan originator or by any agent of such lender, mortgage broker, or other mortgage loan originator.

**Legislative History:**

**Acts 1945, No. 159, p. 200**

Created Bureau of Loans and established a \$200 annual license fee to be paid by loan companies making loans of \$300 or less. Exemptions same as present.

**Acts 1951, No. 787, p. 1385**

Provided for a \$25 investigation fee to accompany initial application for license by loan companies making loans of \$300 or less.

**Acts 1957, No. 603, p. 862**

Established an examination fee of \$100 annually on all licensees of the Bureau of Loans with fees collected to be paid into the State General Fund and earmarked for the use of the State Banking Department.

**Acts 1959, No. 374, p. 966**

For loan companies making loans of \$300 or less, increased investigation fee to current rate of \$100; changed examination fee to \$50 per day per examiner plus \$10 per diem per examiner, to be limited to \$400 total per year for licensees free from willful violations of this act; and provided that examination fees collected by the Bureau of Loans are deposited into a special fund to be used by the Bureau.

**Acts 1971, No. 2052, p. 3290**

Established \$200 annual license fee and present rate of \$100 investigation fee for all persons extending consumer credit not covered by the Alabama Small Loan Act; and increased examination fee to \$60 and examiner per diem to \$15.

**Acts 1979, No. 327, p. 490**

Increased the maximum amount to be considered as a "small" loan from \$300 to \$749; and changed the annual examination fee for small loan companies from \$60 per day to "the actual cost of each examination."

**Acts 1980, No. 444, p. 689**

Provided that the examination of small loan companies, finance companies and any other holder of a license from the State Banking Department may be conducted at any "reasonable" time (previously annually); based examination fees for all holders of licenses from the State Banking Department on the actual cost of conducting the examinations, as determined by the Superintendent of Banks.

**Acts 1983, No. 747, p. 1244**

Increased the annual license fee to \$400 for entities covered under the Small Loan Act and the Consumer Credit Act; and altered the distribution of collections schedule to the present schedule.

**Acts 1992, No. 597, p. 1227**

Provided for licensing and regulation of pawnshops.

**Acts 1996, No. 576, p. 887**

Increased the annual license fee from \$400 to \$500 for entities covered under the Alabama Consumer Credit Act.

**Acts 2001, No. 692, p. 1439**

Provided for licensing and regulation of mortgage brokers.

**Acts 2002, No. 305, p. 863**

Increased the maximum amount to be considered a "small" loan from \$749 to less than \$1,000; and increased the annual license fee for businesses regulated under the Small Loan Act from \$400 to \$500.

**Acts 2003, No. 359, p. 992**

Provided for licensing and regulation of businesses offering deferred presentment check-cashing services.

**Acts 2004, No. 290, p. 407**

Allowed for an acquisition charge (not in excess of 10% of the amount of the loan) and an account handling charge (rate structure based on the amount of the loan) on loans less than \$1,000 as an alternative to interest rates and other charges currently permitted by a license.

**Acts 2006, No. 238, p. 435**

Allowed for the charge of an account maintenance fee of \$3.00 for each month of repayment if such charge is provided for in the contract.

**Acts 2007, No. 281, p. 383**

Increased the late charge allowed by licensees under the Alabama Small Loan Act from no more than \$10 or 5% of scheduled payment in default to no more than \$18 or 5% of the scheduled payment default.

**Acts 2009, No. 624, p. 1891**

Amended the Mortgage Brokers Licensing Act. Limited those excluded from the licensure requirement, required certain applicants to have experience in the mortgage industry, combined the initial license and investigative fees, allowed for surety bonds and background checks, excluded exemptions from licensing fees, and allowed the licensee's principal place of business to be outside the State of Alabama.

**Acts 2009, No. 625, p. 1900**

Changed the months relating to when fees are due under the Alabama Small Business Loan Act. The Alabama Consumer Credit Act: (1) required a license to be held at each location where activity is conducted; (2) removed exemption of licensure for life insurance companies; (3) increased the amount a person licensed under the Small Loan Act can loan without being licensed under the Alabama Consumer Credit Act; (4) changed the months relating to when fees are due; (5) made all fees nonrefundable; and (6) allowed the State Banking Department to require applicants to obtain a surety bond, apply to the Nationwide Mortgage Licensing System and Registry, and submit to background checks. Deleted certain exemptions.

**Acts 2009, No. 627, p. 1907**

Provided for the licensing and regulation of mortgage loan originators, licensure exemptions, and a civil penalty for violations.

**Acts 2011, No. 529, p. 866**

Set the maximum late charge allowed by licensees under the Alabama Consumer Credit Act to match the late fees allowed under the Alabama Small Loan Act.

**Acts 2017, No. 373, p. 1175**

Increased the maximum loan amount under the Alabama Small Loan Act to \$1,500.

**Comparison with Neighboring States:****Florida**

All loan companies required to pay \$200 initial application investigation fee and \$625 license fee during the two-year license period; renewal fees are \$625 biennially. All businesses offering deferred presentment check-cashing services must pay an application fee of \$1,000; renewal fees are \$1,000

biennially; failure to renew on time requires payment of a \$500 late fee. Title loan companies pay a \$200 investigation fee and a \$1,200 license fee; renewal fees are \$1,200 biennially; a reactivation fee is \$600. Loan originators pay a \$195 application fee and a \$150 annual renewal fee. Mortgage brokers pay a \$425 application fee and a \$375 annual renewal fee. Mortgage lenders pay a \$500 application fee and a \$475 annual renewal fee. There may be an additional fee for loan originators, mortgage brokers, or mortgage lenders, under certain conditions relating to the Mortgage Guaranty Trust Fund. For a loan originator, the special additional fee is \$20 for initial and renewal applications. For mortgage brokers and lenders, the special additional fee is \$100 for initial and renewal applications. The fee for mortgage broker branch offices and mortgage lender branch offices is \$225 each, renewed annually. Pawnshops must pay a \$300 license fee annually and are regulated by the Department of Agriculture and Consumer Services.

### **Georgia**

\$500 annual license fee and monthly tax of 3% on total interest earned on any loan collected by companies making up to \$3,000 cash loans. \$500 for each additional license held by licensee. Small loan companies are licensed and regulated by the Industrial Loan Division of the Insurance Commissioner's Office; \$250 initial investigation fee. Pawnshops may be regulated by municipal authorities. Payday lending is a violation of Georgia law under Section 16-17-1 of the Code. Mortgage lenders pay \$1,000 annually (\$900 GA, \$100 NMLS); mortgage brokers pay \$500 annually (\$400 GA, \$100 NMLS); both pay a \$250 investigation fee, and both have a \$350 fee (\$330 GA, \$20 NMLS) for each branch office with a \$20 annual renewal. Mortgage loan originators pay \$100 annually.

### **Mississippi**

All loan companies check cashing companies and title pledge companies are required to pay \$750 initial license fee and \$475 annual renewal license fee. Licensed and regulated by Department of Banking and Consumer Finance. Mortgage loan companies pay a \$1,500 initial license fee and \$1,000 annual renewal fee; \$100 annual mortgage loan originator's license; a \$300 fee per branch office with renewal fees of \$100. All pawnshops are required to pay a \$500 initial license fee and a \$350 renewal fee; a separate license of \$350 is required for each place of business; license fees include the cost of examinations by the Department.

### **Tennessee**

The fee is \$1,025 for flexible credit licensees and mortgage licensees, and \$625 for check cashing licensees, deferred presentment licensees, premium finance licensees, industrial loan and thrift registrants, and title pledge licensees. All mortgage loan originators pay a licensing and renewal fee of

\$100 and a sponsorship fee of \$100. Pawnshops are not regulated at the state level. Licenses and renewal fees except those for pawnbrokers are regulated by the Department of Financial Institutions.

# Business Privilege Tax

## **Constitutional Provisions:**

Amendment No. 872 to Section 229 of the *Constitution of Alabama of 1901*, now appearing as Section 229 of the Official Recompilation of the *Constitution of Alabama of 1901*, (proposed by Act 2012-275, proclaimed ratified December 13, 2012).

States that the Legislature shall pass general law for the payment by businesses of a tax on the privilege of doing business in Alabama, or otherwise under the laws of Alabama. Exempts strictly benevolent, educational or religious corporations from payment of such tax on their withdrawable or repurchasable shares.

Section 232 of the *Constitution of Alabama of 1901*, was repealed beginning January 1, 2014 by Amendment 872 of the *Constitution of Alabama of 1901* (proposed by Act 2012-275, proclaimed ratified December 13, 2012).

States that the Legislature shall provide for the payment by foreign corporations to the state a corporate franchise tax, to be based on the amount of capital employed in the state. Exempts strictly benevolent, educational or religious corporations from the tax.

Opinion of the Justices, 756 So. 2d 21 (Ala. 1999).

States that the Legislature is required to impose a franchise tax but may levy a franchise tax on domestic corporations based upon the amount of their net worth in this state.

## **Statutory Authority:**

Sections 40-14A-1 and 40-14A-2, 40-14A-21 through 40-14A-29, and 40-14A-41 through 40-14A-43, *Code of Alabama 1975*.

## **Tax Base:**

Privilege tax on every corporation, limited liability entity, and disregarded entity doing business in Alabama or registered under the laws of Alabama. The tax is based on the taxpayer's net worth in Alabama provided for in Sections 40-14A-23 and 40-14A-24 *Code of Alabama 1975*.

## **Tax Rate:**

The rate is determined by the taxpayer's taxable income apportioned and allocated to Alabama. The following schedule details the tax rates:



Taxable Income		Tax Rate
At least	But less than	(per \$1,000 of net worth)
	\$1	\$ .25
\$1	\$200,000	\$1.00
\$200,000	\$500,000	\$1.25
\$500,000	\$2,500,000	\$1.50
\$2,500,000		\$1.75

The minimum tax for all taxpayers except financial institutions is \$100.

For financial institutions, the minimum tax is based on the financial institution's total deposits in Alabama as determined by the following table:

Financial Institution's Total Deposits in Alabama	Tax Rate (per \$1,000 of deposits)
Less than \$1 billion	\$ .125
\$1 billion - \$6 billion	\$ .17
\$6 billion or more	\$ .225

For purposes of determining total deposits in Alabama, all members of an affiliated group, as defined by Section 40-14A-22(f)(1)a, must aggregate their deposits. The maximum tax for all taxpayers except financial institution groups, insurance companies, nonprofit corporations organized solely to hold title to property and pay related expenses, and electing family limited liability entities is \$15,000. The maximum tax for financial institution groups and insurance companies is \$3 million. The maximum tax for nonprofit corporations organized solely to hold title to property and pay related expenses is \$100. The maximum tax for electing family limited liability entities, as defined in Section 40-14A-1(h), is \$500.

#### **Collections:**

By the Department of Revenue. The tax return is due two and one-half months following the beginning of a corporation's, or limited liability entities', tax year. The tax return is due three and a half months after the beginning of a financial institution group's tax year.

<b>Fiscal Year</b>	<b>Collections (\$)<sup>7</sup></b>	<b>Percent Change</b>
2019	160,441,186	5.76
2018	151,698,950	0.94
2017	150,279,766	6.16
2016	141,563,458	(1.32)
2015	143,462,843	11.09

Source: Department of Revenue's "Revenue Abstract."

### **Distribution:**

After deduction of the amount appropriated to the Department of Revenue as its costs of collection, the balance of the tax is distributed as follows:

- (1) Each county receives the amount that it received from the franchise tax collections during the fiscal year ending September 30, 1999. This amount is increased by .75% each year beginning in the fiscal year ending September 30, 2000.
- (2) Each county and each local ad valorem tax recipient agency of funds within each county receives the amount that it received from the domestic corporation assessment of shares tax during the fiscal year ending September 30, 1999. This amount is increased by .75% each year beginning in the fiscal year ending September 30, 2000.
- (3) The balance is distributed to the State General Fund.

### **Major Exemptions:**

- (1) Organizations described in 26 U.S.C. Section 501(a).
- (2) Counties, municipalities, municipal corporations, the State of Alabama, and any corporation or association owned solely by counties, municipalities or the State of Alabama.
- (3) Community chests, funds and foundations.
- (4) Entities organized and operated exclusively for religious purposes.
- (5) Homeowners' associations.
- (6) Political parties, political action committees, and political campaign committees.
- (7) Agricultural cooperatives.

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<sup>7</sup> Gross collections.

**Legislative History:**

**Acts 1999, 2<sup>nd</sup> Ex. Sess., No. 665, p. 131**

Established the privilege tax at current rates, except for the minimum tax rate for financial institutions.

**Acts 2000, No. 705, p. 1442**

Established the current minimum tax for financial institution groups and made numerous other technical corrections to the privilege tax.

# Cigarette Tax

## **Statutory Authority:**

Sections 40-25-1 through 40-25-29 and 40-25-40 through 40-25-47, and 40-25-70, *Code of Alabama* 1975.

## **Tax Base:**

Privilege and use tax on the sale, storage, or distribution of cigarettes by wholesalers and retailers, and use by consumers. Tax is paid at wholesale level by affixing stamps to each individual package. (See also Tobacco Tax).

## **Tax Rate:**

Beginning October 1, 2015, 33.75 mills per cigarette (\$.675 per pack of 20 cigarettes). From May 18, 2004 through September 30, 2015, the rate was 21.25 mills per cigarette (\$.425 per pack of 20 cigarettes). See Legislative History for information on local rates.

## **Collections:**

By the Department of Revenue on a monthly basis. Privilege (stamp) tax is collected on the 20<sup>th</sup> of each month. Wholesalers and jobbers are allowed a 4.75% discount. Prior to October 1, 2015, the discount was 7.5%.

Fiscal Year	Collections (\$)	Percent Change
2019	163,604,869	(3.46)
2018	169,462,445	(5.37)
2017	178,547,095	(.97)
2016	180,300,041	54.88
2015	116,413,955	(.60)

Source: Department of Revenue's Revenue Abstract. Collection amount represents net cigarette collections after discounts and refunds.

## **Distribution:**

(A) 38.82% as follows:

- (a) 6.06% to the State Public Welfare Trust Fund for general welfare purposes.
- (b) 9.09% for:
  - (i) Maturing bonds issued by the State Industrial Development Authority.
  - (ii) Balance credited to the "General and Mental Health Fund" and distributed as follows:

- a. 36% to the State Health Officer for expenses incident to general health work.
    - b. 58% to the Department of Mental Health for mental health services.
    - c. 6% to the Alabama Mental Health Board to provide services for people with an intellectual disability.
  - (c) 12.12% for:
    - (i) Acquiring and constructing mental health facilities and paying the principal and interest on the bonded debt issued by the Alabama Mental Health Finance Authority.
    - (ii) Balance to the "General and Mental Health Fund" and distributed as follows:
      - (i) 30% to the State Health Officer for expenses incident to general health work.
      - (ii) 70% to the Department of Mental Health to provide mental health services.
  - (d) 6.06% for:
    - (i) Maturing bonds of the State Parks Development Authority.
    - (ii) Balance to the "State Parks Fund."
  - (e) 66.67% to the State General Fund.
- (B) The remaining 61.18% as follows:
- (a) Up to \$2 million annually to the various counties levying a cigarette tax to offset administrative expenses of obtaining local stamps and to provide a discount to wholesalers and jobbers.
  - (b) Remaining revenues to the State General Fund for Medicaid Services.

**Major Exemptions:**

A qualified wholesaler or jobber in Alabama may sell non-stamped tobacco products to:

- (i) A person outside the state, provided certain criteria defined in Section 40-25-15, *Code of Alabama 1975*, is met.
- (ii) The United States or to any instrumentality thereof for resale to or for use or consumption by members of the Armed Services of the United States.
- (iii) Ships regularly engaged in foreign commerce or coastwise shipping between points in this state and points outside this state for resale to or for use or consumption upon such ship or in foreign commerce.

**Note Regarding Local Rates:**

The state tax is in lieu of any other or additional local taxes and/or license fees other than those imposed by an act of the Legislature or an ordinance or resolution by a taxing authority passed or

established prior to May 2004. The Department of Revenue maintains a current list of local tax rates on its website.

**Legislative History:**

**Acts 1935, No. 194, p. 256**

Established cigarette tax rate as follows: 1.5 mills on those 3 inches or less; 3 mills over 3 inches and less than 6 inches; 6 mills on those in excess of 6 inches in length; and provided for the distribution of revenues to the Special Educational Trust Fund.

**Acts 1945, No. 326, p. 528**

Changed the tax rate on cigarettes as follows: 1.5 mills on each cigarette three and two-fifths inches or less; 3 mills on each cigarette three and two-fifths inches but less than five and one-half inches; and \$.01 on each cigarette five and one-half inches or longer.

**Acts 1955, 2<sup>nd</sup> Ex. Sess., No. 73, p. 188**

Increased cigarette tax rate to 2 mills on each cigarette three and two-fifths inches or less; 4 mills on each cigarette three and two-fifths inches and less than five and one-half inches; and \$.0133 on cigarettes five and one-half inches or longer. Also, changed distribution of revenues as follows: one-fourth to the Public Welfare Trust Fund for old age assistance purposes; and the balance to the Special Educational Trust Fund.

**Acts 1959, 2<sup>nd</sup> Ex. Sess., No. 101, p. 318**

Levied an additional cigarette tax of \$.02 per pack of 20 or less; \$.04 per pack of 21-40; and \$.06 per pack of more than 40; and provided for the distribution of revenues from this additional tax to the Special Educational Trust Fund.

**Acts 1965, No. 654, p. 1177**

Levied an additional cigarette tax of \$.01 per pack of 20 or less; \$.02 per pack of 21-40; and \$.03 per pack of more than 40. All revenues from this additional tax were distributed as follows: (a) to pay principal and interest on bonds issued by the State Industrial Development Authority; and (b) the balance to the General Mental Health Fund to be distributed: 60% to the State Health Officer for general health work; 30% to Alabama state hospitals; and 10% to Partlow State School.

**Acts 1967, No. 275, p. 784**

Levied an additional cigarette tax of \$.02 per pack of 20 or less; \$.04 per pack of 21-40; and \$.06 per pack of more than 40. All revenues from this additional tax were distributed as follows: (a) for acquiring and constructing mental health facilities and to pay principal and interest on bonds issued by the Mental Health Building Authority or the state for mental health facilities; and (b) the balance to

the General Mental Health Fund to be distributed: 30% to the State Health Officer for general health work; and 70% to the Mental Health Board for mental health purposes.

**Acts 1967, No. 309, p. 850**

Levied an additional cigarette tax of \$.01 per pack of 20 or less; \$.02 per pack of 21-40; and \$.03 per pack of more than 40. All revenues from this additional tax were distributed as follows: (a) to pay principal and interest on bonds issued by the State Parks Development Authority; and (b) the balance to the State Parks Fund.

**Acts 1969, No. 168, p. 453**

Changed the distribution of the additional tax levied by Acts 1965, No. 654 to appropriate as much as necessary for the retirement of additional bonds issued by the State Industrial Development Authority. Similar distribution change made by Acts 1971, No. 1402; Acts 1973, No. 1021; and Acts 1975, No. 1175.

**Acts 1969, No. 551, p. 1034**

Levied an additional cigarette tax of \$.02 per pack of 20 or less; \$.03 per pack of 21-40; and \$.04 per pack of more than 40. All revenues from this additional tax were distributed to the State General Fund.

**Acts 1973, No. 819, p. 1285**

Changed the distribution of revenue for the cigarette tax that was established by Acts 1955, 2<sup>nd</sup> Ex. Sess., No. 73 by changing references to the use of funds distributed to the Public Welfare Trust Fund for "old age assistance purposes" to "general welfare purposes."

**Acts 1978, 2<sup>nd</sup> Ex. Sess., No. 100, p. 1813**

Amended the distribution of revenue to reallocate and appropriate as much as necessary for the retirement of additional bonds issued by the State Industrial Development Authority. Similar distribution change made by Acts 1981, 3<sup>rd</sup> Ex. Sess., No. 1141 and Acts 1983, 4<sup>th</sup> Ex. Sess., No. 922.

**Acts 1980, No. 701, p. 1411**

Levied an additional cigarette tax of \$.04 per pack of 20 or less; \$.08 per pack of 21-40; and \$.10 per pack of more than 40. All revenues from this additional tax were distributed to the State General Fund.

**Acts 1984, No. 309, p. 684**

Increased tax on cigarettes by \$.005 per pack of 20; abolished varying tax rates on cigarettes and established rate of 8.25 mills/cigarette or \$.165 per pack of 20 cigarettes; and changed distribution

formula to allocate the additional \$.005 per pack of 20 to retire Industrial Development Bonds with residue allocated to Department of Mental Health and Mental Retardation.

**Acts 1987, No. 550, p. 842, and No. 554, p. 857**

Increased the debt service paid from cigarette tax receipts on maturing bonds issued by the State Industrial Development Authority; and decreased the distribution of such tax receipts annually to the State Health Officer and the Department of Mental Health and Mental Retardation.

**Acts 1988, No. 475, p. 739**

Established the Alabama Mental Health Finance Authority; pledged a portion of the cigarette tax proceeds, which was distributed to the Alabama Mental Health Building Authority, to the repayment of bonds issued by the Alabama Mental Health Finance Authority.

**Acts 1988, No. 476, p. 749**

Deleted the distribution of revenue derived from the cigarette tax to the Alabama Mental Health Building Authority and provided for the distribution of 12.12% of the said proceeds to the Alabama Mental Health Finance Authority. Also, changed references to the Mental Health Board to the Department of Mental Health and Mental Retardation.

**Acts 1999, 2<sup>nd</sup> Ex. Sess., No. 650, p. 96**

Effective January 1, 2001, deleted distribution of privilege/use taxes on cigarettes to the Education Trust Fund (formerly 30.30%) and increased distribution share to the State General Fund from 36.37% to 66.67%.

**Acts 2004, No. 545, p. 1157**

Increased the state cigarette tax rate to \$.425 per pack of 20 cigarettes and doubled the various taxes on other tobacco products; provided that no additional local taxes may be levied after the date of passage; provided that local taxes would be collected through the use of local stamps; and provided the distribution of proceeds.

**Acts 2006, No. 619, p. 1694**

Required each person who makes delivery sales of cigarettes to a consumer located in the state to comply with state tax laws, license and revenue-stamping requirements, and escrow payment obligations and to file with the Department of Revenue a statement for each sale with the name and location of the purchaser, the brand and quantity of cigarettes sold, and an indication of whether or not the cigarettes bore a tax stamp evidencing payment of cigarette taxes.



**Acts 2014, No. 262, p. 827**

Separated little cigars from certain filtered cigars and eliminated the retail selling price requirement to determine the tax rate on cigars. Also, required all wholesalers, jobbers, semijobbers or any other person selling, receiving or distributing tobacco products in Alabama for resale to file a report of its activity with the Department.

**Acts 2015, 2nd Ex. Sess., No. 535, p. 1901**

Effective October 1, 2015, increased the state cigarette tax by \$.25 per pack of 20 cigarettes to the current rate of \$.675 per pack of 20 and provided for the distribution of revenues from the increase in tax rate to the State General Fund for the Medicaid Program. Levied a floor-stock tax on tobacco products owned by any permitted wholesaler as of October 1, 2015. Reduced the discount allowed to wholesalers and jobbers to the current amount. Changed the distribution of sales taxes collected on consumable vapor products to the General Fund beginning January 1, 2016. Also, required wholesalers to stamp cigarettes and collect tobacco tax when the tobacco products are sold to a reservation tobacco vendor and provided for a refund of tobacco taxes paid by tribal members for products purchased within the boundaries of a federally recognized Indian reservation.

**Comparison with Neighboring States:****Florida**

Cigarettes are taxed \$1.339 per pack of 20. Persons affixing stamps are allowed a 2% discount of the par value of stamps purchased computed on the basis of a \$.24 per pack tax.

**Georgia**

Cigarettes are taxed at \$.37 per pack of 20. Licensed distributors are allowed a discount of 4% of the face value of the stamps purchased.

**Mississippi**

Cigarettes are taxed at \$.68 per pack of 20. A discount rate of 4.65% of the value of stamps ordered is allowed to wholesalers.

**Tennessee**

Cigarettes are taxed at \$.62 per pack of 20. Wholesale dealers or manufacturing distributors and jobbers are allowed 2% discount.

## Coal Severance Tax

### **Statutory Authority:**

Sections 40-13-1 through 40-13-10 and 40-13-30 through 40-13-36, *Code of Alabama 1975*.

### **Tax Base:**

Privilege tax levied on every person severing coal within Alabama.

### **Tax Rate:**

The state collects two levies of \$.135 per ton and \$.20 per ton, which total \$.335 per ton of coal or lignite severed. The \$.135 per ton levy expires October 1, 2021. A temporary tax that expired August 1, 2019, of \$.025 per ton of coal or lignite severed by underground mining, and \$.05 per ton of coal or lignite severed by surface mining (per Act 2017-369).

### **Collections:**

The severance tax levies are collected by the Department of Revenue and due on or before the 20<sup>th</sup> of each month.

<b>Fiscal Year</b>	<b>Collections (\$ .135/ton)</b>	<b>Collections (\$ .20/ton)</b>	<b>Collections Total<sup>8</sup></b>	<b>Percent Change</b>
2019	1,930,399	2,824,864	4,755,263	1.21
2018	1,728,228	2,512,413	4,240,641	5.66
2017	1,621,863	2,391,467	4,013,330	28.47
2016	1,269,110	1,854,731	3,123,841	(37.30)
2015	2,029,640	2,952,335	4,981,975	(10.75)

Source: Department of Revenue's "Revenue Abstract." Collection amounts represent net collections after refunds.

### **Distribution:**

- (1) Proceeds from the \$.135 per ton levy are credited to the Alabama State Docks Bulk Handling Facility Trust Fund and are available to pay the principal and interest on revenue bonds, if revenues earned by the State Docks from its coal handling operation are insufficient to pay the principal and interest on the bonds. The balance of the proceeds remaining in the Bulk Handling Facility Trust Fund is transferred as follows: the first \$300,000 to the Alabama Mining Academy; \$500,000 to the Jefferson County General Fund; 60% to the general fund of the county of severance based on the ratio of the

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<sup>8</sup> Does not include collections from the temporary tax levied by Act 2017-369 (repealed August 1, 2019).

per ton coal severance tax collections from within the county to the total coal severance tax collections, except those sent to the Walker County Economic and Industrial Development Authority; \$100,000 to the Community Development Foundation, Inc.; \$50,000 to the Marion County Community Development Association, Inc.; \$50,000 to the West Alabama Development Association of Fayette County; \$100,000 to the West Alabama Economic Development Association; and \$100,000 to the Winston County General Fund. Any remaining moneys will be distributed to the State General Fund.

- (2) Proceeds from the \$.20 per ton levy are distributed to the cities and counties in which the coal was severed.
- (3) Proceeds from the temporary tax are deposited into a special fund in the State Treasury to be used for the operation of the Surface Mining Commission.

**Legislative History:**

**Acts 1971, No. 2305, p. 3719**

Established the coal severance tax of \$.135 per ton of coal; provided for its collection and disposition; and provided that the tax would terminate upon the repayment of Docks facility bonds.

**Acts 1971, No. 2306, p. 3724**

Amended the act that authorized the issuance of \$15 million in bonds for the State Docks and then levied a special handling charge of \$.25 per ton on coal to be used to pay debt service on the bonds issued by that act. Upon repayment of the bonds, the special handling charge was discontinued.

**Acts 1977, No. 598, p. 799**

Imposed an additional levy of \$.20 per ton of coal severed; required that the proceeds be distributed to the counties and cities where the coal was severed; and prohibited local taxation of coal or lignite.

**Acts 1980, No. 645, p. 1217**

Repealed provisions of the \$.135 per ton levy which allowed proceeds in excess of the amount required to pay annual principal and interest on port facility bonds to be refunded to coal producers to provide that residual proceeds be credited to the State General Fund.

**Acts 1985, No. 648, p. 1005**

Provided that the Alabama State Docks may receive proceeds from the \$.135 per ton coal severance tax in order to pay for expenses and operating costs of its coal handling facilities and provided that the \$.135 per ton tax would terminate on the later of the redemption and repayment of Docks facility bonds or their final maturity date.

**Acts 1990, No. 562, p. 956**

Provided that the \$.135 per ton tax would terminate on October 1, 2006, unless extended by the Legislature.

**Acts 1993, No. 680, p. 1301**

Provided further for the distribution of the \$.135 per ton levy by transferring the following before any proceeds are credited to the State General Fund: first \$300,000 to the Alabama Mining Academy; \$500,000 to the Tuscaloosa County General Fund; \$500,000 to the Jefferson County General Fund; and \$200,000 to the Walker County Economic and Industrial Development Authority.

**Acts 1997, No. 615, p. 1078**

Provided further for the distribution of the \$.135 per ton levy distributed to the Tuscaloosa County General Fund.

**Acts 2006, No. 386, p. 984**

Provided further for the distribution of the \$.135 per ton levy by transferring additional amounts beginning with the 2006-07 fiscal year: \$100,000 to the Community Development Foundation, Inc.; \$100,000 to the Marion County Community Development Association, Inc.; \$100,000 to the West Alabama Development Association of Fayette County; \$100,000 to the Jackson County Economic Development Association; and \$100,000 to the West Alabama Economic Development Association. Also extended the termination date of the \$.135 per ton tax to October 1, 2011.

**Act 2012, No. 386, p. 1030**

Re-established the \$.135 per ton coal severance tax and provided for the current distribution of proceeds. Also, extended the termination date of the tax to October 1, 2021.

**Comparison with Neighboring States:****Florida, Georgia, and Mississippi**

No comparable taxes on coal.

**Tennessee**

\$1.00 per ton effective July 2013. (\$.75 per ton from July 2011 through June 2013.)

# Contractors' Gross Receipts Tax

## **Statutory Authority:**

Section 40-23-50, *Code of Alabama 1975*.

## **Tax Base:**

Privilege tax on any person or corporation contracting to construct, reconstruct, or build any public highway, road, bridge, or street.

## **Tax Rate:**

5% of the gross receipts derived from the performance of such contracts. "Gross Receipts" is defined to include only those amounts derived and received by the contractor from the performance of contracts.

## **Collections:**

By the Department of Revenue due on the 20<sup>th</sup> of each month, for the previous month's gross receipts.

Fiscal Year	Collections (\$) <sup>9</sup>	Percent Change
2019	48,832,408	(5.49)
2018	51,670,118	25.87
2017	41,049,064	(4.48)
2016	42,972,228	(2.26)
2015	43,965,496	8.72

Source: Department of Revenue's "Revenue Abstract."

## **Distribution:**

After the cost of administration and collection is deducted, 15% is deposited into the Pensions and Security Trust Fund and 85% is deposited into the Alabama Special Mental Health Trust Fund.

## **Major Exemptions:**

- (1) Gross receipts received from contracts made exclusively with any county or incorporated city or town.
- (2) That portion of the gross receipts received by the contractor under contractual escalation provisions allowing for an increase in the contract price for escalations in construction costs.

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<sup>9</sup> Gross collections.

**Legislative History:****Acts 1963, No. 308, p. 787**

Established 1% contractor's gross receipts tax on all contractors who construct, reconstruct, or build any public highway road, bridge, or street in the state and provided for proceeds to be credited to the Pensions and Security Trust Fund.

**Acts 1971, No. 1517, p. 2635**

Increased the rate from 1% to 5% of the gross receipts to current rate, except for contracts entered into before October 1, 1971, and provided for the distribution of the proceeds, after deduction of administrative cost, as 15% to the Pensions and Security Trust Fund and 85% to the Special Mental Health Trust Fund.

**Acts 1981, No. 682, p. 1151**

Provided an exemption for gross receipts received for escalations in construction costs.

**Acts 1983, No. 723, p. 1177**

Deleted the exemption for contracts in which the State is a joint party with a city, town, or county and defined "Gross Receipts."

**Comparison with Neighboring States:****Florida, Georgia, Mississippi and Tennessee**

No comparable taxes.

# Corporation and Business Entity Filing Fees

## **Statutory Authority:**

Sections 10A-1-4.31, and 10A-10-1.13, *Code of Alabama 1975*.

## **Tax Base:**

Fees paid by corporations and other types of business entities for filing documents and issuing certificates and for miscellaneous charges and penalties.

## **Tax Rate:**

<b>Fees for filing documents and issuing certificates for business entities:</b>	<b>State of Alabama</b>	<b>Probate Judge</b>
(1) Certificate of formation and restated certificate of formation.	\$100	\$50
(2) Amendment to certificate of formation.	\$50	\$25
(3) Name reservations:		
A. Less than 24 hours.	\$25	No fee
B. 24 hours or more.	\$10	No fee
(4) Certificate of dissolution (other than a statement of dissolution or cancellation under Chapter 8A).	\$100	\$50
(5) Certificate, articles, or statement of merger; statement of conversion, articles of consolidation or share exchange.	\$100	\$50
(6) Foreign entity registration including a statement of foreign limited liability partnership.	\$150	No fee
(7) Certificate of existence:		
A. Less than 24 hours.	\$25	No fee
B. 24 hours or more.	\$10	No fee
(8) Statements and any document required or permitted to be filed with the Secretary of State under Chapter 8A.	\$100	No fee
(9) Certified statements and any document required or permitted to be filed with the judge of probate under Chapter 8A.		\$100
(10) Any other filing instrument required or permitted to be filed under this title.	\$25	\$25
(11) The Secretary of State shall collect a fee of \$2 per page for copying and a fee of \$10 for certifying a copy of any filed document relating to an entity.		

The Probate Judge shall collect a fee of \$2 for copying and a fee of \$10 for certifying the copy of any filed document relating to an entity.

- (12) For requests for expedited handling of documents to be obtained in less than 24 hours, other than name reservations and certificates of existence, regarding document filings, certifications, and certificates, a \$100 surcharge is imposed.

**Collections:**

By Probate Judges and/or the Secretary of State.

<b>Fiscal Year</b>	<b>Secretary of State Gross Collections (\$) <sup>10</sup></b>	<b>Percent Change</b>
2019	9,290,304	6.37
2018	8,734,360	10.14
2017	7,930,049	(12.95)
2016	9,109,586	20.13
2015	7,582,813	2.08

Source: "Comparative Summary of Revenues by Revenue Source" Report - Comptroller's Office. Beginning FY 2016, "Comparative Schedule of Revenues" Report – STAARS.

**Distribution:**

Funds collected by the Probate Judges are deposited into county treasuries. Funds collected by the Secretary of State from corporations, partnerships, real estate investment trusts, and mergers of business entities are deposited 70% to the State General Fund and 30% to the Secretary of State Entity Fund.

**Legislative History:**

**Acts 1971, No. 1513, p. 2609**

Established the Alabama Partnership Act.

**Acts 1980, No. 633, p. 1094**

Established the Alabama Business Corporation Act.

**Acts 1981, 2<sup>nd</sup> Ex. Sess., No. 1073, p. 320**

Eliminated \$5 fee for filing annual reports.

**Acts 1983, No. 513, p. 737**

Established the Alabama Limited Partnership Act of 1983.

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<sup>10</sup> Includes collections deposited to the credit of the Secretary of State's Entity Fund and to the State General Fund.



**Acts 1984, No. 290, p. 502**

Established the Alabama Nonprofit Corporation Act.

**Acts 1988, 1<sup>st</sup> Ex. Sess., No. 899, p. 459**

Established Secretary of State Corporations Fund and schedule for deposits of collections into the Fund; also increased filing fees for business corporations.

**Acts 1993, No. 724, p. 1425**

Established the Alabama Limited Liability Company Act.

**Acts 1994, No. 245, p. 343**

Repealed and reestablished the Alabama Business Corporation Act.

**Acts 1996, No. 528, p. 685**

Established the Uniform Partnership Act of 1996; and provided for limited liability partnerships.

**Acts 1997, 1<sup>st</sup> Ex. Sess., No. 920, p. 312**

Revised substantially the Alabama Limited Liability Company Act.

**Acts 1997, 1<sup>st</sup> Ex. Sess., No. 921, p. 335**

Established the Alabama Limited Partnership Act of 1997.

**Acts 2000, No. 211, p. 279**

Established the Business Entities Conversion and Merger Act.

**Acts 2000, No. 724, p. 1550**

Increased the surcharge for expedited handling of filings by business corporations from \$10 to \$100.

**Acts 2009, No. 513, p. 967**

Established the Alabama Business and Nonprofit Entities Code to rearrange and provide uniformity among various statutes. Brought into a single section the various filing fee provisions scattered throughout the former law and increased filing and copying fees to current amounts. Changed the name of the Secretary of State's Corporations Fund to the Entity Fund. The provisions of the act were effective January 1, 2011.

**Acts 2009, No. 621, p. 1805**

Repealed the Alabama Limited Partnership Act of 1997 and established the Uniform Limited Partnership Act of 2010. The act became effective January 1, 2010; however, several provisions did not apply to certain limited partnerships until January 1, 2012.

**Acts 2010, No. 211, p. 337**

Changed the effective date for provisions of Act 2009-621 related to certain limited partnerships from January 1, 2012 to January 1, 2011 to coincide with the effective date of the Business and Nonprofit Entities Code established by Act 2009-513.

**Acts 2018, No. 125**

Amends the fee schedule for filing documents and issuing certificates for business entities collected by the Secretary of State or judge of probate. Increases fees collected by the Secretary of State and judge of probate for copying and certifying copies.

**Comparison with Neighboring States:****Florida**

The corporate franchise tax is in the form of a corporate income tax. Every corporation must file an annual report and pay a filing fee ranging from \$150 to \$550 depending on the type of business, collected when corporations file documents with the Department of State. For domestic and foreign corporations, articles of merger for each party, filing fees, registered agent designation, articles of dissolution, and amendment of any record, \$35; filing for reinstatement, \$600; and foreign corporation certificate of domestication, \$50.

**Georgia**

All domestic and foreign for-profit corporations, except nonprofit corporations and insurance companies, pay an annual corporation franchise tax graduated from \$125 for more than \$100,000 but not exceeding \$150,000 of net worth to \$5,000 for over \$22 million of net worth. The tax is based on net worth, including capital stock and paid-in surplus, and retained earnings of domestic corporations. Foreign corporations are taxed based on the proportion of net worth employed in the state of foreign corporations. The Secretary of State collects the following sample of fees: articles of incorporation, \$100; application for certificate of authority to transact business for foreign for-profit corporations, for foreign nonprofit corporations, and for foreign LLCs and LPs, \$225; an annual registration fee for corporations, LLCs and LPs, \$50; and any other document recording fee, \$20.

**Mississippi**

Every domestic and foreign corporation pays a franchise tax at the rate of \$2.50 per \$1000 of capital invested or employed in Mississippi (\$25 minimum tax). Each domestic and foreign corporation pays a \$25 filing fee, plus an electronic convenience fee if filed online, that must accompany each corporation's annual report. The Secretary of State collects the following sample of filing fees: articles of incorporation, amendment to articles, articles of correction, or articles of merger or share exchange,

\$50; articles of dissolution, \$25; application for certificate of authority, \$500; and application for withdrawal, \$25. LLC certificate of formation, amendment or dissolution, \$50.

### **Tennessee**

Every domestic and foreign corporation pays a franchise tax at the rate of \$0.25 per \$100 of net worth (\$100 minimum tax). The Secretary of State collects the following fees: Domestic Corporations - corporation charter and articles of merger or share exchange, \$100; application for certificate of withdrawal, articles of correction, articles of dissolution, and articles of amendment to the charter, \$20. Foreign Corporations – certificate of authority, \$600; application for amended certificate of authority or certificate of withdrawal, \$20.

## Credit Union Fees

### **Statutory Authority:**

Section 5-17-7, *Code of Alabama 1975*.

### **Tax Base:**

Annual operating fee for the privilege of operating a credit union, an annual operating assessment, and a one-time application fee for a certificate of organization.

### **Tax Rate:**

- (1) All state chartered and corporate credit unions pay an annual operating fee, the exact amount to be fixed by the Administrator of the Alabama Credit Union Administration. The fee cannot exceed the fee calculated according to the following scale or the administrator may authorize payment of the schedule used by federal credit unions, if deemed appropriate by the administration:

<b>Assets</b>	<b>Base Fee</b>	<b>Fee per \$100 of Assets</b>
\$0 to \$500,000	None	\$0.12 (\$200 maximum)
\$500,000 to \$1,000,000	\$600	\$0.05
\$1,000,000 to \$5,000,000	\$850	\$0.035
\$5,000,000 to \$10,000,000	\$2,250	\$0.02
\$10,000,000 to \$20,000,000	\$3,250	\$0.018
\$20,000,000 to \$50,000,000	\$5,050	\$0.016
\$50,000,000 to \$100,000,000	\$9,850	\$0.013
\$100,000,000 or more	\$16,350	\$0.011

- (2) The Administrator may fix an annual operating assessment that is approved by the Credit Union Board to ensure the Alabama Credit Union Administration is not operated in a deficit.
- (3) Application fee, not to exceed \$1,000, is required whenever application is made for permission to organize a credit union.

### **Collections:**

By the Credit Union Administration due on or before the last day of January of each year, based on the assets of the credit union as of the end of the previous year.

<b>Fiscal Year</b>	<b>Collections (\$)</b>	<b>Percent Change</b>
2019	1,837,299	1.83
2018	1,804,287	2.71

Fiscal Year	Collections (\$)	Percent Change
2017	1,756,631	4.15
2016	1,686,696	5.48
2015	1,599,026	18.44

Source: "Comparative Summary of Revenues by Fund" Report - Comptroller's Office. Beginning FY 2016, "Comparative Schedule of Revenues" Report – STAARS.

### **Distribution:**

All proceeds are deposited into the Alabama Credit Union Administration Special Fund to cover the expenses of operating the Alabama Credit Union Administration.

### **Legislative History:**

#### **Acts 1957, No. 603, p. 862**

Established examination fees for credit unions of \$25 per examiner per day for each credit union examined plus actual expenses of the persons making the examination with graduated maximum examination fees set according to total assets.

#### **Acts 1967, No. 221, p. 589**

Increased examination fees; and levied a \$50 application fee for a certificate of organization.

#### **Acts 1975, No. 561, p. 1267**

Increased operating fees.

#### **Acts 1981, No. 852, p. 1529**

Increased operating fees.

#### **Acts 1985, No. 457, p. 425**

Revised the fee schedule and application fee amount; and removed Bureau of Credit Unions from State Banking Department, creating the Alabama Credit Union Administration.

#### **Acts 1995, No. 315, p. 667**

Provided for membership fees of credit unions.

#### **Acts 2014, No. 317, p. 1122**

Established the current fee schedule. Allowed the Administrator to set the annual operating fees using the federal credit union fee schedule and to set an annual operating fee for corporate credit unions, not to exceed the maximum annual operating fee schedule for state-chartered credit unions.

Increased the maximum application fee to \$1,000.

#### **Acts 2016, No. 133, p. 315**

Clarifies the application fee charged for the organization of a credit union cannot exceed \$1,000.

**Acts 2017, No. 319, p. 569**

Amended the examination cycle for credit unions to at least once every 18 months.

**Comparison with Neighboring States:****Florida**

State chartered credit unions pay a maximum semiannual fee equal to \$500 plus \$0.15 for each \$1,000 of total assets. The Department can charge less by rule and currently charges \$50 for total assets not over \$500,000 with increasing charges up to a maximum fee of \$126,982.50 plus .0035% of assets over \$2 billion. State chartered credit unions that merge with another credit union pay a one-time merger fee of \$500. Nonrefundable filing fee is \$250.

**Georgia**

Fee charges are the same as for commercial banks which is from .18% of total assets of up to \$1.7 million up to a maximum fee of \$5,976,529 plus .002% of total assets of more than \$180 billion. Minimum fee is \$350. There is no application fee for a certificate of organization. The fees charged all depository institutions are adjusted at year-end to cover the costs of regulation. This is accomplished by surcharges or discounts to the above schedule. A fee is charged for the establishment of residential common bond credit unions at \$1,000. Mergers and application fees are \$1,000 and up to \$20,000 respectively, and both are discretionary fees.

**Mississippi**

Examination fee is determined by the Commissioner of Banking and Consumer Finance who assesses the credit union based on the cost of the average daily expenses of the Department of Banking and Consumer Finance plus other expenses actually incurred. An annual supervision fee of \$.10 per \$1,000 of assets (minimum fee of \$20 and a maximum of \$200) is due by statute. Other fees, including merger fees, range from \$500 to \$2,500 and are set by the commissioner.

**Tennessee**

The supervision fee assessed to each credit union is allocated in proportion to the total assets reported by the credit union in its June 30 Statement of Financial Condition. The commissioner may establish minimum assessment tiers, which shall not exceed \$5,000, and the maximum assessment shall not exceed 80% of the allocated amount as calculated for any credit union with an asset size greater than \$1,000,000,000. In determining the minimum assessment and the maximum assessment tiers, the commissioner may consider (1) the asset size of each credit union; (2) the concentration risk on department revenue sources; (3) the budgetary needs of the credit union division; and (4) other

information that the commissioner considers relevant to the determination. There is an application fee of \$10 for a certificate of organization and a merger fee of \$300.

## Deed Record Tax

### **Statutory Authority:**

Sections 11-62-18(c), 11-97-18(c), 40-22-1 through 40-22-12, *Code of Alabama 1975*.

### **Tax Base:**

License or privilege tax on deeds, bills of sale, and other instruments that convey real or personal property or convey any interest in such property within the state. The tax applies only to the value in excess of any lien on which the mortgage record tax has been paid. When several deeds are executed for the same consideration, only one of such deeds is taxable.

### **Tax Rate:**

\$.50 for each \$500 or fraction thereof in value of property conveyed.

### **Collections:**

By the probate judge of each county at the time of recording such instrument. The tax on deeds conveying property situated in more than one county is also collected by the judge of probate, but only after a petition is made to the Department of Revenue and the Department determines the amount of tax due and the distribution of proceeds.

Fiscal Year	Collections (\$) <sup>11</sup>	Percent Change
2019	10,496,358	(1.37)
2018	10,642,196	6.65
2017	9,978,359	5.27
2016	9,478,709	10.37
2015	8,588,238	4.01

Source: "State General Fund - Comparison of Net Receipts" Report – Comptroller's Office. Beginning FY 2016, "General Fund Net Receipts of Revenues" Report – STAARS.

### **Distribution:**

After 2.5% of the total amount collected is deducted for the administrative costs of the Probate Judge proceeds are distributed as follows: 2/3 to the State General Fund and 1/3 to the county treasury.

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<sup>11</sup> General Fund collections only.



**Major Exemptions:**

- (1) Recordings by churches and other religious organizations are exempt if they result from division into two or more similar organizations or from the consolidation of two or more religious organizations into a single organization.
- (2) Transfer of mortgages on real or personal property upon which the mortgage tax has been paid.
- (3) The re-recording of corrected mortgages or deeds for the purpose of perfecting the title to real estate.
- (4) Deeds executed for a nominal consideration for the purpose of perfecting title.
- (5) Deeds executed before October 1, 1923.
- (6) Deeds filed to convey to or from or create any property interest in or by a Municipal Special Health Care Facility Authority created pursuant to Chapter 62 of Title 11.
- (7) Deeds filed to convey to or from or create any property interest in or by a public corporation organized pursuant to Chapter 97 of Title 11.

**Legislative History:****Acts 1935, No. 194, p. 256**

Established Deed Record Tax at present rates.

**Acts 1951, No. 816, p. 1449**

Provided for exemption from the Deed Record Tax of recordings of instruments previously exempt from the Mortgage Record Tax upon transfer to a person or entity not exempt from the Mortgage Record Tax.

**Acts 1953, No. 769, p. 1029**

Provided procedure for filing instruments which have been exempted by law from payment.

**Acts 1976, No. 274, p. 304**

Further exempted certain conveyances of religious organizations.

**Acts 1979, No. 332, p. 506**

Provided that deeds filed to convey to or from or create any property interest in or by a Municipal Special Health Care Facility Authority created pursuant to Chapter 62 of Title 11 are exempt.

**Acts 1984, No. 314, p. 695**

Provided that deeds filed to convey to or from or create any property interest in or by a public corporation organized pursuant to Chapter 97 of Title 11 are exempt.

**Acts 1987, No. 816, p. 1630**

Exempted re-recording instruments which are made to correct errors.

**Acts 2012, No. 494, p. 1444**

Required any instrument presented for record to be accompanied by proof of the actual purchase price paid for the property or if the property has not been sold proof of the actual value of the property which is the subject of the instrument being recorded.

**Comparison with Neighboring States:****Florida**

A Documentary Excise Tax is imposed on conveyances of realty in the amount of \$.70 on each \$100 of the consideration unless a county levies the optional local documentary stamp surtax, then the state rate is \$.60 on each \$100 of the consideration.

**Georgia**

A Realty Transfer Tax is imposed on each conveyance of real property in the amount of \$1 for the first \$1,000 or fraction of consideration or value of the property, plus \$.10 for each additional \$100 or fraction of consideration or value of the property.

**Mississippi**

No comparable tax.

**Tennessee**

A Real Estate Transfer Tax is applied to all realty transfers in the amount of \$.37 per \$100 on the consideration for the transfer or the value of the property, whichever is greater. The maximum tax is \$100,000 for any real or personal property constructed, acquired or developed for the principal purpose of manufacturing, processing, fabricating or assembling any manufactured product.

# Driver Record Report Fee

## **Statutory Authority:**

Sections 32-2-8, 32-6-49.15, and 32-7-4, *Code of Alabama 1975*.

## **Tax Base:**

A fee paid by persons who request a motor vehicle operator's driver record abstract.

## **Tax Rate:**

\$5.75 for a three-year driver record history and \$15 for a lifetime driver record history.

## **Collections:**

By the Department of Public Safety (within the Alabama Law Enforcement Agency).

Fiscal Year	Collections (\$)	Percent Change
2019	11,394,917	1.51
2018	11,225,144	0.27
2017	11,195,437	1.50
2016	11,030,085	(2.71)
2015	11,337,558	5.11

Source: "Comparative Summary of Revenues by Revenue Source" Report – Comptroller's Office. Beginning FY 2017, "Comparative Schedule of Revenues" Report – STAARS.

## **Distribution:**

All proceeds for a three-year driver record history are deposited into the State General Fund. For a lifetime driver record history, \$10 is deposited into the State General Fund and \$5 is deposited into the Public Safety Fund. FY 2016 receipts include \$16,434 deposited into the Public Safety Fund.

## **Legislative History:**

### **Acts 1951, No. 704, p. 1224**

Established a fee of \$.50 for a motor vehicle operator's record certified abstract.

### **Acts 1961, No. 707, p. 999**

Provided that the fee for a motor vehicle operator's record certified abstract may be no less than \$.50 but no more than \$1, to be determined by the Director of the Department of Public Safety.

### **Acts 1971, No. 1598, p. 2743**

Increased the fee for a motor vehicle operator's record abstract to \$2.

**Acts 1983, No. 722, p. 1177**

Increased the fee for a motor vehicle operator's record abstract to \$4.

**Acts 1988, 1<sup>st</sup> Ex. Sp. Sess., No. 721, p. 112**

Increased the fee charged for a copy of any record in the files of the Department of Public Safety to \$5.

**Acts 1988, 1<sup>st</sup> Ex. Sess., No. 909, p. 486**

Increased the fee for a motor vehicle operator's record abstract to the current rate.

**Acts 1989, No. 878, p. 1759**

Provided for the Alabama Uniform Commercial Driver's License Act, which provides that driving record information will be provided to employers or prospective employers and businesses upon request and payment of a fee of \$5.75.

**Acts 2001, No. 471, p. 627**

To comply with the federal commercial driver's license provisions, the Department of Public Safety began providing a lifetime driver record history to employers and prospective employers of the CDL holder and charging \$15 per record. The fee was based on this act which increased the maximum fee for a copy of a record or report to \$15. Ten dollars of the fee is paid into the State General Fund (an increase of \$5 to the General Fund) and the remaining \$5 is deposited into the Department of Public Safety Highway Traffic Safety Fund (now the Public Safety Fund).

**Comparison with Neighboring States:****Florida**

\$8 for a three-year driver record history; \$10 for a seven-year history.

**Georgia**

\$6 for a three-year driver record history; \$8 for a seven-year history.

**Mississippi**

\$11 for a three-year driver record history (plus a convenience fee).

**Tennessee**

\$5 for a three-year driver record history (\$7 online).

## Driver's License Fees

### **Statutory Authority:**

Sections 13A-12-294, 32-6-1 through 32-6-21, and 32-6-49.1 through 32-6-49.24, *Code of Alabama 1975*.

### **Tax Base:**

Privilege tax upon the operator of a motor vehicle using the highways of Alabama.

### **Tax Rate:**

#### **Regular (Class D) License:**

Examination fee of \$5, plus \$36.25 for (1) a 4-year driver's license, (2) an 8-year nondriver's identification card issued to persons who are less than 62 years of age and who are not mentally or physically disabled or legally blind, or (3) a learner's license. A learner's license converts to a driver's license for the duration of the four years when the driver's examination is passed. Cost of production plus \$1.50 for a permanent nondriver's identification card for a person age 62 or older who is not mentally or physically disabled or legally blind. \$1.50 for a permanent nondriver's identification card for a person who is mentally or physically disabled or legally blind. \$31.25 for each duplicate license. \$275 for first application for reinstatement for a canceled, suspended, or revoked license due to a drug or alcohol related offense; \$175 for first application for reinstatement of a revoked license due to a non-drug or alcohol related offense; \$100 for first application for reinstatement of a canceled or suspended license due to a non-drug or alcohol related offense; and \$5 for second and subsequent applications for reinstatement. An additional reinstatement fee of \$25 is charged if the license was suspended pursuant to Section 13A-12-294, which requires suspension of a driver's license for an additional 6 months upon conviction of certain drug related crimes.

#### **Commercial License:**

Application fee of \$25 for a commercial driver's license (CDL) learner permit, plus \$36.25 for a CDL learner's permit. Application fee of \$25, plus \$66.25 (Class A license), \$56.25 (Class B license), or \$36.25 (Class C license or school bus license) for a 4-year CDL, plus \$25 for each endorsement. There is also a \$15 retest fee for the written portion of the test, a \$20 fee for the skills portion of the license test, and a hazardous materials endorsement fee, which shall not exceed the cost of conducting a background check. The holder of a valid commercial license may drive all vehicles for which that license is issued and all lesser classes of vehicles including Class D (vehicles for which only a regular operator's license is required), except motorcycles (Class M).

**Class A license**

Any combination of vehicles with a gross vehicle weight of 26,001 lbs. or more, provided the weight of the vehicle(s) being towed is more than 10,000 lbs.

**Class B license**

Any single vehicle with a gross vehicle weight of 26,001 lbs. or more and any such vehicle towing a vehicle with a gross weight not in excess of 10,000 lbs.

**Class C license**

Any single vehicle with a gross vehicle weight of less than 26,001 lbs. or any such vehicle towing a vehicle with a gross vehicle weight not in excess of 10,000 lbs. if those vehicles are (a) designed to transport 16 or more passengers, including the driver, or (b) used in the transportation of hazardous materials which require the vehicle to be placarded.

**Collections:**

License fees are collected by the probate judges or license commissioners of each county who remit the state share each month to the State Treasury. License duplicate, reinstatement, and examination fees are collected by the Alabama Law Enforcement Agency.

<b>Fiscal Year</b>	<b>Licenses (\$) <sup>12</sup></b>	<b>Reinstatements (\$)</b>	<b>Examinations (\$)</b>	<b>Total</b>	<b>Percent Change</b>
2019	16,209,522	5,317,043	824,467	22,351,032	6.31
2018	14,912,182	5,274,925	837,794	21,024,901	(4.88)
2017	15,787,380	5,449,269	866,693	22,103,342	(4.38)
2016	16,637,321	5,673,864	805,715	23,116,900	4.00
2015	15,314,501	6,122,643	791,145	22,228,289	1.79

Source: "Comparative Summary of Revenues by Revenue Source" Report – Comptroller's Office. Beginning FY 2017, "Comparative Schedule of Revenues" Report – STAARS.

**Distribution:**

Each probate judge and/or county retains a total of \$1.50 for each license or identification card issued, and the balance is deposited into the State General Fund to be appropriated for public safety use. However, \$20.75 of the \$36.25 license fee for (1) a regular (Class D) license, (2) a nondriver's identification card, or (3) a learner's license is deposited to the Public Safety Fund for the Alabama Law Enforcement Agency and \$.50 is allocated and appropriated to the Alabama Veterans Living Legacy Trust Fund. The

<sup>12</sup> State General Fund amounts only (excludes portion of fees retained by county or deposited to the Public Safety Fund). Includes Class D drivers' and learners' licenses, commercial driver licenses, nondrivers' identification cards, and duplicate cards.

additional \$25 reinstatement levied pursuant to Section 13A-12-294 for conviction of certain drug related crimes is deposited to the Public Safety Fund for the Alabama Law Enforcement Agency. Examination fees are deposited to the State General Fund, and fees for reinstatement of canceled, revoked, or suspended licenses are deposited to the State General Fund and the Public Safety Fund. Fees for a duplicate of a lost or destroyed license are credited to the Public Safety Fund for the Alabama Law Enforcement Agency rather than to the State General Fund, except for \$1.50 is retained by the county and \$.50 is collected and appropriated to the Alabama Veterans Living Legacy Trust Fund. Also, \$.75 of each commercial driver license application fee is distributed to the Peace Officers' Annuity and Benefit Fund, and the hazardous materials endorsement fee is distributed to the Automated Fingerprint Identification System Fund.

**Major Exemptions:**

- (1) Any employee of the federal government while driving an official motor vehicle in the service of their employer.
- (2) Any person while driving any road machine or farm tractor that is temporarily moved on a highway.
- (3) Any 16-year-old or older nonresident who has a valid driver's license from his home state or country.
- (4) Any 16-year-old or older nonresident whose home state or country does not require a driver's license is exempt for a 90-day period if the motor vehicle driven is registered in their home state or country.
- (5) Any active duty military or National Guard personnel operating government vehicles, farmers operating certain commercial motor vehicles, firefighters and operators of emergency equipment exempt from licensing provisions of the federal Commercial Motor Vehicle Safety Act of 1986 (Title XII of Pub. Law 99-570), and drivers of vehicles used for personal use, such as recreational vehicles, are exempt from the commercial driver's license requirement.

**Legislative History:**

**Acts 1939, No. 181, p. 300**

Established the regulation of motor vehicles on public highways and established the license fee at \$1.10 (\$.10 of which was retained by the probate judges) for a 2-year license and \$.25 for a duplicate license or temporary instruction permit; provided that driver's license receipts be deposited to a separate fund in the State Treasury – the Highway Patrol Fund.

**Acts 1951, No. 485, p. 868**

Increased driver's license fee to \$2.25 (\$.25 of which was retained by the probate judges and the counties).

**Acts 1951, No. 880, p. 1519**

Increased temporary instruction permit fee to \$.35.

**Acts 1959, No. 346, p. 935**

Provided for issuance of learners' permits to 15-year olds and established \$.50 fee for such permits.

**Acts 1963, No. 193, p. 582**

Increased license fee to \$4.25 for a 2-year license (\$.25 of which was retained by the probate judges and the counties and changed distribution of driver license receipts to provide that they be deposited to the State General Fund and be appropriated to the Department of Public Safety for salaries and other expenses of traffic and motor vehicle enforcement personnel.

**Acts 1971, No. 1597, p. 2743**

Provided for \$25 application fee for reinstatement of canceled, suspended, or revoked license to be deposited to the State General Fund.

**Acts 1971, No. 1933, p. 3121**

Increased fee for duplicate license to \$1 and \$4 for subsequent duplicates.

**Acts 1973, No. 1289, p. 2201**

Increased temporary instruction permit fee for persons 16 years of age or older to \$.50.

**Acts 1973, No. 1290, p. 2203**

Increased fee for first duplicate license to \$1.50.

**Acts 1975, No. 539, p. 1192**

Required photograph on license and changed fee to \$9 for a 4-year license (\$.50 of which was retained by the probate judges and the counties) and provided for \$9, 4-year nondriver identification cards and changed the use of driver license receipts appropriated from the State General Fund to "Public Safety Use."

**Acts 1979, No. 203, p. 311**

Increased the fee from \$9 to \$10 for a 4-year license or nondriver identification card with the additional \$1 for a total of \$1.50 to be retained by the probate judges and/or the counties.

**Acts 1980, No. 510, p. 789**

Increased the fee for a 4-year driver's license or nondriver identification card to \$15.

**Acts 1980, No. 530, p. 829**

Provided for an examination fee of \$5 prior to testing for driver's licenses, temporary instruction and learners' permits, and motor driven cycle operator's licenses.



**Acts 1983, 3<sup>rd</sup> Ex. Sess., No. 825, p. 41**

Provided that nondriver identification cards do not require renewal.

**Acts 1984, No. 305, p. 678**

Authorized the Department of Public Safety to levy an additional fee (not to exceed \$.10 over actual costs of materials) to recover the cost of obtaining photo driver's licenses and nondriver's identification cards. The Department implemented this act effective January 7, 2002, at which time fees were increased by \$3, with the additional \$3 deposited to the Highway Traffic Safety Fund.

**Acts 1984, 1<sup>st</sup> Ex. Sess., No. 815, p. 248**

Provided for special 8-year nondriver identification cards for intellectually disabled persons for a fee of \$2 and allowed the counties to retain \$.25 for each card issued.

**Acts 1988, 1<sup>st</sup> Ex. Sess., No. 728, p. 125**

Increased the cost of a duplicate license from \$1.50 to \$5 and the cost of subsequent duplicates from \$4 to \$15.

**Acts 1988, 1<sup>st</sup> Ex. Sess., No. 729, p. 125**

Increased the cost of temporary instruction and 15-year-old learner's permit to \$15 and extended validity of such permit to four years (converts to operator's license for duration if driver's examination passed during that time).

**Acts 1988, 1<sup>st</sup> Ex. Sess., No. 731, p. 134**

Increased the cost of an application for reinstatement of a canceled, suspended, or revoked license to \$50; established additional fee of \$50 if canceled, suspended, or revoked license not surrendered within 30 days.

**Acts 1989, No. 878, p. 1759**

Established the Uniform Commercial Driver License Act. Effective October 1, 1990, persons driving a commercial motor vehicle must hold a commercial driver's license valid for the vehicle being driven (or must hold a valid automobile license and be accompanied by the holder of a commercial driver's license valid for said vehicle). Provided for an application fee of \$5 (not assessed against existing bus drivers); \$45 for a Class A CDL; \$35 for a Class B CDL; and \$15 for a Class C CDL.

**Acts 1990, No. 577, p. 982**

Provided for \$15 fee for school bus driver's commercial driver's license.

**Acts 1993, No. 352, p. 546**

Levied an additional \$25 fee for reinstatement of drivers' licenses suspended pursuant to this act for conviction of certain drug related crimes. The additional fee is deposited to the Public Safety Drug Offender Reinstatement Fund for use of the Department of Public Safety.

**Acts 1993, No. 769, p. 1538**

Increased the fee for a 4-year regular driver's license, nondriver identification card, or learner's license from \$15 to \$20; created the Public Safety Law Enforcement Fund into which the additional \$5 is deposited, to be appropriated and expended for law enforcement purposes.

**Acts 1995, No. 522, p. 1057**

Changed nondriver identification card for mentally handicapped persons from \$2 fee and 8-year renewal requirement to \$1.50 fee for permanent card; changed nondriver identification card for physically disabled or legally blind persons from \$20 fee for permanent card to \$1.50 fee for permanent card; changed nondriver identification card for persons age 62 and over from \$20 fee for permanent card to the cost to the Department of Public Safety and the county issuance fee (total of \$5 - \$3.50 Department cost and \$1.50 issuance fee). Fee for nondriver identification card for persons less than age 62 who are not mentally or physically disabled or legally blind remained \$20, with 8-year renewal required (former card was permanent).

**Acts 2000, No. 800, p. 1901**

Created the Highway Traffic Safety Fund for the Department of Public Safety to replace the Drug Offender Reinstatement Fund and the Public Safety Law Enforcement Fund; increased the fee from \$5 to \$15 for issuance of the first duplicate; and provided that all receipts from fees for duplicate of a lost or destroyed license shall be deposited in the Highway Traffic Safety Fund, rather than to the State General Fund, effective October 1, 2000.

**Acts 2001, No. 471, p. 627**

Increased certain fees (also see Motor Vehicle Accident Report Fee), effective August 1, 2001, imposed by the Department of Public Safety. The fee for reinstatement of a driver's license increased as follows:

- from \$50 to \$275 for a license canceled, suspended, or revoked as a result of a drug or alcohol related offense, of which \$200 shall be deposited to the Highway Traffic Safety Fund and \$75 to the State General Fund (a \$25 increase to the General Fund);
- from \$50 to \$175 for a license revoked as a result of an offense not related to drugs or alcohol, of which \$100 shall be deposited to the Highway Traffic Safety Fund and \$75 to the State General Fund (a \$25 increase to the General Fund); and

- from \$50 to \$100 for a license canceled or suspended as a result of an offense not related to drugs or alcohol, of which \$25 shall be deposited to the Highway Traffic Safety Fund and \$75 to the State General Fund (a \$25 increase to the General Fund).

Also exempted from reinstatement fees, anyone whose driver's license has been suspended for medical reasons.

**Acts 2004, No. 521, p. 1060**

Amended certain sections of the Alabama Uniform Commercial Driver License Act, including provisions to increase or add certain commercial driver license fees as follows:

- Increased the application fee for a Commercial Driver License (CDL) from \$5 to \$25, with \$19.25 of the additional \$20 to be deposited to the State General Fund and \$.75 to the Peace Officers' Annuity and Benefit Fund.
- Increased the application for an endorsement fee from \$5 to \$25, with the additional \$20 to be distributed to the Highway Traffic Safety Fund.
- Increased the retest fee from \$5 to \$15, with the additional \$10 to be deposited to the Highway Traffic Safety Fund.
- Established an application fee of \$25 for the CDL learner's permit, with \$24.25 to be deposited to the State General Fund and \$.75 to the Peace Officers' Annuity and Benefit Fund; a skills portion of the license test fee of \$20, to be deposited to the Highway Traffic Safety Fund; and a hazardous materials endorsement fee, which shall not exceed the actual cost of conducting a background check, to be deposited to the Automated Fingerprint Identification System Fund.
- Increased by \$5 the fee for the issuance of a CDL, with the additional \$5 to be deposited to the Highway Traffic Safety Fund.
- Provided for the issuance of a CDL learner's permit, valid for one year, for a fee of \$20, to be deposited to the Highway Traffic Safety Fund.

**Acts 2006, No. 554, p. 1274**

Provided that all driver's license and nondriver identification card fees remain the same including the \$1.50 fee that goes to the county. However, prior to enactment of this act in counties in which the judge of probate was compensated by fees (Marion and Winston), 40% of each \$1.50 was retained by the judge and the remaining 60% was paid into the public highway and traffic fund of the county, and in counties in which the judge was not compensated by fees, the entire amount (\$1.50) was paid into the public highway and traffic fund of the county. This act provides that the \$1.50 be remitted to the

county general fund, rather than the public highway and traffic fund of the county and, in Marion and Winston Counties, the judge of probate (fund).

**Acts 2009, No. 762, p. 2308**

Changed the list of items to be considered in determining the actual cost of obtaining a photo driver's license and nondriver identification card and imposed an additional \$.50 for each driver's license and photo nondriver identification card issued, with the additional receipts allocated and appropriated to the Alabama Veterans Living Legacy Trust Fund.

**Acts 2015, No. 185, p. 476**

Effective January 30, 2016, required the Alabama Law Enforcement Agency, in collaboration with the Board of Pardons and Paroles, to implement a hardship driver license program with specified driving privileges for inmates in work release or community corrections programs and for persons released from incarceration.

**Acts 2015, No. 223, p. 656**

Provided for a motorcycle knowledge test, at a fee of \$5, prior to operating a motorcycle on a highway as well as a Class M motorcycle endorsement or a Class M motorcycle license.

**Act 2016, No. 336**

Provided that an applicant may renew a driver's license within 180 days, rather than 30 days, prior to the expiration of the license. Active duty members of the United States Armed Forces are exempted from the 180-day limit upon proof of deployment.

**Acts 2019, No. 249**

Authorizes the issuance of Class A commercial driver licenses to individuals who have reached the age of 18 years but who have not reached the age of 21 years for use only in intrastate commerce.

**Comparison with Neighboring States:**

**Florida**

\$48 original regular license and \$48 renewal license fee for eight years; \$48 learner's license; \$25 nondriver's identification card for eight years for persons 15 years or older and four years for persons five through 14 years old (\$25 renewal fee); \$75 for 8-year commercial driver license. Commercial driver licenses endorsed with hazardous materials are valid for four years. Commercial driver license endorsements and motorcycle endorsement are \$7 for each endorsement (more for hazardous material endorsement). All licenses for customers age 80 or older are valid for six years.

**Georgia**

\$32 for 8-year regular license; \$10 provisional license for up to five years; \$32 for 8-year commercial license plus \$5 for each endorsement added; \$32 for 8-year nondriver's identification card. If renewed using online services, the person receives a \$5 discount.

**Mississippi**

\$24 for 4-year regular license for persons 18 and older; \$47 for 8-year regular license for persons 18 and older (if less than 18, must present education attendance form); \$17 for 4-year nondriver's identification card; \$7 for 2-year learner's permit; \$11 for intermediate license (must be 16 and have for 1 year); \$29 for Class D commercial license; \$25 one-time application fee for commercial license for vehicles over 26,000 lbs. and those which carry hazardous waste or 16 or more passengers, plus \$55 for commercial license and \$5 for each endorsement; \$16 learner's permit for commercial vehicles over 26,000 lbs. (valid 6 months).

**Tennessee**

\$28.00 for a 8-year Class D license; \$5.50 for one-year learner's permit for ages 18 and older; \$10.50 for one-year learner's permit for ages under 18; \$12.00 for nondriver's identification card valid for 8 years (if under age 18, \$5 and valid for 2 years); \$24.50 for 5-year Class D intermediate restricted license (graduated driver license); \$2 for 1 year Class D intermediate unrestricted license (graduated driver license); \$10 to graduate to Class D (until age 21); and \$70 for a Class A or \$62 for a Class B or C commercial license, valid for 8 years, plus \$8.50 for each endorsement.

# Dry Cleaning Facility Registration Fees

## **Statutory Authority:**

Sections 22-30D-1 through 22-30D-12, *Code of Alabama 1975*.

## **Tax Base:**

A voluntary annual registration fee paid by each owner or operator of a dry cleaning facility located in the state and each wholesale distributor selling to dry cleaning facilities in the state electing to be covered by the Alabama Dry Cleaning Environmental Response Trust Fund, a self-insurance program for the dry cleaning industry.

## **Tax Rate:**

- (1) Existing owner or operator of a dry cleaning facility prior to May 24, 2000 – 2% of the gross receipts earned in the state during the prior calendar year, not to exceed a total registration fee of \$25,000, regardless of the number of facilities owned.
- (2) Each new owner or operator coming into existence after May 24, 2000, acquiring an existing dry cleaning facility after May 24, 2000 – for the first year, 2% of the gross receipts earned in the state by the prior owner during the prior calendar year less any registration fee paid by the prior owner for the same year.
- (3) Each new owner or operator coming into existence after May 24, 2000 – a one-time registration fee equal to \$5,000 for the first year of operation, and for the second year a registration fee equal to the greater of \$5,000 or 2% of the gross receipts earned by the new owner or operator during the first year of operation. Thereafter, the new owner or operator pays the normal annual registration fee (equal to 2% of the gross receipts earned in the state during the prior calendar year, not to exceed a total of \$25,000).
- (4) Wholesale distributors selling dry cleaning agents to dry cleaning facilities in the state – a registration fee of \$5,000.
- (5) Any person, other than an owner or operator or wholesale distributor who elects not to be covered, owning any abandoned dry cleaning facility who suspects contamination or any impacted third party who has reported contamination on its property to the Alabama Department of Environmental Management (ADEM), prior to receipt of any payment from the Fund, must pay a registration fee equal to \$5,000 per site as a self-insurance premium for coverage under the Fund until the site is subject to no further action by ADEM.

- (6) If the unobligated principal of the Fund equals or exceeds \$8 million on April 1 of any year, the registration fees will not be collected on or after the next July 1 until April 1 of the following year. Thereafter, if the unobligated balance of the Fund equals \$4 million or less, the registration fees will again be collected on and after the next July 1.

**Collections:**

By the Department of Revenue on a quarterly basis for each owner or operator of a dry cleaning facility electing to be covered, one-fourth each on April 1, July 1, October 1, and January 1, to be delinquent on the 20<sup>th</sup> of each such month. The registration fee paid annually by each wholesale distributor electing to be covered must be paid annually to the Department of Revenue on April 1 and shall become delinquent on the 20<sup>th</sup> day of April.

<b>Fiscal Year</b>	<b>Collections (\$) <sup>13</sup></b>	<b>Percent Change</b>
2019	223,106	(15.96)
2018	265,484	(25.53)
2017	356,505	29.58
2016	275,127	(0.32)
2015	276,018	(5.62)

Source: Department of Revenue's "Revenue Abstract."

**Distribution:**

- (1) As a first charge against revenues, to offset the costs in administering such collections, the Department of Revenue receives \$50,000 each fiscal year.
- (2) ADEM receives \$75,000 each fiscal year. In addition, ADEM is entitled to be paid its actual cost of rulemaking and oversight.
- (3) After the payment of the above distributions, the balance of the revenues is deposited into the Alabama Dry Cleaning Environmental Trust Fund to be used by the Board as a dry cleaning industry self-insurance program for the payment of costs to covered owners or operators, persons owning any abandoned dry cleaning facility, wholesale distributors, impacted third parties, or adjacent landowners for each of the following:
  - (a) Investigation and assessment of contamination or suspected contamination; and
  - (b) Remediation, if necessary, of contamination pursuant to a remediation plan, which may consist of clean-up of affected soil and water.

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<sup>13</sup> Gross collections.

**Major Exemptions:**

- (1) A “stand alone” coin-operated laundry or coin-operated dry cleaning facility.
- (2) A facility located on a United States military base or owned by the United States or a department or agency thereof.
- (3) A facility owned or leased by the state, any county, city, town, or public or quasi-public organization of the state, any public subdivision thereof, or any agency or department thereof, or any corporate body or system of the state under the management or administration of a board of control or governing board established by the state.
- (4) A facility primarily engaged in uniform service or linen supply.
- (5) Prisons, hotels, motels, industrial laundries or dry cleaners not providing services to the general public, hospitals or nursing homes.
- (6) Any facility owned or leased by any owner or operator who elects not to be covered.
- (7) An adjacent landowner seeking payment from the Fund is not required to pay a one-time registration fee.

**Legislative History:****Acts 2000, No. 740, p. 1624**

Established the Alabama Dry Cleaning Environmental Trust Fund Act. Established the self-insurance program; created the Alabama Dry Cleaning Environmental Response Trust Fund Advisory Board; and established the elective registration fees at current rates and distribution.

**Comparison with Neighboring States:****Florida**

An initial registration fee of \$100 is due from all new drycleaners and wholesale supply businesses. A gross receipts tax is levied on each dry cleaning facility at a rate of 2% of all charges. A tax of \$5 per gallon is levied on the sale of perchbroethylene to a dry cleaning facility. An annual registration fee of \$100 is due from all operating dry cleaning facilities and wholesale supply facilities that have registered.

**Georgia**

Georgia Hazardous Site Response Act (HSRA) of 1992 – Dry cleaners who generate and ship their hazardous waste off-site for treatment, storage, disposal, incineration, or recycling are required to pay hazardous waste fees based upon the amount of hazardous waste generated each year.

Conditionally exempt small quantity generators (produce less than or equal to 220 pounds in any month of the year) do not have to pay any hazardous waste fees. Small quantity generators (produce



more than 220 pounds and less than 2,200 pounds in any month of the year) are required to pay an annual fee of \$115. Large quantity generators (produce greater than 2,200 pounds in any month of the year) must pay fees on a per ton rate (see table below).

<u>Method of Handling Waste Off-site</u>	<u>Fee Per Ton of Hazardous Waste</u>
Hazardous waste shipped off sit to a company permitted to dispose of it	\$23.00
Hazardous waste shipped off site to a company permitted to treat or store it	\$18.40
Hazardous waste disposed of or incinerated on site	\$11.50
Hazardous waste shipped off sit to a company permitted to burn it for energy recovery	\$10.35
Hazardous waste treated or stored on site	\$4.60
Hazardous waste burned for energy recovery on site	

## Mississippi

The fee upon each large quantity generator and each small quantity generator shall be measured by the quantity of hazardous waste which that generator generates annually (see table below).

<b>Tons Generated / Released</b>	<b>Annual Fee</b>
0.01 to 9.99	\$250
10 to 99.99	\$500
100 to 999.99	\$1,500
1,000 to 9,999.99	\$2,500
10,000 to 49,999.99	\$10,000
50,000 and above	\$50,000

## Tennessee

All active dry cleaning facilities must pay an annual registration fee based on the type and amount of solvent used.

Facilities using light non-aqueous petroleum solvent.

<b>Gallons</b>	<b>Fee</b>
0 – 9.9	\$500

10 – 34.9	\$1,000
35 – 64.9	\$1,500
65 – 161.9	\$2,000
≥ 161.9	\$2,500

Facilities using dense non-aqueous petroleum solvent.

Gallons	Fee
0 – 19.9	\$500
20 – 39.9	\$1,000
40 – 74.9	\$1,500
75 – 119.9	\$2,000
≥ 119.9	\$2,500

The registration fee for a location that has never been a drycleaner is \$500. The annual fee for an abandoned dry cleaning facility is \$2,500. The annual registration fee for an In-state Wholesale Distribution Facility (IWDF) is \$5,500 per facility. The solvent surcharge fees are as follows: \$15 for each gallon of dense non-aqueous solvent or product purchased by a dry cleaning facility; and \$1.50 for each gallon of light non-aqueous solvent or product purchased by a dry cleaning facility. The fees and surcharges are deposited into the Dry Cleaner Environmental Response Fund, an environmental insurance policy used for the reimbursement of expenditures for investigation and remediation of sites impacted by a release of dry cleaning solvent.

## Financial Institution Excise Tax

### **Statutory Authority:**

Sections 40-16-1 through 40-16-9, *Code of Alabama 1975*.

### **Tax Base:**

Excise tax on net income of any credit union, bank, banking association, trust company, loan company or association, or person or institution coming into competition with the business of national banks.

### **Tax Rate:**

6.5% of taxable net income.

### **Collections:**

By Department of Revenue; returns are due by institutions no later than the due date, including applicable extensions, for its corresponding federal income tax or federal information return, and tax is deposited into the State Treasury to be distributed each September 1.

Fiscal Year	Collections (\$) <sup>14</sup>	Percent Change
2019	101,382,707	39.53
2018	72,662,290	20.63
2017	60,237,732	6.13
2016	56,761,104	18.02
2015	48,093,401	35.21

Source: Department of Revenue's "Revenue Abstract."

### **Distribution:**

After the cost of collection is deducted by the Department of Revenue, the amount of revenue generated by the additional .5% tax rate added by Act 1999-664, is distributed to the State General Fund. The remaining proceeds are distributed as follows: 25% to the State General Fund; 25% to the counties in which institutions are located; and 50% to the cities in which the institutions are located. Revenue from taxpayers with no physical presence in the state is distributed to the State General Fund.

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<sup>14</sup> Gross collections.

### **Exemptions and Credits:**

Moneyed capital employed in the business and the shares of all financial institutions are exempted from ad valorem taxation. Financial institutions are allowed dollar-for-dollar credits against their excise tax liabilities for amounts paid in other taxes levied, including but not limited to sales and use taxes, utility taxes, and portions of certain local license taxes. The following tax credits may be claimed against this tax: Capital Tax Credit; the Alabama New Markets Development Act Tax Credit; the Full Employment Act of 2011 Credit; the "Heroes for Hire" Tax Credit Act of 2012; Employee Credit; the Rehabilitation, Preservation, and Development Credit; the Alabama Veterans and Rural Jobs Act; the Alabama Jobs Act; and the Apprentice Tax Credit Act of 2016.

### **Legislative History:**

#### **Acts 1935, No. 194, p. 256**

Established financial institution excise tax at 6%.

#### **Acts 1965, No. 276, p. 390**

Provided that production credit associations were to be subject to the excise tax.

#### **Acts 1978, No. 840, p. 1247**

Provided that bank holding companies were to be recognized as financial institutions for excise tax purposes and were therefore exempted from state income taxation.

#### **Acts 1991, No. 478, p. 866**

Permitted incorporated municipalities to levy license taxes, but not in excess of those authorized by Section 11-51-130, *Code of Alabama 1975*. This tax may be credited against the tax levied by Section 40-16-4.

#### **Acts 1993, 1<sup>st</sup> Ex. Sess., No. 852, p. 95**

Expanded deductions from gross income to include the amount of aid or assistance provided to the State Industrial Development Authority.

#### **Acts 1999, 2<sup>nd</sup> Ex. Sess., No. 664, p. 124**

Increased the tax rate to 6.5% for all tax years beginning after December 31, 2000; and provided that all revenue generated from the increased tax rate be deposited to the State General Fund. The rate increase was contingent upon the ratification of the constitutional amendment proposed by Act 1999-600. The amendment was ratified as Amendment No. 662 on June 19, 2000.

#### **Acts 1999, 2<sup>nd</sup> Ex. Sess., No. 665, p. 131**

Directed the Department of Revenue to adopt regulations to prescribe the method of allocating and apportioning net income of financial institutions that do business in more than one state; provided

that businesses issuing credit cards to Alabama residents are subject to the tax; and provided that all revenue generated from taxpayers with no physical presence of the state is to be distributed to the State General Fund.

**Acts 2006, No. 114, p. 173**

Conformed Alabama tax law to federal law regarding the taxation of trusts and estates. Known as "Subchapter J and Business Trust Conformity Act."

**Acts 2016, No. 280, p. 712**

Prohibited taxpayers from applying new or amended credits allowed to a financial institution on or after January 1, 2016, to the portion of the financial institution excise tax liability distributable to a municipality or county.

**Acts 2016, No. 283, p. 718**

Removes the requirement that the Department of Revenue use the allocation and apportionment formula for financial institutions recommended by the Multistate Tax Commission.

**Acts 2017, No. 165, p. 216**

Provided that loan and credit card receivables be included as property for the apportionment formula for financial institutions with income from activity taxable both inside of and outside of Alabama for tax years beginning on or after January 1, 2017. Required the Alabama Department of Revenue (ADOR), on or before December 31, 2030, to certify to the Legislature that: (1) the applicable law in a majority of the states, including two states contiguous with Alabama, requires a financial institution to allocate and apportion its net income based at least in part on the institution's property in that state, and (2) the related definition of property in each of those states excludes a financial institution's loans and credit card receivables; then ADOR must adopt a rule consistent with the applicable law in those states.

**Acts 2019, No. 284**

Transitioned the current Financial Institutions Excise Tax (FIET) post-payment system to a pre-payment system. Provided that the Department of Revenue shall distribute the balance of financial institutions excise tax revenue, net of refunds, quarterly as follows: (1) 50% to the State General Fund (SGF), (2) 33.3% to municipalities, and 16.7% to counties. Provided for the distribution of total municipal and total county financial institutions excise tax revenue. Provided that to account for the transition, the Department of Revenue shall waive penalties and interest attributable to underpayments of estimated

tax payments occurring within the first two applicable tax years not attributable to an intentional disregard of the law.

**Comparison with Neighboring States:**

**Florida**

5.5% of federal taxable income apportioned to Florida with adjustments (under corporate income tax).

**Georgia**

A state occupation tax is imposed on depository financial institutions at the rate of 0.25% of the gross receipts. Also, corporate income tax of 5.75% of taxable net income.

**Mississippi**

Corporate income tax rates for calendar year 2020 are no tax on the first \$3,000 of taxable income, 3% on the next \$2,000, 4% in excess of \$5,000 up to and including \$10,000, and 5% on all in excess of \$10,000.

**Tennessee**

Corporate income tax of 6.5% on net earnings (if the sum of the assets and the absolute value of its deposits attributable to sources within the state is \$5 million or more).

## Fireworks and Explosives Permit Fees

### **Statutory Authority:**

Sections 8-17-210 through 8-17-226, 8-17-240 through 8-17-256, 13A-10-190, and 13A-10-193.1 through 13A-10-193.2, *Code of Alabama 1975*.

### **Tax Base:**

- (1) Permit required prior to engaging in the manufacture or sale within the state, or shipment into the state, of any fireworks. A permit is required for each location at which fireworks are to be offered for sale. Permits expire each December 31.
- (2) Certification required prior to detonating explosive materials or supervising the conduct of a blasting operation. Blasting contractor license required prior to engaging in blasting or other use of explosives for commercial purposes. Certification and licenses expire one year following the date of issuance.
- (3) Permit required for the manufacture of destructive devices. Permit expires one year following the date of issuance.

### **Tax Rate:**

#### **Fireworks:**

Manufacturer	\$2,400
Distributor	\$2,400
Wholesaler	\$840
Retailer	\$240
Seasonal Retailer	\$240
Seasonal Retailer after July 10	\$120
Public Display	\$60 (\$120 if application received less than 10 days prior to display)
Close Proximate Audience Display	\$120 plus \$60 for each subsequent event on the same calendar day (\$240 plus \$120 for each subsequent event if application received less than 10 days prior to display)
Pyrotechnic Display	\$120
Operators/Pyrotechnic Special Effects Operators	

**Explosives:**

Certification	\$120
Blasting contractor license	\$2,400
Variation request application	Up to \$60 per applicant (fee established by Fire Marshal's Office)
Municipal explosives use permit	\$25 per applicant

**Destructive Devices:**

Commercial Permit	\$2,400 per recipe
Hobbyist Permit	\$240 per recipe

**Collections:**

By State Fire Marshal.

Fiscal Year	Fireworks		Explosives	
	Collections (\$)	% Change	Collections (\$)	% Change
2019	297,600	8.25	111,600	16.54
2018	274,920	(10.21)	95,760	(5.90)
2017	306,180	7.92	101,760	(6.26)
2016	283,720	9.78	108,560	30.32
2015	258,450	2.07	83,300	(17.93)

Source: "Comparative Summary of Revenues by Revenue Source" Report - Comptroller's Office. Beginning FY 2016, "Comparative Schedule of Revenues" Report – STAARS.

**Distribution:**

Fire Marshal Revolving Fund, except municipal explosives use permit which is retained by the municipality.

**Exemptions:**

- (1) A distributor permit is not required for resale of special fireworks (those classified as Class B explosives by the U.S. Department of Transportation) for public display at The Alabama June Jam.
- (2) Public displays of fireworks in accordance with regulations governed by Bureau of Alcohol Tobacco and Firearms.
- (3) U.S. and state military or naval forces or peace officers.
- (4) Section 8-17-220 lists items that are not to be considered "fireworks" for permitting purposes including model rockets, certain toy pistol caps, emergency flares, and blank cartridges.



- (5) Sections 8-17-254 and 8-17-242(b) list exceptions to explosives certification and licensing requirements, including surface coal mining operations and public utilities.

**Legislative History:**

**Acts 1981, No. 409, p. 638**

Established fireworks permit fees at following rates:

Manufacturer	\$750
Distributor	\$750
Wholesaler	\$250
Retailer	\$25
Display	\$1

Provided for deposit of permit fees to Fire Marshal Fund.

**Acts 1987, No. 563, p. 876**

Increased fireworks permit fees to the following rates:

Manufacturer	\$1,000
Distributor	\$1,000
Wholesaler	\$350
Retailer	\$100
Seasonal Retailer	\$100
Seasonal Retailer after July 10	\$50
Display	\$25

**Acts 1993, No. 713, p. 1390**

Established the Alabama Explosives Safety Act of 1993. Established explosives certification and blasting contractor license fees at following rates and provided for deposit of those fees to Fire Marshal Fund.

Certification	\$50
Blasting Contractor License	\$1,000

**Acts 2003, No. 378, p. 1068**

Increased fireworks permit fees and explosives certification and blasting contractor license fees to current rates; and established fee at current rates for use of pyrotechnics before a proximate audience.

**Act 2016, No. 414**

Provides for crimes for unlawful manufacture of a destructive device or biological or bacterial weapon and provides for the State Fire Marshal to establish qualifications and procedures for issuing a permit to lawfully manufacture a destructive device.

**Act 2018, No. 464**

Requires the State Fire Marshal to regulate and license pyrotechnic display operators and pyrotechnic special effects operators, on a two-year basis. Established the fee of \$120 for each initial application, renewal and reciprocal license issued.

**Comparison with Neighboring States:****Florida**

Annual fireworks permit fees are set by the State Fire Marshal not to exceed the following: manufacturer, \$1,000; distributor, \$1,000; wholesaler, \$1,000; retailer, \$15 per location; seasonal retailer, \$200. Annual explosives fees are as follows: manufacturer and distributor, \$650; dealer, \$450; user of explosives license, \$125; explosives/blasters permit, \$50.

**Georgia**

Georgia provides for an annual fireworks manufacturers, storage, or transport license fee of \$1,500. County probate judges receive \$10 with the application for a fireworks display permit. Annual explosives permit fees are \$75 for up to 500 lbs. of explosives and \$150 if more than 500 lbs.; manufacturing fee for explosives, \$150; \$100 plan review fee for storage of more than 500 pounds of explosives. (A \$2 explosive use permit is issued by local officials and retained by such official.)

**Mississippi**

The State Fire Marshal does not license wholesalers or retail dealers that disburse fireworks. Counties and municipalities handle regulations and the local permit fees vary. Persons bringing certain specified explosives into the state must report his/her identity, destination, inventory, and pay a \$3 registration fee to the sheriff of the county of original entry.

**Tennessee**

Annual fireworks permit fees are as follows: manufacturer, \$1,000; distributor, \$1,000; wholesaler, \$1,000; annual retailer, \$1,000; seasonal retailer (valid for two 2-week seasonal periods), \$100; exhibitor, \$1,000; display, \$50/day not to exceed \$400 per location; operator, \$100 per certificate (max of \$200). Annual fees for explosives are set by the Department of Commerce and Insurance as follows: firm (company), \$765; blaster, \$315; handler, \$115; limited blaster, \$215. Renewal fees are \$15 less than the initial fee.

## Forest Products Severance Tax

### **Statutory Authority:**

Sections 9-13-80 through 9-13-108, *Code of Alabama 1975*.

### **Tax Base:**

Tax on the severing of timber or any other forest product from the soil for sale, profit or commercial use and on every processor or manufacturer (in-state or out-of-state) using such forest products.

### **Tax Rate:**

Pine Logs	\$0.10 per ton
Hardwood Logs	\$0.065 per ton
Pulpwood	\$0.10 per ton
Piling and Poles	\$0.205 per ton
Stumpwood (tarwood)	\$.125/ton
Pulpwood chips	\$0.10 per ton

There is also a privilege tax of 50% of the severance tax above against in-state manufacturers using forest products.

### **Collections:**

By the Department of Revenue due quarterly.

Fiscal Year	Collections (\$) <sup>15</sup>	Percent Change
2019	5,705,325	(3.92)
2018	5,937,857	(6.24)
2017	6,333,305	15.29
2016	5,493,578	(6.35)
2015	5,865,819	7.43

Source: Department of Revenue's "Revenue Abstract."

### **Distribution:**

After cost of collection is deducted, proceeds are deposited into the Special State Forestry Fund. Not less than 85% must be expended for forest protection and no portion of the Fund reverts to the State General Fund at the end of any fiscal year.

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<sup>15</sup> Gross collections.

**Major Exemptions:**

Individual owners who occasionally sever timber from their own premises for the construction or repair of their own buildings, home consumption, or use in processing their farm products. Pulpwood and residual pulpwood chips used as fuel.

**Legislative History:****Acts 1945, No. 169, p. 285**

Established forest products severance tax (see act for various rates).

**Acts 1967, No. 763, p. 1619**

Increased the tax rates as follows: \$.30 per 1000' for pine lumber sold as logs; \$.12 per 1000' for hardwood and others; \$.10 per cord for pulpwood.

**Acts 1973, No. 500, p. 738**

Levied a privilege tax against the processor or manufacturer of forest products in the amount of 50% of the tax on the severer.

**Acts 1985, No. 700, p. 1141**

Increased the tax rates (see act for various rates).

**Acts 1988, 1<sup>st</sup> Ex. Sess., No. 842, p. 315**

Increased forest products severance tax rates to present rates; and prohibited the levy of any local tax on severing, processing, or manufacturing of forest products.

**Acts 1993, 1<sup>st</sup> Ex. Sess., No. 888, p. 158**

Provided the option to pay forest products severance tax based on either volume (existing law) or weight (new law).

**Acts 2017, No. 301, p. 514**

Removed the alternate means for calculating the severance tax (Doyle rule) and revised the definition of forest products subject to the severance tax. Removed the severance tax on the following products:

1) pine lumber; 2) hardwood lumber; 3) chemical wood; 4) bolts; 5) crossties; 6) switch ties; 7) mine ties and coal mine props; 8) pine ore mine props; 9) hardwood ore mine props; and 10) turpentine.

Exempts pulpwood chips and residual pulpwood chips used as residual fuel.

**Comparison with Neighboring States:****Florida, Georgia, and Tennessee**

No comparable tax.

**Mississippi**

Timber severance tax of \$1 per 1000' board, or \$.12 per ton for pine and soft woods; \$.75 per 1000' board, or \$.08 per ton for hardwoods; \$.225 per cord for pulpwood, except pine; \$.30 per cord of pine pulpwood; \$.75 per 1000' board for lumber including crossties; \$.30 per barrel of 400 lbs. for turpentine crude gum; \$3.60 per 100 cubic feet for poles, piling, posts, stanchions and the like; \$.25 per ton for stumpwood, lightwood, or other distillate; and \$.75 per 1000' or \$.375 per standard cord for all other timber products. For timber products purchased by cubic feet, other than poles, piling, posts, and stanchions, \$.55 per 100 cubic feet for pine or soft woods; and \$.41 per 100 cubic feet for hardwoods.

# Freight Line Equipment Companies Tax

## **Statutory Authority:**

Section 40-21-52, *Code of Alabama 1975*, as limited by the federal Railroad Revitalization and Regulatory Reform Act.

## **Tax Base:**

Privilege tax on any person or firm operating, renting, leasing, or furnishing private railroad cars for transportation of freight.

## **Tax Rate:**

3.5% of 20% of the market value of the number of cars within the state for the preceding fiscal year.

## **Collections:**

By the Department of Revenue; company reports are filed each March 1, and payments are due within 30 days of prescribed date.

Fiscal Year	Collections (\$)	Percent Change
2019	4,726,755	(11.52)
2018	5,341,968	12.47
2017	4,749,814	17.90
2016	4,028,577	(6.79)
2015	4,321,961	39.33

Source: Department of Revenue's "Revenue Abstract."

## **Distribution:**

All proceeds are deposited into the State General Fund.

## **Legislative History:**

### **Acts 1935, No. 194, p. 256**

Established tax at 2% of 60% of the value of the average number of cars.

### **Acts 1971, No. 1413, p. 2408**

Changed the tax rate to 3.5% of 30% of the value of the average number of railroad cars.

**Public Law 94-210, 90 Stat. 54, February 5, 1976**

Limited the assessment rate of railroad transportation equipment, for purposes of state and local taxation, to the rate that applied to all other commercial and industrial property, and thereby reduced the assessment rate of the freight line equipment tax to 20% (current rate).

**Comparison with Neighboring States:****Florida**

The Department of Revenue determines the assessed value of the average number of cars in Florida and certifies the same to the local taxing jurisdiction based on the number of track miles in the jurisdiction. The local taxing jurisdiction then applies the appropriate millage and bills the railroad and private car lines.

**Georgia**

Railroad equipment company cars are taxed at the regular rate imposed upon property in the state on a valuation based on the proportion of the entire value of the cars that the car-wheel mileage made in Georgia bears to the entire car-wheel mileage of cars in the country. Additionally, cars are taxed at the regular rate imposed upon property in each local taxing jurisdiction on a valuation based on the proportion of the entire value of the cars that the track mileage in the local taxing jurisdiction bears to the entire track mileage of the state.

**Mississippi**

All taxes for which any company is liable under the provisions of this article shall be collected and recovered by the State Tax Commission in the same manner provided by law for the collection of sales taxes; and all administrative provisions of the Mississippi Sales Tax Law, including those which fix damages, penalties, and interest for nonpayment of taxes, failure to file returns, and for other noncompliance with the provisions of such chapter, and all other requirements and duties imposed upon taxpayers, shall apply to all persons liable for taxes under the provisions of this article and the commission shall exercise all the power and authority and perform all the duties with respect to taxpayers under this article as are provided in the sales tax law, except that in case of conflict, then the provisions of this article or any other title or chapter which imposes a tax on rail cars shall control.

**Tennessee**

No comparable tax based on number of cars. The Tennessee Comptroller of the Treasury assesses railroads' equipment and property at 55% of value. The local taxing jurisdiction then applies the appropriate tax rate.

# Freshwater Fishing Licenses

## **Constitutional Provisions:**

Amendment No. 272 to the *Constitution of Alabama of 1901*, now appearing as Section 219.01 of the Official Recompilation to the *Constitution of Alabama of 1901*, (ratified December 13, 1967).

Created the Game and Fish Fund and provided that all monies derived from the sale of hunting and fishing licenses or permits are to be deposited into said fund.

## **Statutory Authority:**

Sections 9-11-32 through 9-11-43, 9-11-53, 9-11-53.3, 9-11-53.6, 9-11-54 through 9-11-55.1, 9-11-55.3 through 9-11-56, 9-11-56.4, 9-11-65, 9-11-65.2, 9-11-68, 9-11-71, and 9-11-73 *Code of Alabama* 1975.

## **Tax Base:**

A fee paid by persons desiring to fish in Alabama waters. Annual licenses are valid from September 1 or the date of issuance to the next August 31.

**Tax Rate:** The following rates are valid September 1, 2019 through August 31, 2020. For previous rates, see Legislative History and [www.eregulations.com/alabama](http://www.eregulations.com/alabama).

Resident Licenses	License Fee <sup>3</sup>
Annual Freshwater <sup>1</sup>	\$13.85
Lifetime Freshwater Fishing <sup>1</sup>	\$171.45 to \$285.20 (based on age)
Lifetime Combination Freshwater/Saltwater Fishing <sup>1</sup>	\$455.75 to \$683.15 (based on age)
Lifetime Combination Hunting/Freshwater Fishing <sup>1</sup>	\$512.65 to \$796.85 (based on age)
Lifetime Combination Hunting/Freshwater and Saltwater Fishing <sup>1</sup>	\$796.85 to \$1,194.85 (based on age)
Lifetime Combination Freshwater Fishing/State Duck Stamp <sup>1</sup>	\$321.45 to \$515.20 (based on age)
Lifetime Combination Hunting/State Duck Stamp/Freshwater Fishing <sup>1</sup>	\$662.65 to \$1,026.85 (based on age)
Lifetime Combination Freshwater Fishing/Saltwater Fishing/State Duck Stamp <sup>1</sup>	\$605.75 to \$913.15 (based on age)
Lifetime Combination Hunting/State Duck Stamp/Freshwater & Saltwater Fishing <sup>1</sup>	\$946.85 to \$1,424.85 (based on age)
64 Lifetime License <sup>1, 4</sup>	\$13.85
Totally Disabled Person Special License <sup>1</sup>	\$3.05
Disabled Military Veteran's Appreciation License (20% or more disabled)	\$3.15



Annual Wildlife Heritage <sup>5</sup>	\$11.45
Lifetime Wildlife Heritage <sup>5</sup>	\$228.30
Resident Daily State Lake Fishing	\$6.40
Disabled Three - Day Fishing Event	\$100 (includes up to 20 disabled residents and 20 assistants); \$5 per additional disabled persons over the 20-person limit
<b>Nonresident Licenses</b>	
<b>License Fee<sup>2,3</sup></b>	
Non-Resident College Students <sup>6</sup>	\$13.85
Annual Freshwater <sup>2</sup>	\$53.30/LA-\$62.20/MS-\$64.29
7-day Freshwater <sup>2</sup>	\$29.95/FL-\$32.20/GA-\$33.20
Nonresident State Lake Fishing	\$7.50/day or \$12.95/license year
Freshwater Family Fishing 3-day (up to 4 family members added)	\$29.95

<sup>1</sup> Persons obtaining the resident freshwater fishing license are also entitled to all the privileges of the wildlife heritage license.

<sup>2</sup> Nonresident license fees for residents of Florida, Georgia, Louisiana, Mississippi, and Tennessee are the same as license fees charged to Alabama residents for similar licenses in those states, if the other state charges Alabama residents more than Alabama charges that state's residents.

<sup>3</sup> Includes issuance fees. Issuance fees are retained by the probate judge, license commissioner, or other authorized license agent. All fees collected by a probate judge or license commissioner, who is paid a salary for the performance of his or her duties, are deposited in the county treasury.

<sup>4</sup> A person 64 years of age when procuring an annual freshwater or saltwater license will be issued the license on a lifetime basis for the same fees that would have been paid for the annual license.

<sup>5</sup> The wildlife heritage license allows a person to: (1) fish in waters under the jurisdiction of the Division of Wildlife and Freshwater Fisheries with a hook and line from the bank other than in the person's county of residence; (2) fish in public fishing lakes operated by the Division of Wildlife and Freshwater Fisheries; (3) hunt small game, except waterfowl, on wildlife management areas; and (4) shoot on Division of Wildlife and Freshwater Fisheries shooting ranges.

<sup>6</sup> Allows certain non-resident students age 17-23 to qualify for resident recreational hunting and fishing licenses. Must be a full-time student enrolled in an approved Alabama Institution of Higher Education.

**Note:** The license fees and accompanying issuance fees for all licenses are subject to possible annual adjustment based on the percentage increase in the Consumer Price Index (CPI), if recommended by the Commissioner and approved by the Department's Advisory Board.

### **Collections:**

By the probate judges, license commissioners, or other person authorized and designated to issue fishing licenses due to the Department of Conservation and Natural Resources on the 1<sup>st</sup> of each month.

<b>Fiscal Year</b>	<b>Annual License Collections (\$) <sup>16</sup></b>	<b>Lifetime License Collections (\$) <sup>17</sup></b>	<b>Wildlife Heritage License Collections</b>	<b>Totals (\$)</b>	<b>Percent Change</b>
2019	6,658,558	443,496	34,070	7,136,124	3.37
2018	6,421,920	444,606	36,628	6,903,154	(8.02)
2017	6,958,432	505,904	41,027	7,505,363	24.86
2016	5,584,789	390,208	36,085	6,011,082	(10.76)
2015	6,287,396	414,794	33,762	6,735,952	1.26

Source: "Comparative Summary of Revenues by Revenue Source" Report – Comptroller's Office. Beginning FY 2016, "Comparative Schedule of Revenues" Report – STAARS.

### **Distribution:**

- (1) Resident freshwater fishing license fees - 100% to Game and Fish Fund.
- (2) Resident lifetime freshwater fishing license fees and lifetime combination hunting/freshwater fishing license fees - 100% to Alabama Game and Fish Endowment Fund within the Game and Fish Fund.
- (3) Resident lifetime combination freshwater/saltwater and hunting/freshwater and saltwater - the portion of the license fee representing the amount of lifetime freshwater or hunting license to the Alabama Game and Fish Endowment Fund and the balance of the fees charged for each license to the Alabama Marine Resources Endowment Fund.
- (4) 64 lifetime freshwater license - 100% to the Alabama Game and Fish Endowment Fund.
- (5) Nonresident freshwater fishing license (annual and trip) fees - 100% to Game and Fish Fund.
- (6) Wildlife heritage license fees – 100% to the Game and Fish Fund, with the first \$500,000 of license revenue utilized by the Division of Wildlife and Freshwater Fisheries for the purpose of research on wildlife and wildlife habitat.

<sup>16</sup> Includes collections from annual freshwater and trip licenses.

<sup>17</sup> Includes receipts from lifetime freshwater licenses only.

**Major Exemptions:**

- (1) All persons under the age of 16.
- (2) Any resident of this state over 65 years of age, provided that said resident has on his person while fishing, a driver's license (or, in the case of nondrivers, proof of permanent Alabama residence and age).
- (3) Any person who fishes in a private pond.
- (4) Persons fishing from the bank with an ordinary hook and line in his county of residence; provided that any person who fishes with hook and line in his own county of residence shall be required to have on his person, while so fishing, a reasonable proof of said residency in such county.
- (5) Persons fishing at "commercial fee fishing ponds".
- (6) Members of the U.S. armed forces when the U.S. is engaged in a war.
- (7) Residents who have purchased a lifetime fishing license or combination fishing/hunting license are exempt from purchase of saltwater fishing license if the lifetime license was purchased prior to April 1, 1992.
- (8) Residents on leave from active military duty who have proof of his or her status in his or her possession.
- (9) A member of the U.S. military stationed in Alabama on active duty and his or her spouse and their dependents who reside with them are deemed residents for hunting and fishing license purposes.

**Legislative History:****Acts 1923, No. 588, p. 762**

Established freshwater fishing license fees for nonresidents for annual fee of \$5; created the Fish Hatchery Fund into which all revenues arising from the sale of fishing licenses and from fines, penalties, and forfeitures were to be deposited; and authorized probate judges to retain \$.15 of license fee.

**Acts 1935, No. 240, p. 632**

Provided for nonresident 7-day trip freshwater fishing license fee of \$2; and provided that receipts from all hunting and fishing license fees, penalties, forfeitures, etc. be deposited to Game and Fish Fund.

**Acts 1936-37, Ex. Sess., No. 147, p. 165**

Provided a \$1 resident fishing license fee for those over the age of 16 while fishing with rod and reel and artificial bait.

**Acts 1966, No. 423, p. 567**

Established an annual special fishing license for totally disabled persons with a license fee of \$0.25.

**Acts 1971, No. 1980, p. 3222**

Amended the method of obtaining a resident fishing license by requiring that residents between the ages of 16 and 65 purchase such licenses; provided issuance fees of \$.25 for the resident license and \$.15 for persons over the age of 65; and provided exemptions for fishing in a private pond and for fishing with a hook and line in a resident's county of residence

**Acts 1975, No. 1209, p. 2523**

Provided the issuance fee for all licenses sold by the Game and Fish Division of the Department of Conservation and Natural Resources to be \$.25.

**Acts 1977, No. 351, p. 468**

Increased the nonresident fishing license fee to \$10 and expanded it to include salt and brackish water (as well as freshwater); provided for issuance fee of \$.25; provided that of the new \$10 fee, \$7 be deposited to Game and Fish Fund and \$3 to Marine Resources (Seafoods) Fund; increased nonresident trip fishing license to \$4 and expanded it to include salt and brackish water; and provided that of the new \$4 fee, \$3 be deposited to Game and Fish Fund and \$1 to Marine Resources (Seafoods) Fund.

**Acts 1979, No. 803, p. 1481**

Increased the cost of resident fishing licenses to \$6; and restricted the hook and line license to the county in which the licensee resides.

**Acts 1981, 3<sup>rd</sup> Ex. Sess., No. 1122, p. 386**

Established a lifetime resident hunting license fee of \$200, lifetime resident freshwater fishing license fee of \$100, and a combination lifetime hunting/freshwater fishing license fee of \$300; and provided that such license fees be deposited into a special account known as the Alabama Game and Fish Endowment Fund within the Game and Fish Fund.

**Acts 1984, No. 446, p. 1040**

Increased license issuance fee for probate judges to \$1 per license.

**Acts 1986, 1<sup>st</sup> Ex. Sess., No. 649, p. 31**

Exempted nonresidents under the age of 16 from fishing license requirements; increased nonresident fishing license fee to \$15, except that license fee for residents of Florida, Georgia, Louisiana, Mississippi, and Tennessee to be that charged to Alabama residents by those states; increased nonresident 7-day trip license fee to \$7 and provided for same reciprocal arrangement with certain

other states as the annual license; provided for current distribution of nonresident fishing license fees; and provided 90% of the above license fees be deposited into the Game and Fish Fund and 10% be deposited into Marine Resources (Seafoods) Fund.

**Acts 1988, Ex. Sess., No. 805, p. 242**

Increased the annual resident freshwater fishing license fee to \$8.50; provided for a reciprocal agreement with Florida to exempt residents of Alabama over 65 years of age from the requirement of procuring a fishing license; and provided for the issuance of a combination hunting/fishing license.

**Acts 1989, No. 300, p. 487**

Increased the fees for lifetime resident freshwater fishing license to \$150, lifetime resident hunting license to \$300, and combination lifetime resident hunting/freshwater fishing license to \$450; and prohibited nonresident Alabama property owners from obtaining lifetime hunting, lifetime fishing, or combination lifetime hunting/fishing licenses.

**Acts 1993, No. 322, p. 486**

Established the resident 7-day freshwater trip license at \$5 and nonresident annual combination saltwater/freshwater license at \$60; decreased the resident annual combination saltwater/freshwater license to \$23.50 and changed its distribution; and increased nonresident annual freshwater license to \$30 and nonresident 7-day freshwater license fees to \$10.

**Acts 1996, No. 667, p. 1129**

Increased issuance fee for disabled persons from \$.25 to \$1; and provided for the issuance of the licenses to be on a continuous basis during the period of disability.

**Acts 2000, No. 735, p. 1604**

Established the 64 lifetime licenses at the current rates and distribution. Changed the effective date of Act 1999-660, 2<sup>nd</sup> Ex. Sess., from November 29, 2000 to June 1, 2000.

**Acts 2000, No. 742, p. 1647**

Established the annual resident sportsman's license at \$58.50 and provided distribution of \$15 to the Marine Resources Fund and the balance to the Game and Fish Fund. (See also Hunting Licenses, Legislative History, Acts 2000, No. 742 for hunting provisions).

**Acts 2004, No. 449, p. 794**

Authorized U.S. military personnel stationed in Alabama on active duty to be deemed residents for hunting and fishing license purposes; exempted Alabama residents that are active members of the National Guard and certified law enforcement personnel from hunter safety education requirements;

clarified that hunting and fishing licenses are not transferable; and authorized residents of the state on leave from active military duty to hunt or fish without obtaining a license.

**Acts 2007, No. 418, p. 874**

Established the Wildlife Heritage Act of 2007. Increased the license fees for the following freshwater fishing licenses to base amounts before Consumer Price Index (CPI) adjustments: annual resident; annual nonresident (including issuance fee); nonresident 7-day trip (including issuance fee); lifetime resident freshwater fishing; lifetime resident hunting/freshwater fishing license; and lifetime resident hunting/saltwater and freshwater fishing license. Provided that these license fees and accompanying issuance fees are subject to possible annual adjustment beginning in FY 2011 based on the percentage increase in the CPI if such adjustment is recommended by the Commissioner and approved by the Department's Advisory Board. Repealed laws providing for the issuance of annual resident hunting and fishing licenses on a combination basis, resident 7-day trip freshwater fishing license, resident combination freshwater/saltwater license, and the sportsman's license. Established the disabled military veteran license, annual resident wildlife heritage license, and lifetime resident wildlife heritage license. (See also Hunting Licenses, Legislative History, Acts 2007, No. 418 for hunting provisions).

**Acts 2014, No. 340, p. 1262**

Established the resident daily state lake fishing license at \$5 and the nonresident state lake fishing license at \$5 per day or \$10 per year. Both licenses are subject to the cost adjustment provided in Section 9-11-68, *Code of Alabama 1975*, in addition to the applicable issuance fee. Established the nonresident 3-day family fishing license at the same rate as the nonresident 7-day trip fishing license for up to 4 additional family members. Established a disabled 3-day fishing event license at \$100 to include up to 20 disabled residents or nonresidents and 20 assistants; and an additional \$5 is charged per additional disabled person over the 20-person limit.

**Acts 2015, No. 455, p.1491**

Established an annual special disabled hunting license, in addition to the special disabled fishing license already established. Provided the following license fees in addition to the \$1 issuance fee: hunting license, \$5; freshwater fishing license, \$2, fishing license, \$2. Provided that the annual license and issuance fee are subject to adjustment based on the Consumer Price Index upon approval of the Commissioner of the Department of Conservation and Natural Resources, Advisory Board of Conservation and Natural Resources, and Legislative Council.

**Acts 2017, No. 92, p. 131**

Authorizes a non-resident student at an institution of higher education in this state to purchase a resident hunting or fishing license.

# Gas Pipeline Safety Inspection Fee

## **Statutory Authority:**

Section 37-4-88, *Code of Alabama 1975*.

## **Tax Base:**

An inspection fee for the purpose of enforcing gas pipeline safety requirements on any gas system operated by any investor-owned company, city, county, municipality, or public gas district which comes under supervision of the Commission.

## **Tax Rate:**

Inspection fee of \$.50 per active service line for the previous calendar year.

## **Collections:**

By the Public Service Commission annually on October 1.

Fiscal Year	Collections (\$)	Percent Change
2019	543,694	0.78
2018	539,478	(0.08)
2017	539,926	0.18
2016	538,941	0.68
2015	535,293	0.40

Source: "Comparative Summary of Revenues by Fund" Report - Comptroller's Office. Beginning FY 2016, "Comparative Schedule of Revenues" Report – STAARS.

## **Distribution:**

All inspection fees collected are paid into the Gas Pipeline Safety Fund. If by September 30 in any fiscal year, the Fund accumulates an amount equal to 110% of the amount budgeted in that fiscal year for the purpose of enforcing gas pipeline safety, the Commission shall suspend the collection of the inspection fees for one year.

## **Legislative History:**

### **Acts 1983, No. 588, p. 920**

Established the fee at the current rate.



### **Comparison with Neighboring States:**

#### **Florida**

The maximum fee that may be charged is 0.25% gross operating revenue derived from intrastate business.

#### **Georgia**

No comparable fee.

#### **Mississippi**

Operating expenses of the Public Service Commission are paid by levying a tax on municipally owned and/or operated gas utilities, sufficient to produce \$25,000 per year, prorated among such utilities according to their annual gross revenue from intrastate operations for the preceding year.

#### **Tennessee**

The inspection and supervision fee is measured by the number of active gas meters in service within the service area of each public utility, municipal gas system and gas utility district as follows (where there are no meters, the fee is to be measured by the number of active services):

All meters in service, up to 154 meters	\$100
155 meters up to 2,000 meters	\$.65 per meter
2,001 meters up to 10,000 meters	\$.50 per meter
10,001 meters and over	\$.35 per meter
Minimum fee	\$100

The fee on interstate pipeline companies or systems, or companies or systems having no gross receipts, no active gas meters in service or other service in Tennessee, but traversing the state in the transmission of gas service, is \$4.75 per mile of 24-inch equivalent pipeline. In no case shall the fee be less than \$100 nor more than \$78,000.

## **Gasoline Tax (and Gasoline Portion of the Motor Carrier Fuel Tax)**

### **Constitutional Provisions:**

Amendment No. 93 to the *Constitution of Alabama of 1901*, by Amendment No. 354, now appearing as Section 111.06 of the Official Recompilation of the *Constitution of Alabama of 1901*.

Amendment No. 93 (proclaimed ratified November 19, 1952) provided that no monies derived from any fee, excise or license tax, levied by the state, relating to (1) registration, operation, or use of vehicles or (2) fuels used for propelling vehicles except pump taxes shall be expended for any purpose other than costs of construction, reconstruction, maintenance and repair of public highways and bridges, costs of highway rights of way, payment of highway obligations, the cost of traffic regulation, and the expense of enforcing state traffic and motor vehicle laws. Amendment No. 354 (proclaimed ratified November 10, 1976) expanded upon Amendment No. 93 to allow for the distribution of proceeds from charges for personalized license plates or tags in any manner prescribed by the Legislature.

**Note:** The above restriction does not apply to fees and taxes levied by counties and municipalities pursuant to authority granted by the state.

### **Statutory Authority:**

Sections 40-17-140 through 40-17-155 (Motor Carrier Fuel Tax) and Sections 40-17-320 through 40-17-363 (Gasoline Tax), *Code of Alabama 1975*.

### **Tax Base:**

Excise tax on the removal, import, sale/transfer in the bulk transfer/terminal system and blending of motor fuel (Gasoline Tax). Excise tax upon motor carriers who operate or cause to be operated any motor vehicles on any highway in Alabama (Motor Carrier Fuel Tax).

### **Tax Rate:**

Effective August 31, 2019, the State of Alabama now collects four levies, of \$.07, \$.05, \$.06, and an additional \$.06 levied pursuant to the "Rebuild Alabama Act" (act 2019-2), for a total of \$.24 per gallon. Pursuant to Act 2015-54, effective October 1, 2016, the \$.02 gasoline inspection fee was added to the \$.04 excise tax, for a total of \$.06 (See also Petroleum Commodities Inspection). Excise tax on motor carrier fuel is at the same rate as in effect for gasoline. The "Rebuild Alabama Act" (Act 2019-2) levied an additional six cent (\$.06) excise tax on each net gallon of gasoline and diesel fuel effective August 31, 2019. This tax will further increase by an additional two cents to eight cents (\$.08) effective October 1, 2020, and by an additional two cents to ten cents (\$.10) effective October 1, 2021. The act also provides

for an indexing process to adjust the excise tax rate by up to one cent (\$.01) beginning October 1, 2023, and on July 1 of every other year thereafter every other year based on the yearly average of the National Highway Construction Cost Index.

**Note Regarding Local Rates:**

**Counties** may levy a county gasoline tax if the legislature has passed a local act authorizing the county commission to do so. The local act usually sets the parameters of the tax and specifies use of the funds. The local act may provide for a credit of municipal gas taxes paid within that county against the county tax owed or may exempt payment of a portion of the county tax in municipalities which levy a gasoline tax.

**Municipalities** may levy a municipal gasoline tax by city ordinance. One-half of the amount levied in the municipality may be levied in the police jurisdiction. The ability of municipalities to levy a city gasoline tax may be limited by a legislative act which levies a county gasoline tax - i.e., cities within the county may be prohibited from levying a municipal gasoline tax but be given a share of the county tax.

**Collections:**

By the Department of Revenue due each month (gasoline tax), and before the last day of April, July, October, and January (motor carrier fuel tax).

<b>Fiscal Year</b>	<b>\$.07</b>	<b>\$.06<sup>18</sup></b>	<b>\$.05</b>	<b>Total<sup>19</sup></b>	<b>Percent Change</b>
2019	191,625,985	109,500,563	136,875,704	438,002,252	(6.67)
2018	205,323,799	117,327,885	146,659,857	469,311,541	9.03
2017	188,325,897	107,614,798	134,518,498	430,459,192	10.48
2016	170,461,830	97,406,760	121,758,450	389,627,040	(5.87)
2015	181,093,551	103,482,030	129,352,537	413,928,118	3.74

Source: State of Alabama, Department of Revenue, Motor Fuels Section.

**Distribution:**

(1) A total of 1.23% of the \$.07 and \$.05 per gallon (\$.12 total) levied is distributed and allocated as follows:

(a) 35% of 1% is credited to the Water Safety Fund and the Seafood Fund.

<sup>18</sup> Pursuant to Act 2015-54, effective October 1, 2016 (FY 2017), the gasoline tax increased by \$.02 from \$.16 to \$.18 to include the Inspection Fee. See the "Petroleum Commodities Fees" section for collection and distribution amounts.

<sup>19</sup> The figures are net (after deduction of refunds). Figures shown are prior to deduction of Department of Revenue administrative expenses. Includes gasoline excise taxes and gasoline portion of the motor carrier fuel taxes.

(b) 70% of 1% is credited to the Game and Fish Fund.<sup>20</sup>

(c) 18% of 1% is credited to the Water Safety Fund and the Seafood Fund.<sup>32</sup>

(2) 60% of the \$.05 supplemental tax goes to the State Road and Bridge Fund. Of that amount, \$500,000 each fiscal year is used for the construction, maintenance and repair of public roads in the state parks system. The remaining 40% is distributed according to the 45%/55% pattern below.

(3) The balance of the \$.07 and \$.05 levy after the 1.23% distribution, and 2/3 of the \$.06 gasoline levy are distributed as follows:

(a) 45% to the State Road and Bridge Fund. The distributions to the Game and Fish Fund (70%) and the distributions to the Water Safety Fund and the Seafood Fund (18%) are deducted from the State Road and Bridge Fund.

(b) 55% to be shared by the counties and their municipalities as follows:

1) 25% of the net tax proceeds are distributed equally to the 67 counties;

2) 30% of the net tax proceeds are allocated to the 67 counties based on population.

a. 10% of the counties' share received shall be allocated to each municipality therein, based on a population ratio.

b. Remaining portion to the county.

(4) The remaining 1/3 of the \$.06 gasoline levy is distributed as described in "Petroleum Commodities Fees".

(5) The additional excise tax levied under the Rebuild Alabama Act is distributed as follows:

(a) 8.33% to the municipalities, of which 25% is distributed equally to the municipalities of the state, and 75% is distributed to each municipality based on the population ratio of the municipality to the total population of the state.

(b) 25% to the counties, of which 45% is distributed equally to the counties of the state, and 55% is distributed to each county based on the population ratio of the county to the total population of the state.

(c) 66.67% is allocated to the Alabama Department of Transportation and deposited into the Rebuild Alabama Fund to be used for transportation infrastructure improvement, preservation and maintenance projects within the state.

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<sup>20</sup> Pursuant to Act 2013-67, beginning January 1, 2015, all funds allocated to the State Water Safety Fund of the Marine Police Division of the Department of Conservation and Natural Resources are now allocated to the Public Safety Fund of the Marine Police Division of the Alabama Law Enforcement Agency.

**Major Exemptions:**

- (1) Motor fuel exported from the state for which proof of export is available in the form of a terminal issued destination state shipping document that is:
  - (a) Exported by a supplier who is licensed in the destination state or
  - (b) Sold by a supplier to a licensed exporter for immediate export to a state for which the applicable destination state motor fuel excise tax has been collected by the supplier who is licensed to remit the tax to the destination state.
- (2) K-1 kerosene or aviation jet fuel that is produced at a refinery in Alabama and is either exported directly by the operator of the refinery or sold for immediate export by the operator to a licensed exporter with proper documentation.
- (3) Sales of dyed diesel fuel
- (4) Gasoline blendstocks when sold to:
  - (a) Licensed supplier or
  - (b) Person who will not be using blendstocks in the manufacture of gasoline or as a motor fuel (with exemption certificate).
- (5) Motor fuel sold by licensed supplier or licensed permissive supplier to an exempt agency under Section 40-17-332 (United States government or agency thereof, any county governing body of state, any incorporated municipal governing body of state, city and county boards of education of state, Alabama Institute for the Deaf and Blind and Alabama Department of Youth Services school district, and private and church schools as defined in Section 16-28-1, *Code of Alabama 1975*).
- (6) Motor fuel delivered by a licensed supplier from one terminal to another terminal when ownership in the motor fuel has not changed or by a licensed supplier from a terminal to a refinery operated by the licensed supplier.
- (7) From the Motor Carrier Fuel Tax:
  - (a) Any department, board, bureau, commission or taxing area or other agency of the federal government, State of Alabama, or any political subdivision thereof.
  - (b) Any school bus operated by the State of Alabama, any political subdivision thereof, or any private or privately-operated school or schools.

**Refund Eligibility:**

- (1) Licensed distributor – on monthly basis on taxes paid on gallons sold by that distributor to licensed exempt agencies (as defined above).

- (2) Exporter – on monthly basis on taxes paid to the state on gallons exported by exporter (with proof).
- (3) Exempt entities (as defined above) – on quarterly basis for any purchases of motor fuel (or issuer of card if charged to credit card issued to the exempt entity).
- (4) End users who first pay tax on gallons of gasoline blendstocks not used in manufacture of gasoline or as motor fuel – on quarterly basis.
- (5) Tax paid on motor fuel that is lost or destroyed as direct result of sudden and unexpected casualty or becomes unsalable or unusable as highway fuel due to such things as contamination by dye or mixture of gasoline and diesel.
- (6) Tax paid on transmix not used as motor fuel or that is delivered to refinery for further processing -on quarterly basis.
- (7) Tax paid on motor fuel within the bulk transfer system with sufficient proof that a second tax had been paid pursuant to Section 40-17-325 or the fuel was exported to another state or country - on monthly basis.

**Legislative History:**

**Acts 1923, No. 62, p. 36**

Established the excise tax on gasoline at \$.02 per gallon.

**Acts 1927, No. 340, p. 326**

Increased tax to \$.04 per gallon.

**Acts 1931, No. 743, p. 859**

Increased tax to \$.05 per gallon.

**Acts 1932, No. 324, p. 314**

Increased tax to \$.06 per gallon.

**Acts 1955, 1<sup>st</sup> Ex. Sess., No. 44, p. 73**

Increased tax to \$.07 per gallon.

**Acts 1961, No. 674, p. 925**

Provided further for the taxation of gasoline and/or motor fuel sold to or withdrawn from storage or used in the state by motor carriers by establishing a separate excise tax on motor carrier fuel.

**Acts 1980, No. 427, p. 590**

Levied an additional excise tax of \$.04 per gallon on gasoline, motor fuel, and lubricating oil.

**Acts 1987, No. 675, p. 1205**

Authorized municipalities to use proceeds from the \$.04 tax on gasoline, motor fuel, and lubricating oil for new road construction.

**Acts 1992, No. 203, p. 486**

Levied an additional excise tax of \$.05 per gallon on gasoline and provided for its distribution. Proportionately increased refund on gasoline for agricultural use and static testing of engines.

**Acts 2000, No. 736, p. 1608**

Provided additional allocations from the gross \$.07 and \$.05 receipts of 70% of 1% to the Game and Fish Fund and 18% of 1% (60% to State Water Safety Fund and 40% to Seafood Fund). These allocations are deducted from the portion of gasoline tax revenues otherwise credited to the Public Road and Bridge Fund.

**Acts 2011, No. 565, p. 1084**

Effective October 1, 2012, amended, repealed, and reestablished the state gasoline and motor fuel taxes at the same rates as the taxes were previously levied. Changed the point of collection of the taxes from the distributor to the supplier. Expanded the administrative discounts allowed to distributors and suppliers for the collection of fuel taxes. Appropriated \$150,000 from the revenues collected to the Department of Revenue for the fiscal year ending September 30, 2012. Each fiscal year thereafter, an amount of revenue will be appropriated to the Department to offset its cost of administering the act.

**Acts 2013, No. 402, p. 1541**

Allowed the proceeds of the \$.04 excise tax on gasoline and oil distributed to the counties to be used for vegetation management.

**Acts 2014, No. 105, p. 169**

Amended current law relating to bonds and notes of the Alabama Federal Aid Highway Finance Authority to provide that so much of the state's share of net gasoline tax proceeds as shall be necessary shall be pledged and appropriated for the purpose of providing funds to enable the Authority to pay principal and interest of obligations.

**Acts 2015, No. 54, p. 198**

Transfers the collection of gasoline inspection fees from the Alabama Department of Agriculture and Industries to the Alabama Department of Revenue (ADOR); and included a change in the distribution of collected fees to allow an appropriation to ADOR for costs of administration and collection of fees.

**Acts 2019, No. 2**

Enacted the Rebuild Alabama Act which levied an additional six cent (\$.06) excise tax on each net gallon of gasoline and diesel fuel effective August 31, 2019; and will further increase the excise tax by two cents to eight cents (\$.08) effective October 1, 2020, and by two cents to ten cents (\$.10) effective October 1, 2021. Additionally, the act provides for an indexing process to adjust the excise tax rate by up to one cent (\$.01) every other year based on the yearly average of the National Highway Construction Cost Index. Further, the act provided for the administration, distribution, and collection of the Rebuild Alabama Act tax.

**Comparison with Neighboring States:****Florida**

Excise tax on gasoline of \$.04 per gallon. An additional fuel sales tax is levied at a rate adjusted annually based on the change in the Consumer Price Index. For 2017, the total rate is \$.309 per gallon (does not include all local taxes). In addition, gasoline is subject to the 6% sales tax. The motor carrier tax is at a rate that includes the motor and special fuel tax rates, the state comprehensive enhanced transportation system tax rate, the sales tax rate, and the minimum local special fuels rates.

**Georgia**

Excise tax on gasoline of \$.263 per gallon. Local taxes may also apply. The motor carrier fuel rate is equivalent to the taxes imposed by the motor fuels tax.

**Mississippi**

Excise tax on gasoline of \$.18 per gallon and an additional \$.004 for environmental protection. The motor carrier privilege tax is imposed at the prevailing excise tax rates for motor fuels.

**Tennessee**

As of July 2019, the tax on gasoline is \$.26 per gallon, an additional \$.004 environmental assurance fee, plus a \$.01 per gallon special tax. Motor carriers are subject to a highway user fuel tax.



# Hazardous Waste Disposal and Monitoring Fees

## **Statutory Authority:**

Sections 22-30-1 through 22-30B-20, *Code of Alabama 1975*.

## **Tax Base:**

A fee levied on operators of commercial hazardous waste disposal facilities for the disposal of waste at those facilities.

## **Tax Rate:**

- (1) A base fee of \$5.50 per ton on all hazardous waste that is disposed of at a commercial site for the disposal of hazardous waste and hazardous substances. For previous base fee rates, see Legislative History.
- (2) A monitoring fee of \$1.00 per ton on all waste received for disposal at a site for the disposal of hazardous waste and hazardous substances.
- (3) A fee of \$1.00 per ton on all wastes or substances disposed of at a commercial site, to be deposited and allocated specifically to the Alabama Hazardous Substances Cleanup Fund.

## **Collections:**

By the Department of Revenue by the 30<sup>th</sup> day of the month following receipt by commercial hazardous waste disposal facilities of hazardous waste.

Fiscal Year	Hazardous Waste Fee	
	Collections (\$) <sup>21</sup>	Percent Change
2019	1,122,358	28.49
2018	873,496	(16.75)
2017	1,049,266	30.76
2016	802,457	14.17
2015	702,878	16.20

Source: Department of Revenue's "Revenue Abstract."

<sup>21</sup> Gross collections.

<sup>22</sup> Excludes county fees and the \$1/ton ADEM monitoring fee.

Hazardous Waste Monitoring Fee to ADEM <sup>23</sup>		
Fiscal Year	Collections (\$)	Percent Change
2019	883,823	18.62
2018	745,102	(5.29)
2017	786,717	11.46
2016	705,810	7.10
2015	659,038	(12.65)

Source: "Comparative Summary of Revenues by Revenue Source" Report – Comptroller's Office. Beginning FY 2016, "Comparative Schedule of Revenues" Report – STAARS.

### **Distribution:**

- (1) The amount necessary to pay to all counties which have commercial hazardous waste disposal facilities, and which have a population of less than 25,000, 2.5% of the difference in the fees generated and those in effect on October 1, 1989.
- (2) The amount necessary to ensure that counties identified in (1) above receive from hazardous waste disposal fees annually the lesser of \$4.2 million or 100% of total hazardous waste disposal fees paid to the state. In determining whether the county is entitled to receive all or a portion of the guaranteed minimum, there is charged against this amount all receipts received from the state fees and any other applicable local act.
- (3) After the above distribution is made, any remaining amounts are distributed as follows: (1) 50% to each county having a commercial site for the disposal of hazardous waste or hazardous substances and (2) 50% to the State General Fund.
- (4) Up to \$4.5 million annually pledged to pay the principal, premiums, and interest of any bonds which may be issued by the Alabama Public Health Finance Authority under the provisions of Act 1990-598.  
(Note: The fees are not currently used for this purpose).
- (5) Cost of collection as provided by Section 22-30B-3, *Code of Alabama 1975*.

### **Major Exemptions:**

The cap of 600,000 tons imposed by Act 1992-658 does not apply to nonhazardous waste that cannot be disposed of at subtitle D landfills (industrial waste). In addition, the cap can be lifted if it is

<sup>23</sup> Includes fees provided by Act 1983-480, as amended (county fee), Act 1984-447 (\$1/ton ADEM monitoring fee), and a permit fee (imposed by administrative action) of \$300 initially with a \$300 renewal fee every two years for certification of each waste stream going to commercial hazardous waste disposal facilities in the state.

determined that such action is in the best interest of public health or the environment of the state, or if the Governor determines the cap is an impediment to compliance with other applicable state or federal laws.

**Legislative History:**

**Acts 1981, No. 229, p. 307**

Local act which levied \$5 per ton (or \$2 per barrel) fee on all waste disposed of at the Chemical Waste disposal site in Sumter County. Said fee deposited to Sumter County General Fund, for use as specified in the act, less 15% (\$0.75 per ton) to the State Treasurer – 5% for deposit in the State Hazardous Waste Management Fund and 10% for deposit in a special account to be used for the state's perpetual care responsibilities under the Hazardous Waste Act of 1978 (Act 1978-129).

**Acts 1981, 1<sup>st</sup> Ex. Sess., No. 916, p. 51**

Amended Act 1981-229 regarding the distribution of the Sumter County share of the \$5 per ton (or \$2 per barrel) fee on all waste disposed of at the Chemical Waste disposal facility in Sumter County; and also reduced the percentage remitted to the State Treasurer from 15% to 10% (5% for deposit in the State Hazardous Waste Management Fund and 5% for deposit in the special account for the state's perpetual care responsibilities under the Hazardous Waste Act of 1978 (Act 1978-129)).

**Acts 1983, No. 480, p. 672**

Amended Act 1981-229 to alter the distribution of the Sumter County share of the \$5 per ton fee (or \$2 per barrel) on all waste disposed of at the Chemical Waste disposal facility in Sumter County to include \$100,000 annually to ADEM; and eliminated the 10% formerly remitted to the State Treasurer.

**Acts 1984, No. 447, p. 1056**

Levied a fee of \$1 per ton on all hazardous waste received at commercial hazardous waste disposal sites receiving off-site waste for disposal to be used by ADEM to finance a three-member monitoring team to monitor the operations of such sites.

**Acts 1985, No. 751, p. 1244**

Clarified that the \$1 per ton disposal fee authorized by Act 1984-447 is to be paid by the operators of hazardous waste disposal facilities.

**Acts 1988, 1<sup>st</sup> Ex. Sess., No. 872, p. 392**

Established the state hazardous waste disposal fee at \$7.60 per ton (to the State General Fund, less collection costs of the Department of Revenue not to exceed 10% of collections). County fee increased by \$.40 (to \$5.40) said increase designated to the county general fund to be expended for health purposes.

**Acts 1989, No. 786, p. 1570**

Provided that the tax levied on the disposal of hazardous waste generated outside the State of Alabama to impose a fee on such waste at the higher of: (1) fee imposed on the disposal of such waste in the state where the waste was generated; or (2) fee imposed on the disposal of hazardous waste generated and disposed of in Alabama.

**Acts 1989, No. 787, p. 1571**

Increased hazardous waste disposal fees by a total of \$16 per ton to be implemented as follows:

<u>Effective Date</u>	<u>Fee Increase (\$) (per ton)</u>	Distribution	
		<u>SGF (\$)</u>	<u>Co. GF (\$)</u>
10-1-89	8	7.00	1.00
10-1-90	4	3.50	.50
10-1-91	4	3.50	.50

Further specified that State General Fund revenues from this act were not to be appropriated until FY 1991.

**Acts 1990, No. 326, p. 448**

Increased the state fees for disposal of hazardous waste to:

<u>Date</u> <u>Through</u>	<u>Total Fee (\$) (per ton)</u>	<u>ADEM (\$)</u>	Distribution	
			<u>SGF (\$)</u>	<u>Co. GF (\$)</u>
7-14-90	22.00	1	14.60	6.40
7-15-90:				
In-state	40.00	1	32.60	6.40
Out-of-state	112.00	1	104.60	6.40
10-1-90:				
In-state	40.50	1	32.60	6.90
Out-of-state	112.50	1	104.60	6.90
10-1-91				
In-state	41.00	1	32.60	7.40
Out-of-state	113.00	1	104.60	7.40

Provided for county receipts and pledging of receipts for Public Health facility bonds, as described in DISTRIBUTION. (County increases provided by Act 1989-787).

Note: On June 1, 1992 the U.S. Supreme Court ruled that the differential fee established by this act was unconstitutional, so that beginning May 1, 1992, all waste was assessed at the in-state rate.

**Acts 1992, 2<sup>nd</sup> Ex. Sess., No. 658, p. 32**

Provided a base fee for hazardous/PCB waste and an additional fee for "P" waste and "U" waste; and established a fee for nonhazardous waste. These fees are the same for in-state and out-of-state generated waste. Established a fee of \$1 per ton for the Hazardous Substance Clean-up Fund.

Provided for a cap of 600,000 tons on waste disposed of at commercial sites. Exceptions to this cap are given in the act (see Exemptions). Established a trust fund, ALERT, to be used to make matching grants to higher education institutions in Alabama with programs of "service and research."

**Acts 1999, No. 195, p. 231**

Amended the distribution of the fees levied by Act 1983-480 by reducing the distribution to ADEM to \$50,000 effective October 1999, and redirecting the funds elsewhere.

**Acts 2006, No. 306, p. 644**

Exempted, from the base fee of \$41.60/ton, the disposal of dust/sludge from the primary production of steel in electric arc furnaces (K061) and hazardous waste that will be de-characterized and rendered nonhazardous and subjected such disposal to a fee of \$11.60/ton. Provided for the distribution of half of the revenues generated from such waste to counties having a commercial site for the disposal of hazardous waste and half to the State General Fund with the first \$400,000 each year earmarked for appropriation to the Department of Environmental Management.

**Acts 2007, No. 594, p. 1204**

Reduced the base fee for disposal of hazardous waste at the commercial disposal facility located in Emelle, Alabama from \$41.60 to \$21.60 per ton. This facility is currently the only commercial disposal facility for hazardous waste in the state.

**Acts 2013, No. 174, p. 325**

Provided for a \$5.50 base fee on the disposal of all hazardous wastes at commercial sites for the disposal of hazardous waste and hazardous substances; prohibited a county from levying additional local fees; removed dust/sludge disposal fee receipts distribution; and removed the distinctive fee schedule for Emelle Facility in Sumter County.

**Acts 2014, No. 418, p. 1529**

Changed the distribution of revenues generated from the base fee on the disposal of hazardous wastes as follows: (1) 25% to each county having a commercial site for the disposal of hazardous waste or hazardous substances and (2) 75% to the State General Fund, with the first \$450,000 being earmarked for appropriation to the Alabama Department of Environmental Management.

**Acts 2015, No. 315, p. 952**

Effective retroactively to April 1, 2015, provided for the distribution of certain state fees by local law and authorization of certain local laws. Beginning October 1, 2015, changed the allocation of hazardous waste revenues to: (1) such amounts necessary to meet the annual guaranteed amount of \$4.2 million to counties with a hazardous waste facility (currently only Sumter County) and (2) any remaining amounts to be distributed 50% to the State General Fund and 50% to the county.

**Acts 2018, No. 412, p.**

Repealed Section 22-30B-19, which established the Alabama Legacy for Environmental Research Trust (ALERT) Fund. Required any moneys in the fund to revert to the Department of Public Health for the operation of the Bureau of Environmental Services.

**Comparison with Neighboring States:****Florida**

3% tax levied on annual gross receipts of a privately owned, permitted, commercial hazardous waste transfer, storage, treatment or disposal facility.

**Georgia**

Small quantity generators pay \$115.00 per year.

Off-site Treatment – Every large quantity generator must pay an annual fee of \$23 per ton for incineration/disposal; \$18.40 per ton for treatment/storage; \$10.35 per ton for treatment by being burned for energy recovery, up to a maximum of \$75,000 per year.

On-site Treatment – Every large quantity generator must pay an annual fee of \$11.50 per ton for incineration/disposal; \$4.60 per ton for treatment/storage; \$2.90 per ton for treatment by burning for energy recovery, up to a maximum of \$75,000 per year. Per year payments for large quantity generators that treat wastewater may not exceed \$7,500.

For commercial facilities which receive waste from out-of-state, the following fees are assessed: \$23 per ton for incineration/disposal; \$18.40 per ton for treatment/storage; \$10.35 per ton for treatment by burning for energy recovery, up to a maximum of \$75,000 per year.

**Mississippi**

\$10 per ton for waste generated and disposed of in Mississippi by means of land disposal and for waste generated and stored for one year or more in Mississippi; \$2 per ton for waste generated and treated in Mississippi and for waste generated and stored for less than one year in Mississippi; \$1 per ton for waste generated and recovered in Mississippi; and for all hazardous waste generated outside of Mississippi and received at a Mississippi commercial management facility during the preceding

year, the facility owner/operator must pay the higher of (1) an amount equal to the fee imposed on the management of such waste by the state from which the waste originated or (2) the fees imposed for hazardous waste disposed of in Mississippi.

**Tennessee**

The annual fee on the generation of hazardous waste is \$33,000 and additional fees are assessed on the off-site shipment of hazardous waste, including the shipment of the waste to Tennessee facilities from out of state; a maximum of \$75,000.

# Hospital and Health Care Facility Review of Plans and Inspection Fee

## **Statutory Authority:**

Sections 22-21-40 through 22-21-46, *Code of Alabama 1975*.

## **Tax Base:**

A review and inspection fee for new construction, additions or alterations of hospitals, or health care facilities as defined in Section 22-21-20 and the rules of the State Board of Health.

## **Tax Rate:**

The estimated fee is based on the architect's estimated cost of construction, at the following rates:

<u>Construction Cost</u>	<u>Fee (% of construction cost)</u>
Up to \$100,000	Cost x 1.44%
\$100,001 - \$240,000	\$1,440
\$240,001 - \$1,000,000	Cost x .6%
\$1,000,001 - \$2,500,000	\$6,000
\$2,500,001 - \$5,000,000	Cost x .24%
\$5,000,001 - \$10,000,000	\$12,000
\$10,000,001 - \$15,000,000	Cost x .12%
Over \$15,000,000	\$18,000

Initial fee of \$600, to be paid upon submission of the first drawing for each project. Upon written approval of the final stage drawings, 75% of the estimated fee, less the initial \$600 payment, is paid. At the final building inspection, the remainder of the fee, based on the actual cost of construction, is due. If more than four plan reviews and one final inspection visit are required, an additional fee, equal to 15% of the total fee above, shall be paid for each additional submittal or inspection.

## **Collections:**

By the State Board of Health.

<b>Fiscal Year</b>	<b>Collections (\$)</b>	<b>Percent Change</b>
2019	604,764	(8.65)
2018	662,038	(2.29)
2017	677,524	58.06
2016	428,653	(12.64)
2015	490,670	19.79



Source: "Comparative Summary of Revenues by Fund" Report - Comptroller's Office. Beginning FY 2016, "Comparative Schedule of Revenues" Report – STAARS.

**Distribution:**

To the Department of Public Health Plan Review Fund.

**Major Exemptions:**

Alabama Department of Mental Health, facilities operated by the federal government, local health departments, and private offices of physicians and dentists.

**Legislative History:**

**Acts 2000, No. 686, p. 1393**

Established the review and inspection fees from \$500 to \$15,000 dependent on the cost of construction and established the Department of Public Health Plan Review Fund.

**Acts 2015, No. 441, p. 1418**

Established fees at the current rate based on the Consumer Price Index.

**Comparison with Neighboring States:**

**Florida**

An application fee of \$2,000 for review of plans and construction on all health care facility projects, no part of which is refundable. The state may also collect its actual cost on all subsequent reviews and construction inspections. All of the review, including construction surveys, will be at \$100 per hour and/or based upon the actual cost of the review (including travel expenses) for the remaining portion of the plan reviews and construction surveys.

**Georgia**

Georgia requires plan review for all construction projects for hospitals, nursing homes and ambulatory surgery center. No comparable fee identified.

**Mississippi**

The reviewing of architectural plans in all steps of building or renovating a hospital and other health care facilities is required. In addition to licensure fees, a "User Fee" is charged for the review of plans and inspections of hospital construction projects. The fee is a minimum of \$50 and a maximum of \$5,000. This law is due to be repealed on July 1, 2020. Additionally, Mississippi requires plan review for all new construction and renovation projects by health care facilities to ensure compliance with local, state and federal laws. Fee for this review is \$400, except for state-owned buildings, state agencies and religious organizations.

**Tennessee**

<b>Fee schedule for review of plans and specifications for construction:</b>	
<b>Total Construction Cost</b>	<b>Fee</b>
\$0.00 to \$1,000,000.00	\$2.50 per thousand or fraction thereof (a minimum of \$250)
\$1,000,000.01 or more	\$2,500 for first \$1,000,000.01 plus \$2.00 for each additional thousand or fraction thereof
N/A	\$100.00 fee for letter stating plans are not required to be reviewed.
N/A	\$300.00 fee for review of plans and specifications for minor renovations, locking hardware, hood and duct suppression
N/A	\$300.00 fee for review of plans and specifications for Home for Aged licensed for six (6) beds or less

# Hospital and Nursing Home License Fees

## **Statutory Authority:**

Sections 22-21-20 through 22-21-34, *Code of Alabama 1975*.

## **Tax Base:**

A license fee imposed on those operating a hospital as defined in Section 22-21-20 of the *Code of Alabama 1975*, including long term care facilities, hospices, domiciliary care facilities, abortion or reproductive health centers, independent clinical laboratories, assisted living facilities, and other health care institutions.

## **Tax Rate:**

For a hospital other than an assisted living facility or specialty care assisted living facility the initial fee is \$240, plus \$6 per bed for each bed over 10 beds. Increase in a hospital's bed capacity during the calendar year is assessed at the standard fee of \$240 plus \$6 each for the net gain in beds. For an assisted living facility or specialty care assisted living facility the initial fee is \$240, plus \$18 for each bed. All licenses expire December 31.

## **Collections:**

By the State Board of Health.

Fiscal Year	Collections (\$)	Percent Change
2019	909,386	(0.27)
2018	911,879	2.39
2017	890,615	15.82
2016	768,954	2.55
2015	749,836	1.83

Source: "Comparative Summary of Revenues by Revenue Source" Report - Comptroller's Office. Beginning FY 2016, "Comparative Schedule of Revenues" Report – STAARS.

## **Distribution:**

To the State Board of Health for expenditure by the State Department of Public Health for the operation of the hospital licensure and regulation program.

## **Major Exemptions:**

Hospitals operated by the federal government and mental hospitals under the supervision of the board of trustees of the Alabama state hospitals.

### **Legislative History:**

#### **Acts 1949, No. 530, p. 835**

Established the regulation and licensure of hospitals and other health care facilities by the State Board of Health. Licensure fee set at \$30 for facilities having less than 50 beds and \$50 if more than 50 beds; provided that the operation of a hospital without a license is a misdemeanor; and provided the penalties and fines associated with this act.

#### **Acts 1962, Ex. Sess., No. 122, p. 157**

Included domiciliary institutions and other health care institutions in definition of "hospital" for purposes of this tax.

#### **Acts 1975, 3<sup>rd</sup> Ex. Sess., No. 140, p. 382**

Further defined "hospital" for purposes of this tax and set fee for licensure at \$60 plus \$1 per bed plus an additional \$60 fee plus \$1 each for the net gain in beds during the calendar year.

#### **Acts 1980, No. 642, p. 1213**

Set an application fee at \$100 plus \$3 per bed plus an additional \$100 fee plus \$3 each for the net gain in beds during the calendar year.

#### **Acts 1988, 1<sup>st</sup> Ex. Sess., No. 902, p. 470**

Set an application fee at \$200 plus \$5 per bed plus a \$200 fee plus \$5 each for the net gain in beds during the calendar year.

#### **Acts 1991, No. 548, p. 1010**

Included hospices in definition of "hospital" for purposes of this tax.

#### **Acts 2001, 4<sup>th</sup> Ex. Sess., No. 1058, p. 1044**

Provided further for licensing and regulation of assisted living facilities; provided for license fees (for an assisted living facility at \$200 plus \$15 for each bed) and penalties of \$250 or 100% of the renewal fee whichever is greater for failure to renew licenses of assisted living facilities at current rates.

#### **Acts 2015, No. 441, p. 1418**

Established fees at the current rate based on the Consumer Price Index.

### **Comparison with Neighboring States:**

#### **Florida**

- (1) Hospitals – License fee – \$31.46 per bed; the minimum fee is \$1,565.13 (biennial).
- (2) Nursing Homes – Biennial license fee required of a facility is \$112.50 per bed.
- (3) Assisted Living Facility – \$387.73 application fee plus \$64.96 per bed fee. In addition, each licensed facility must pay a biennial fee of \$546.07 for extended congregate care services plus

\$10.15 per resident based on total licensed resident capacity of the facility and \$322.07 limited nursing service application fee and a \$10.15 per bed fee on total resident capacity plus a \$2 per bed biennial assessment fee not to exceed a \$300.

- (4) Home Health Agency - License fee - \$1,705 plus \$300 biennial fee assessment.
- (5) Companion/Homemaker Services - Registration fee - \$50.75.
- (6) Adult Day Care Center - License fee – \$172.55 (biennial)
- (7) Hospice - License fee - \$1,218 per license (biennial) plus \$300 biennial fee assessment.
- (8) Health Care Clinic Licensure - \$2,000 (biennial) plus \$300 biennial fee assessment.
- (9) Intermediate Care Facilities for Developmentally Disabled Persons – License fee - \$262.88 per bed, plus \$300 biennial fee assessment
- (10) Multiphasic Health Testing Center - \$652.64 biennial licensure fee plus \$300 biennial fee assessment.
- (11) Home for Special Services - \$87.29 per bed not to exceed \$1,114.47 biennially.
- (12) Adult Family Care Home - \$226.34 biennial licensure fee
- (13) Ambulatory Surgical Center - \$1,679.82 biennial licensure fee, \$400 initial inspection fee and \$300 biennial fee assessment.
- (14) Abortion Clinic - \$550.50 biennial licensure fee plus a \$300 biennial fee assessment.
- (15) Birth Center - \$392.80 biennial licensure fee, \$250 each for an initial application survey and for a life safety survey, and a \$300 biennial fee assessment.
- (16) Drug Free Workplace lab - \$16,435 per licensure biennially
- (17) Health Care Risk Manager - \$104.54 for initial applicants and \$52.78 for renewal applicants.
- (18) Health Care Service Pool - \$616 biennial registration fee.
- (19) Home Medical Equipment – Initial and renewal license fee - \$304.50, \$400 fee for inspection unless provider is exempt.

## **Georgia**

Annual licenses:

- (1) Adult Day Care - \$250 (social), \$350 (medical)
- (2) Ambulatory Surgical Treatment Centers - \$750
- (3) Birthing Centers - \$250
- (4) Clinical Laboratories - \$500
- (5) Community Living Arrangements - \$350
- (6) Drug Abuse Treatment Programs - \$500

- (7) End Stage Renal Disease (ESRD) Centers
    - a. 1-12 stations - \$600
    - b. 13-24 stations - \$1,000
    - c. 25 or more stations - \$1,100
    - d. Stand-alone ESRD facilities offering Peritoneal Dialysis only - \$800
  - (8) Eye Banks - \$250
  - (9) HMOs - \$2,000
  - (10) Home Health Agencies - \$1,000
  - (11) Hospices - \$1,000
  - (12) Hospitals
    - a. Less than 25 beds - \$250
    - b. 25 to 50 beds - \$750
    - c. More than 50 beds - \$1,500
  - (13) Imaging Centers - \$3,000
  - (14) Infirmaries - \$250
  - (15) ICF/MR (private) - \$250
  - (16) Narcotic Treatment Programs - \$1,500
  - (17) Nursing Homes
    - a. 1 to 99 beds - \$500
    - b. More than 99 beds - \$750
  - (18) Personal Care Homes
    - a. Less than 25 beds - \$350
    - b. 25 to 50 beds - \$750
    - c. More than 50 beds - \$1,500
  - (19) Private Home Care Providers
    - a. Companion Sitter- Less than 50 FTEs - \$200; 50 or more FTEs - \$400
    - b. Nursing Services Only - Less than 50 FTEs - \$500; 50 or more FTEs - \$750
    - c. Nursing Services and Companion Sitter - Less than 50 FTEs - \$750; 50 or more FTEs - \$1,000
  - (20) Traumatic Brain Injury Facilities - \$250
  - (21) X-Ray Facilities - \$300 annually
- All licenses have a \$300 application processing fee.

## Mississippi

- (1) Abortion Facility - \$3,967.50 per facility (initial and renewal licensure)
- (1) Ambulatory Surgery Facility - \$3,967.50 per facility (initial and renewal licensure)
- (2) Birthing Center - \$1,322.50 initial licensure/ \$345 renewal licensure
- (3) Home Health Agency - \$1,322.50, initial and renewal licensure
- (4) Hospice Outpatient - \$1,322.50, initial and renewal licensure per parent and satellite location
- (5) Hospice Inpatient - \$1,322.50, initial and renewal licensure per parent and satellite location plus \$23.81 per inpatient bed
- (6) < 25-beds hospitals - \$26.45/bed with a minimum of \$661.25, initial and renewal licensure per facility
- (7) 25+bed hospitals - \$26.45/bed initial and renewal licensure for each facility for facilities less than or equal to 249 beds and a maximum of \$6,612.50 for facilities with 250 or more beds
- (8) Intermediate Care Facilities for Intellectually and Developmentally Disabled (ICF-IID - \$26.45 per bed with a \$264.50 minimum (initial and renewal licensure) for facilities with 10 beds or less
- (9) Nursing Home - \$26.45 per bed with a \$264.50 minimum (initial and renewal licensure) for facilities with 10 beds or less
- (10) Personal Care Home - \$132.25 minimum (initial and renewal licensure) for facilities with 6 beds or less and \$19.84 per bed for facilities with 6 or more beds
- (11) Psychiatric Residential Treatment Facility - \$264.50 minimum (initial and renewal licensure) for facilities with 10 beds or less and \$26.45 per bed for facilities with 10 or more beds
- (12) Prescribed Pediatric Extended Care Center (PPEC) License - \$1,322.50 initial licensure application fee; \$661.25 initial and renewal license fee for up to 25 beds; \$26.45 per bed with a maximum of \$6,612.50 for facilities with more than 25 beds; and \$198.38 initial and renewal late fee
- (13) Private Review Certificate - \$1,322.50 for a two-year certificate

## Tennessee

- (1) Hospitals, nursing homes, assisted-care living facilities, and HIV supportive living facility.

<u>Bed Capacity</u>	<u>Annual Fee</u>
Less than 25	\$1,040
25 through 49	\$1,300
50 through 74	\$1,560
75 through 99	\$1,820
100 through 124	\$2,080
125 through 149	\$2,340

150 through 174	\$2,600
175 through 199	\$2,860

Facilities with 200 beds or more pay a flat rate of \$2,860 + \$200 for each additional 25 beds or fraction thereof.

(2) Residential hospice

<u>Bed Capacity</u>	<u>Annual Fee</u>
Less than 25	\$1,040
25 through 49	\$1,333
50 through 74	\$1,593
75 through 99	\$1,853
100 through 124	\$2,133
125 through 149	\$2,373
150 through 174	\$2,633
175 through 199	\$2,893

Facilities with 200 beds or more pay a flat rate of \$2,893 + \$200 for each additional 25 beds or fraction thereof.

- (2) Ambulatory surgical treatment centers, home health agencies, birthing centers, hospice agencies, end stage renal disease facilities, outpatient diagnostic centers, home care providers of medical equipment, and prescribed child care centers - \$1,404.

(3) Residential homes for aged.

<u>Bed Capacity</u>	<u>Annual Fee</u>
Less than 6	\$390
6 through 25	\$1,040
25 through 49	\$1,333
50 through 74	\$1,593
75 through 99	\$1,853
100 through 124	\$2,133
125 through 149	\$2,373
150 through 174	\$2,633
175 through 199	\$2,893

Facilities with 200 beds or more pay a flat rate of \$2,893 + \$200 for each additional 25 beds or fraction thereof.

- (4) Professional Support Services is \$270 if one of the following apply:

- (a) The facility is licensed by the Department of Mental Health and Developmental Disabilities.



(b) Applicant is a therapist who is licensed as an occupational and/or physical therapist or as a Speech Language Pathologist and Audiologists.

Applicant is a home care organization owned or controlled by another home care organization. The fee is \$1,080 for a home care organization authorized to provide professional support services only.

# Hunting Licenses

## **Constitutional Provisions:**

Amendment No. 272 to the *Constitution of Alabama of 1901*, now appearing as Section 219.01 of the Official Recompilation of the *Constitution of Alabama of 1901*, (ratified December 13, 1967).

Created the Game and Fish Fund and provided that all monies derived from the sale of hunting and fishing licenses or permits are deposited into said fund.

## **Statutory Authority:**

Sections 9-11-32 through 9-11-51, 9-11-53.3, 9-11-65, 9-11-65.2, 9-11-68, 9-11-71, 9-11-73, 9-11-244, 9-11-417, and 9-11-430 through 9-11-435, *Code of Alabama 1975*.

## **Tax Base:**

A fee paid by persons desiring to hunt in Alabama. Annual licenses are valid from September 1 or the date of issuance to the next August 31.

## **Tax Rate:**

The fees below are valid from September 1, 2019 through August 31, 2020. For previous rates, see Legislative History and [www.eregulations.com/alabama](http://www.eregulations.com/alabama).

<b>Resident Licenses</b>	<b>License Fee<sup>3</sup></b>
Annual All Game <sup>1</sup>	\$27.75
Annual Small Game <sup>1</sup>	\$18.40
Lifetime Hunting <sup>1</sup>	\$342.05 to \$569.40 (based on age)
Lifetime State Duck Stamp <sup>2</sup>	\$151.00 to \$231.00 (based on age)
Lifetime Combination Hunting/State Duck Stamp <sup>1,2</sup>	\$492.05 to \$799.40 (based on age)
Lifetime Combination Hunting/Freshwater Fishing <sup>1</sup>	\$512.65 to \$796.85 (based on age)
Lifetime Combination Hunting/Saltwater Fishing <sup>1</sup>	\$626.25 to \$967.45 (based on age)
Lifetime Combination Hunting/Freshwater and Saltwater Fishing <sup>1</sup>	\$796.85 to \$1,194.85 (based on age)
Lifetime Combination Freshwater Fishing/State Duck Stamp <sup>1</sup>	\$321.45 to \$515.20 (based on age)
Lifetime Combination Saltwater Fishing/State Duck Stamp <sup>1</sup>	\$435.20 to \$628.90 (based on age)
Lifetime Combination Saltwater Fishing & Wildlife Heritage <sup>5</sup>	\$512.40 to \$626.10 (based on age)

<b>Resident Licenses</b>	<b>License Fee<sup>3</sup></b>
Lifetime Combination Wildlife Heritage/State Duck Stamp <sup>1</sup>	\$378.30 to \$458.30 (based on age)
Lifetime Combination Hunting/State Duck Stamp/Freshwater Fishing <sup>1</sup>	\$662.65 to \$1,026.85 (based on age)
Lifetime Combination Hunting/State Duck Stamp/Saltwater Fishing <sup>1</sup>	\$776.25 to \$1,197.45 (based on age)
Lifetime Combination Freshwater Fishing/Saltwater Fishing/State Duck Stamp <sup>1</sup>	\$605.75 to \$913.15 (based on age)
Lifetime Combination Saltwater Fishing/Wildlife Heritage/State Duck Stamp <sup>1</sup>	\$662.40 to \$856.10 (based on age)
Lifetime Combination Hunting/State Duck Stamp/Freshwater & Saltwater Fishing <sup>1</sup>	\$946.85 to \$1,424.85 (based on age)
64 Lifetime License <sup>4, 1</sup>	\$27.75 (all game) \$18.40 (small game)
Totally Disabled Person Special License	\$6.25
Physically Disabled Military Veteran's Appreciation Hunting License (50% or more disabled)	\$14.40
100 Percent Disabled Military Veteran's Appreciation	\$3.15
Wildlife Management Area <sup>2</sup>	\$18.40
Migratory Waterfowl Stamp <sup>2</sup>	\$11.00
7-Day Commercial Fowl Hunting Preserve <sup>2</sup>	\$10.00
Annual Wildlife Heritage <sup>5</sup>	\$11.45
Lifetime Wildlife Heritage <sup>5</sup>	\$228.30
Physically Disabled Military Veterans Appreciation 3-day Trip Event license	\$139.60
Baiting Privilege	\$15.00

<b>Nonresident Licenses</b>	<b>License Fee<sup>3</sup></b>
Annual All Game	\$320.30
Annual Small Game	\$104.60
Wildlife Management Area <sup>2</sup>	\$18.40
Migratory Waterfowl Stamp <sup>2</sup>	\$11.00
10-Day Trip (All Game)	\$197.85
10-Day Trip (Small Game)	\$63.85

3-Day Trip (All Game)	\$139.60
3-Day Trip (Small Game)	\$46.30
7-Day Commercial Fowl Hunting Preserve <sup>2</sup>	\$10.00
Non-Resident College Students <sup>7</sup>	\$27.75 (all game) \$18.40 (small game)
Physically Disabled Military Veterans Appreciation 3-Day Trip event license <sup>6</sup>	\$139.60 (See Note)
Baiting Privilege <sup>8</sup>	\$51.00

<sup>1</sup> Persons obtaining the resident all-game hunting license or the resident small game hunting license shall also be entitled to all the privileges of the wildlife heritage license.

<sup>2</sup> Migratory waterfowl stamps and wildlife management area licenses must be purchased in addition to obtaining a resident or nonresident hunting license. A 7-Day commercial fowl hunting preserve license may be purchased in lieu of obtaining a regular resident or nonresident hunting license.

<sup>3</sup> Includes issuance fees. Issuance fees are retained by the probate judge, license commissioner, or other authorized license agent. All fees collected by a probate judge or license commissioner, who is paid a salary for the performance of his or her duties, are deposited in the county treasury.

<sup>4</sup> A person 64 years of age when procuring an annual hunting license will be issued the license on a lifetime basis for the same fees that would have been paid for the annual license.

<sup>5</sup> The wildlife heritage license allows a person to: (1) fish in waters under the jurisdiction of the Division of Wildlife and Freshwater Fisheries with a hook and line from the bank other than in a person's county of residence; (2) fish in public fishing lakes operated by the Division of Wildlife and Freshwater Fisheries; (3) hunt small game, except waterfowl, on wildlife management area; and (4) shoot on Division of Wildlife and Freshwater Fisheries shooting ranges.

<sup>6</sup> This license permits up to 10 U.S. military veterans, resident or non-resident, who are certified by the U.S. Veterans' Administration as 50% or more physically disabled, to hunt at events sanctioned by the Commissioner of Conservation and Natural Resources for a fee equal to the non-resident all game three-day hunting license, plus the applicable issuance fee.

<sup>7</sup> Allows certain non-resident students age 17-23 to qualify for resident recreational hunting and fishing licenses. Must be a full-time student enrolled in an approved Alabama Institution of Higher Education.

<sup>8</sup> This license allows individuals to hunt whitetail deer and feral hogs with the aid of bait.

**Note:** License fees and accompanying issuance fees for all licenses, with the exception of migratory waterfowl stamp and commercial fowl preserve license, are subject to annual increases based on

the percentage increase in the Consumer Price Index (CPI) if recommended by the Commissioner and approved by the Department's Advisory Board.

### **Collections:**

By the probate judges, license commissioners, or other license agents due to the Department of Conservation and Natural Resources on the 1st of each month.

<b>Fiscal Year</b>	<b>Annual License Collections (\$)<sup>24,25</sup></b>	<b>Lifetime License Collections (\$)<sup>26</sup></b>	<b>Migratory Waterfowl Stamp Collections (\$)</b>	<b>Totals (\$)</b>	<b>Percent Change</b>
2019	10,889,501	613,341	348,336	11,851,178	(1.09)
2018	11,076,909	584,585	319,804	11,981,298	(9.67)
2017	12,241,327	682,728	340,555	13,264,610	24.39
2016	10,009,854	534,844	119,105	10,663,803	(11.24)
2015	11,288,413	567,891	157,350	12,013,654	5.99

Source: "Comparative Summary of Revenues by Revenue Source" Report - Comptroller's Office. Beginning FY 2016, "Comparative Schedule of Revenues" Report – STAARS.

### **Distribution:**

- (1) Lifetime hunting and combination lifetime hunting/freshwater fishing – 100% to the Alabama Game and Fish Endowment Fund.
- (2) Lifetime combination hunting/saltwater fishing and hunting/freshwater and saltwater fishing - the portion of the fee representing the amount of the lifetime hunting license or the lifetime hunting and freshwater fishing license to the Alabama Game and Fish Endowment Fund and the balance of the fees charged for each license to the Alabama Marine Resources Endowment Fund.
- (3) 64 Lifetime Hunting license – 100% to the Alabama Game and Fish Endowment Fund.
- (4) All remaining licenses – 100% to the Game and Fish Fund. All or a portion of the revenues from several licenses are earmarked for specific purposes, including the procurement, development and maintenance of wetlands and waterfowl management (migratory waterfowl stamp), and research on wildlife and wildlife habitat (wildlife heritage).

<sup>24</sup> Includes receipts from annual hunting licenses, trip licenses, and wildlife management area licenses.

<sup>25</sup> Collections from Wildlife Heritage License are included in Freshwater Fishing Licenses.

<sup>26</sup> Includes Alabama Game and Fish Endowment Fund portion of lifetime combination hunting/saltwater fishing licenses (see Distribution).

**Major Exemptions:**

- (1) No person serving as a member of the armed forces of the U.S. shall be required to procure a hunting license to hunt within the state during any period of time in which the U.S. is engaged in a war.
- (2) All persons under the age of 16 years.
- (3) Any resident of the state over 65 years of age is exempt, provided that said resident has proof of age on his person while hunting (or, in the case of nondrivers, proof of permanent Alabama residence and age).
- (4) Any person or member of his immediate family who hunts on lands owned by him, or any tenant or member of his immediate family who hunts on lands leased or rented by such tenant and who resides on such lands.
- (5) Residents on leave from active military duty who have proof of his or her status in his or her possession.
- (6) A member of the U.S. military stationed in Alabama on active duty and his or her spouse and their dependents who reside with them are deemed residents for hunting and fishing license purposes.
- (7) Patrons of a commercial bird hunting preserve are exempt from individual license requirements, if the operator of the preserve purchases a commercial bird hunting preserve license for \$500, plus a \$2 issuance fee

**Legislative History:****Acts 1935, No. 240, p. 632**

Established hunting license fees for residents and nonresidents in Alabama as follows: annual resident, \$3; annual resident county, \$1; annual nonresident, \$25; and nonresident 7-day trip, \$5.

**Acts 1965, No. 751, p. 1365**

Provided for new types of and new fees for nonresident hunting licenses as follows: annual small game, \$10.15; annual all game, \$25.15; 7-day trip small game, \$7.15; and 7-day trip all game, \$10.15.

**Acts 1965, 2<sup>nd</sup> Ex. Sess., No. 121, p. 169**

Levied a special license for hunting deer and wild turkeys on state operated Wildlife Management Areas of \$3 and exempted persons 65 or older.

**Acts 1971, No. 1515, p. 2629**

Provided for the cost of and established the procedures for residents between the ages of 16 and 65 to obtain an annual resident state hunting license for a fee of \$5 and a county license for a fee of \$2.50, both with an issuance fee of \$.25.

**Acts 1975, No. 1171, p. 2301**

Provided for the issuance of a permanent lifetime hunting licenses for residents over 65 years of age at no cost, upon the payment of a \$.25 issuance fee.

**Acts 1979, No. 545, p. 985**

Created the migratory waterfowl hunting license stamp; required that each individual purchasing a hunting license would need a stamp affixed to the license in order to hunt migratory waterfowl; and provided that fees collected from said stamp be deposited into the Game and Fish Fund, to be used for the procurement, development, restoration, maintenance or preservation of wetlands for waterfowl habitat, and for public waterfowl hunting areas.

**Acts 1979, No. 804, p. 1482**

Increased the fees for the annual resident hunting licenses to \$10 and the county licenses to \$5.

**Acts 1981, No. 720, p. 1226**

Increased the fees for nonresident trip licenses as follows: 7-day trip small game, \$14.25; and 7-day trip all game, \$35.25.

**Acts 1981, 3<sup>rd</sup> Ex. Sess., No. 1122, p. 386**

Established a lifetime resident hunting license fee of \$200, a lifetime resident freshwater fishing license fee of \$100, and provided for a combination lifetime hunting/freshwater fishing license fee of \$300; and provided that the proceeds of such license be deposited into a special account in the Game and Fish Fund called the Alabama Game and Fish Endowment Fund.

**Acts 1982, No. 407, p. 619**

Increased the annual all game hunting license fees for nonresidents to \$175 and reduced the 7-day nonresident trip all game license to 5 days at a fee of \$75.

**Acts 1982, 2<sup>nd</sup> Ex. Sess., No. 777, p. 279**

Extended the period for a nonresident trip all game license to seven days at a fee of \$50.

**Acts 1984, No. 446, p. 1040**

Increased the license issuance fee for probate judges to \$1 per license.

**Acts 1988, 1<sup>st</sup> Ex. Sess., No. 805, p. 242**

Increased the fees for annual statewide license to \$15 and county license to \$7.50. Authorized the issuance of annual hunting and freshwater fishing license on a combination basis.

**Acts 1989, No. 300, p. 487**

Increased the lifetime resident hunting license fee to \$300 and the combination lifetime resident hunting/freshwater fishing license fee to \$450.

**Acts 1992, 2<sup>nd</sup> Ex. Sess., No. 702, p. 172**

Provided that in lieu of a regular hunting license, residents and nonresidents may elect to purchase a 7-day commercial fowl hunting preserve license. Allowed the license holder to hunt only artificially propagated or pen-raised fowl, as designated by the Commissioner of Conservation and Natural Resources as legal to hunt, on a licensed commercial fowl hunting preserve.

**Acts 1994, No. 577, p. 1051**

Increased license fees for the following: annual nonresident "small game only," \$40; annual nonresident "all game," \$200; nonresident "trip small game," \$25; and nonresident "trip all game," \$75; and established issuance fees for these licenses.

**Acts 1998, No. 615, p. 1355**

Increased the issuance fee from \$.25 to \$1 for migratory waterfowl stamp; and allowed other license agents authorized by the Department of Conservation and Natural Resources to issue migratory waterfowl stamps, provided such agents prepurchase sheets of stamps for resale at face value plus the issuance fee.

**Acts 1999, 2<sup>nd</sup> Ex. Sess., No. 660, p. 117**

Established the resident lifetime saltwater license at \$250, the lifetime saltwater/hunting combination license at \$550, and the lifetime saltwater/freshwater fishing and hunting combination license at \$700; provided the distribution of revenues from such licenses; and established the Alabama Marine Resources Endowment Fund.

**Acts 2000, No. 735, p. 1604**

Established the lifetime Senior 64 licenses at the current rates and distribution. Changed the effective date of Act 1999-660, 2<sup>nd</sup> Ex. Sess., from November 29, 2000, to June 1, 2000.

**Acts 2000, No. 742, p. 1647**

Established the annual resident sportsman's license at \$58.50, plus a \$1 issuance fee and provided distribution; increased fees for hunting on wildlife management areas to current rate, nonresident small game to \$75, and all game licenses to \$250; deleted the provisions for nonresident 7-day trip licenses; and established the nonresident 3-day license at \$30 (small game) and \$75 (all game) and the 10-day license at \$45 (small game) and \$125 (all game).

**Acts 2004, No. 449, p. 794**

Authorized U.S. military personnel stationed in Alabama on active duty to be deemed residents for hunting and fishing license purposes; exempted Alabama residents that are active members of the National Guard and certified law enforcement personnel from hunter safety education requirements;



clarified that hunting and fishing licenses are not transferable and authorized residents of the state on leave from active military duty to hunt or fish without obtaining a license.

**Acts 2007, No. 418, p. 874**

Established the Wildlife Heritage Act of 2007. Increased the license fees for the following licenses to current base rates before CPI adjustments: annual resident all game; annual nonresident all game; annual nonresident small game; nonresident 10-day trip small game; nonresident 10-day trip all game; nonresident 3-day trip small game; nonresident 3-day trip all game; lifetime resident hunting license; lifetime resident hunting/freshwater fishing license; lifetime resident hunting/saltwater fishing license; and lifetime resident hunting/saltwater and freshwater fishing license. Provided that these license fees and accompanying issuance fees are subject to annual cost adjustment beginning in FY 2011 based on the percentage increase in the Consumer Price Index (CPI) if such adjustment is recommended by the Commissioner and approved by the Department's Advisory Board. Repealed laws providing county hunting licenses, for the issuance of annual hunting and fishing licenses on a combination basis and the sportsman's license. Established the annual resident small game license, annual resident wildlife heritage license, and lifetime resident wildlife heritage license at their current rates.

**Acts 2010, No. 398, p. 653 (Also, Acts 2010, No. 697, p. 1688)**

Authorized the operator of a commercial bird hunting preserve to purchase a license for \$500, plus a \$2 issuance fee, which entitles the licensee to operate a commercial bird hunting preserve and exempts the patrons of the preserve from individual hunting license requirements.

**Acts 2013, No. 248, p. 607**

Established the Physically Disabled Military Veteran's Appreciation hunting license and three-day trip event license available to veterans who are certified by the U.S. Veterans' Administration as at least 50% physically disabled at a fee equal to half the cost of the annual resident all-game hunting license plus the applicable fee for the hunting license and a fee for the trip event license equal to the nonresident all-game three-day hunting license, plus the applicable issuance fee. Provided the event licensed was valid for up to 10 veterans (resident or nonresident).

**Acts 2014, No. 417, p. 1527**

Established the 100 Percent Disabled Military Veteran's Appreciation Hunting License for a fee of \$2 plus applicable issuance fees as an alternative resident hunting license for veterans certified by the U.S. Veterans' Administration as 100 percent, service-connected, permanently and totally disabled. Provided both the license and issuance fee are subject to annual cost adjustment based on the

percentage increase in the Consumer Price Index, if such adjustment is made by the Commissioner and approved by the Department's Advisory Board.

**Acts 2015, No. 455, p. 1491**

Established an annual special disabled hunting license in addition to the special disabled fishing license already established. Provided the following license fees in addition to the \$1 issuance fee: hunting license: \$5; freshwater fishing license: \$2; fishing license: \$2. Provided that the annual license and issuance fee are subject to adjustment based on the Consumer Price Index upon approval of the Commissioner of the Department of Conservation and Natural Resources, Advisory Board of Conservation and Natural Resources, and Legislative Council.

**Acts 2016, No. 384, p. 1025**

Increases the fee for the annual waterfowl stamp by \$5 to \$10. Provides that the annual stamp fee and issuance fee are subject to adjustment based on the Consumer Price Index upon approval of the Commissioner of the Department of Conservation and Natural Resources, the Advisory Board of Conservation and Natural Resources, and the Legislative Council.

**Acts 2017, No. 92, p. 131**

Authorizes a non-resident student at an institution of higher education in this state to purchase a resident hunting or fishing license.

**Acts 2019, No. 103**

Establishes the annual resident and non-resident bait privilege license fees and provides that the fees are subject to adjustment based on the Consumer Price Index upon approval of the Commissioner of the Department of Conservation and Natural Resources, the Advisory Board of Conservation and Natural Resources, and the Legislative Council. Provides that the bait privilege license allows a person to hunt whitetail deer or feral swine with the aid of bait on privately owned or leased lands.

# Hydroelectric Kilowatt Hour Tax

## **Statutory Authority:**

Sections 40-1-31 and 40-21-56, *Code of Alabama 1975*.

## **Tax Base:**

Privilege tax levied on each person, firm, corporation, agent, or officer engaged in the manufacture and sale of hydroelectric power within Alabama.

## **Tax Rate:**

2/5 mill (.04%) per kilowatt-hour of hydroelectric power manufactured and sold during the preceding calendar year.

## **Collections:**

By the Department of Revenue; payable in advance, due on or before September 25 of each year, based on power manufactured and sold during the preceding calendar year.

<b>Fiscal Year</b>	<b>Collections (\$) <sup>27</sup></b>	<b>Percent Change</b>
2019	955,861	(2.48)
2018	980,197	(13.13)
2017	1,128,344	(6.86)
2016	1,211,501	(28.60)
2015	1,696,695	114.41

Source: Department of Revenue's "Revenue Abstract."

## **Distribution:**

After deducting the cost of collection, 42% is deposited into the Education Trust Fund and 58% is deposited into the Special Mental Health Fund.

## **Legislative History:**

### **Acts 1935, No. 194, p. 256**

Established present tax rate of 2/5 mill per kilowatt-hour and provided that it be distributed to the Special Educational Trust Fund.

### **Acts 1957, No. 551, p. 772**

Changed due date from October 1 to September 25 of each year.

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<sup>27</sup> Gross collections (prior to deduction of cost of collection).

**Acts 1971, No. 1414, p. 2410**

Changed distribution of tax from Special Educational Trust Fund to present distribution.

**Comparison with Neighboring States:**

**Florida, Georgia, Mississippi and Tennessee**

No comparable tax. See UTILITY TAXES.

# Income Tax

## **Constitutional Provisions:**

Amendment No. 25 to the *Constitution of Alabama of 1901*, now appearing as Section 211.01 of the Official Recompilation of the *Constitution of Alabama of 1901*, (proclaimed ratified August 2, 1933).

Authorized the Legislature to levy and collect taxes on net income at a rate not to exceed 5% (3% on corporations). Provided minimum exemptions from net income of \$1,500 for single taxpayers, \$3,000 for married couples and \$300 per dependent under age 18.

Amendment No. 61 to the *Constitution of Alabama of 1901*, now appearing as Section 211.02 of the Official Recompilation of the *Constitution of Alabama of 1901*, (proclaimed ratified September 11, 1947).

Provided for distribution of income tax receipts to (1) replace revenue lost to the funds affected by the state homestead exemption; and (2) the Education Trust Fund to be used only for the payment of public school teachers' salaries.

Amendment No. 212 to the *Constitution of Alabama of 1901*, now appearing as Section 211.03 of the Official Recompilation of the *Constitution of Alabama of 1901*, (proclaimed ratified December 18, 1963).

Increased allowable maximum corporate income tax rate to 5%, with deduction allowed for all federal income taxes paid. Taxes due by foreign corporations are to be based on income derived from sources within Alabama. (Further amended by Amendment No. 662).

Amendment No. 225 to the *Constitution of Alabama of 1901*, now appearing as Section 211.04 of the Official Recompilation of the *Constitution of Alabama of 1901*, (proclaimed ratified December 13, 1965).

Provided deduction for federal income taxes paid by individual taxpayers.

Amendment No. 662 to the *Constitution of Alabama of 1901*, now appearing as Section 211.03 of the Official Recompilation of the *Constitution of Alabama of 1901*, (proclaimed ratified June 19, 2000).

Increased the corporate income tax rate to 6.5% beginning in calendar year 2001.

## **Statutory Authority:**

Sections 40-18-1 through 40-18-446, 40-27-1, 40-27-1.1, 40-30-1 through 40-30-6, and 40-31-1 through 40-31-4, *Code of Alabama 1975*.

## **Tax Base:**

A tax on the entire net income of every individual residing in Alabama, of every nonresident deriving income from within Alabama, and of every corporation domiciled in Alabama or deriving income from sources within Alabama.

**Tax Rate:***Individual Income Tax*

Household	Rate
<b><i>Single Persons with AGI of \$4,000</i></b>	
<b><i>Head of Family with AGI of \$7,700</i></b>	
<b><i>Married Persons Filing Separate Returns with AGI of \$5,250</i></b>	
First \$500 of taxable income	2%
Next \$2,500 of taxable income	4%
All taxable income over \$3,000	5%
<b><i>Married Persons Filing Joint Return with AGI of \$10,500 or more</i></b>	
First \$1,000 of taxable income	2%
Next \$5,000 of taxable income	4%
All taxable income over \$6,000	5%

*Corporate Income Tax*

- Rate: 6.5% of taxable income
- Corporations that do business in more than one state must determine the income apportioned to Alabama by a four-part formula set forth in Section 40-27-1, *Code of Alabama 1975*.

**Collections:**

By the Department of Revenue.

- (1) Individuals: Returns shall be filed by the same date as the corresponding federal income tax return as required under federal law. If balance is due after credits for payments on an estimate and withheld tax, it must be remitted at the same time as the date of the original return.
- (2) Corporations: Returns shall be filed by the same date as the corresponding federal income tax return as required under federal law. The balance of the tax owed after credits for taxes paid through estimates is due and payable at the same time as the due date of the original return. Any corporation filing as a federal S Corporation must file as an Alabama S Corporation and remit any tax due on or before the 15<sup>th</sup> day of the third month following the close of the accounting period.

Income Tax - Individuals				
Year	Gross Collections	Refunds	Net Collections	Percent Change
2019	4,842,589,361	647,745,702	4,194,843,659	7.21
2018	4,567,101,540	654,301,778	3,912,799,762	7.95
2017	4,206,789,721	582,246,928	3,624,542,793	3.77
2016	4,072,002,891	579,098,369	3,492,904,520	4.68
2015	3,929,550,713	592,963,468	3,336,587,245	4.05

Income Tax - Corporations				
Year	Gross Collections	Refunds	Net Collections	Percent Change
2019	582,912,505	127,917,354	454,995,152	17.78
2018	504,853,842	118,555,759	386,298,083	1.20
2017	459,875,408	78,154,605	381,720,802	14.80
2016	416,975,401	84,470,852	332,504,549	(32.36)
2015 <sup>28</sup>	567,440,761	75,868,623	491,572,138	30.11

Source: Department of Revenue's "Revenue Abstract."

### **Distribution:**

After deducting cost of collection and current year refunds:

- (1) That portion of revenues necessary to reimburse the Property Tax Relief Fund for state homestead ad valorem tax exemptions is deposited into the State General Fund, the State Soldiers' Relief Fund, and the Public School Fund.
- (2) The balance is deposited into the Education Trust Fund solely for the payment of public school teachers' salaries.

### **Major Exemptions/Credits/Deductions:**

For a listing of exemptions, credits and deductions, see the following: Sections 16-6D-8, 16-6D-9, 16-60-351, 40-18-2.1, 40-18-3, 40-18-14, 40-18-14.1, 40-18-15, 40-18-15.2, 40-18-15.3, 40-18-15.4, 40-18-15.5, 40-18-16, 40-18-19, 40-18-19.1, 40-18-19.2, 40-18-20, 40-18-21, 40-18-32, 40-18-35, 40-18-35.1, 40-18-132, 40-18-136, 40-18-190 through 40-18-203, 40-18-205 through 40-18-215, 40-18-220, 40-18-240 through 40-18-250, 40-18-270 through 40-18-272, 40-18-290 through 40-18-293, 40-18-310 through 40-18-313, 40-18-320 through 40-18-324, 40-18-340 through 40-18-344, 40-18-360 through 40-18-363, 40-

<sup>28</sup> Gross collections includes one-time payments totaling 90.4 million.

18-370 through 40-18-383, 40-18-390 through 40-18-394, 40-18-400 through 40-18-403, 40-18-410 through 40-18-416, and 40-18-420 through 40-18-424, *Code of Alabama 1975*.

**Legislative History:**

**Acts 1935, No. 194, p. 256**

Established income tax rates at 5% for individuals and at 3% for corporations.

**Acts 1951, No. 208, p. 470**

Allowed for an optional standard deduction of 7% or \$500, whichever is less.

**Acts 1951, No. 842, p. 1473**

Provided for appropriation from income tax receipts to the Property Tax Relief Fund to replace revenue losses which result from the homestead exemption.

**Acts 1963, 2<sup>nd</sup> Ex. Sess., No. 104, p. 284**

Increased the corporation tax rate to 5% of net income.

**Acts 1965, No. 748, p. 1354**

Raised the standard deduction to 10% of adjusted gross income or \$1,000, whichever is less.

**Acts 1979, No. 618, p. 1088**

Increased the religious, charitable, scientific or educational deduction allowed to individuals for state income tax purposes from 15% to 20% of the taxpayer's net income.

**Acts 1983, No. 741, p. 1214**

Required filing and declarations of estimated income tax by corporations. (One-time windfall for Education Trust Fund.)

**Acts 1985, No. 515, p. 517**

Adopted federal rules on computing gain or loss on gift or trust property; adopted federal rules on itemized deductions in computing an individual net operating loss; removed sales requirement on S corporations; removed the sunset provision for corporate net operating loss; plus, other federal law conformity changes.

**Acts 1988, No. 952, p. 575**

Provided for the withholding of wager winnings at pari-mutuel tracks.

**Acts 1988, No. 954, p. 669**

Conformed Alabama law to federal income tax law regarding interest deductions from income. Changed phased out deductions for consumer (personal) interest which increased income tax receipts. The resulting net gain to the Education Trust Fund from this act was offset by a percentage diversion of lodgings tax receipts and leasing or rental of tangible property tax receipts from the



Education Trust Fund to the State General Fund. (See Lodgings Tax and Leasing or Renting of Tangible Personal Property.)

**Acts 1990, No. 554, p. 912**

Provided a deduction for individuals for certain adoption expenses.

**Acts 1990, No. 583, p. 988**

Conformed Alabama law to federal income tax law regarding determination of basis, recognition of gain (or loss), inventory methods, accounting methods, items included in gross income and allowable deductions of individuals, certain deductions for corporations and the reporting of gains on the installment basis.

**Acts 1990, No. 596, p. 1041**

Extended existing income tax exemptions on firefighters' and peace officers' retirement income to their beneficiaries; exempted all retirement income of firefighters and peace officers and their beneficiaries effective for the taxable year beginning January 1, 1991; exempted retirement income of U.S. Government retirees, private defined benefit plan beneficiaries (effective January 1, 1991) and military retirees and their beneficiaries (effective January 1, 1989); and clarified the elimination of state and local tax payments as a deduction from state taxable income.

**Acts 1991, No. 480, p. 869**

Extended the retirement income exemption to all "defined benefit" plans. Prior to this change only "private defined benefit" plans were exempt.

**Acts 1993, No. 313, p. 470**

Provided an income tax credit of \$5,000 for a period not to exceed five consecutive years to qualifying rural physicians.

**Acts 1993, 1<sup>st</sup> Ex. Sess., No. 852, p. 95**

Allowed deductions from taxable income for the amount of any aid or assistance provided to the State Industrial Development Authority in order to induce an approved company to undertake a major project in the state.

**Acts 1993, 1<sup>st</sup> Ex. Sess., No. 907, p. 204**

Provided for a tax credit for employers of 20% of the costs of an approved basic skills education program.

**Acts 1995, No. 187, p. 250**

Repealed tax incentives available to companies through the State Industrial Development Authority (Acts 1993-851 and 1994-370); and provided for a corporate income tax credit to qualified companies that expand or locate in the state. Available for a maximum of 20 years.

**Acts 1995, No. 239, p. 403**

Allowed a credit against corporate income tax for coal produced in the state. (\$1 per ton for increased production over previous year's production.)

**Acts 1995, No. 591, p. 1251**

Amended corporate income tax law to allow foreign corporations the option of classifying dividends from subsidiaries not doing business in the state as either: (1) apportionable business income or (2) nonbusiness income allocable to the state of the corporation's commercial domicile. Applicable only to dividends paid or deemed paid prior to July 31, 1995.

**Acts 1995, No. 738, p. 1578**

Allowed an income tax deduction for the amount of premiums paid pursuant to a qualifying insurance contract for qualified long-term care coverage.

**Acts 1996, No. 526, p. 683**

Provided that private and public deferred compensation plans shall receive the same tax deferred treatment for state tax purposes as is allowed for federal tax purposes. (Effective January 1, 1997.)

**Acts 1997, No. 446, p. 765**

Amended the Capital Credit Program (Act 1995-187) to allow costs paid by public development authorities to be included in the calculation of capital costs and made other changes to the program.

**Acts 1997, No. 547, p. 957**

Exempted tuition benefits paid from the Prepaid Affordable College Tuition (PACT) Program from state income taxation.

**Acts 1997, No. 625, p. 1098**

Established numerous changes to the state income tax statutes which conformed Alabama's treatment of partnerships, limited liability companies, sub-chapter S corporations and certain trusts to the treatment allowed for federal income tax purposes; and removed the requirement that individual business owners who do business in more than one state allocate and apportion income in accordance with the multistate compact.

**Acts 1997, No. 705, p. 1456**

Exempted from state income tax amounts up to \$25,000 received as severance, unemployment compensation or termination pay as a result of administrative downsizing.

**Acts 1998, No. 468, p. 903**

Increased the threshold for filing individual income tax returns (from \$1,500 to \$1,875 for single filers and from \$3,000 to \$3,750 for joint filers); and eliminated withholding tax from certain workers who incurred no tax liability in the previous year or expect no liability in the current year.

**Acts 1998, No. 502, p. 1083**

Established numerous changes to state income tax law, many of which conform to federal law including adoption of federal tax treatment of "Roth IRA's" and "Education IRA's." Allowed corporations to elect to file consolidated returns; and increased the threshold for filing individual income tax returns (same as Act 1998-468).

**Acts 1999, No. 314, p. 423**

Clarified pre-existing law relative to the definition of S Corporation; and conformed definition to federal law.

**Acts 1999, No. 664, p. 124**

Increased the corporate income tax rate to 6.5% beginning January 1, 2001; and established several technical changes to conform to federal law and changed depletion allowances for oil and gas wells. Contingent upon ratification of Constitutional Amendment No. 662 (see Constitutional Provisions).

**Acts 2000, No. 702, p. 1425**

Established several technical changes to the state corporate income tax, none of which materially affected corporate income tax receipts. (Further clarified changes made in Act 1999-664).

**Acts 2001, No. 503, p. 886**

Created a credit for certain investments in the Alabama State Port Authority infrastructure in new qualifying projects until December 31, 2005.

**Acts 2001, 3<sup>rd</sup> Ex. Sess., No. 965, p. 854**

Amended the Capital Credit Program (Acts 1995-187 and 1997-446) to lower the number of new employees that must be hired and the minimum investment that must be made to qualify for the credit in a favored geographical area as defined by the act.

**Acts 2001, 4<sup>th</sup> Ex. Sess., No. 1088, p. 1095**

Disallowed certain intangible and interest expense deductions between related entities; clarified the calculation of the federal income tax deduction and the nonbusiness interest expense deduction for

corporations; disallowed net operating loss deductions for corporations for tax years beginning in 2001; conformed estimated payment rules to federal law; clarified that interest accrues on the entire amount of the final assessment; and allowed the Commissioner of Revenue to reallocate tax return items of related entities in certain circumstances.

**Acts 2001, 4<sup>th</sup> Ex. Sess., No. 1089, p. 1113**

Limited the use of consolidated returns by corporations; and required corporations that elected to file consolidated returns to accelerate their December 15, 2002 estimated tax payment to September 15, 2002.

**Acts 2001, 4<sup>th</sup> Ex. Sess., No. 1105, p. 1169**

Allowed subchapter K entities to make composite payments and returns on behalf of nonresident owners; required composite payments in the event that nonresident owners fail to consent to file returns and pay tax due; and required composite payments for tax years beginning during 2001.

**Acts 2001, 4<sup>th</sup> Ex. Sess., No. 1113, p. 1178**

Defined business income for purposes of the Multistate Tax Compact.

**Acts 2005, 1<sup>st</sup> Ex. Sess., No. 269, p. 485**

Continued the tax credit authorized by Acts 2001, No. 503 from December 31, 2005 until December 31, 2010.

**Acts 2005, 1<sup>st</sup> Ex. Sess., No. 270, p. 486**

Continued the tax credit authorized by Acts 2001, No. 503 from December 31, 2005 until December 31, 2010.

**Acts 2006, No. 62, p. 75**

Exempted from Alabama income tax all income, interest, dividends, gains, or benefits of any kind received from Alabama Higher Education 529 Fund accounts.

**Acts 2006, No. 114, p. 173**

Created The Subchapter J and Business Trust Conformity Act. Generally, this act conformed Alabama law to federal income tax rules for the taxation of trusts, estates and their beneficiaries. This act applies to entities taxed under the income tax law as well as entities taxed as financial institutions under the financial institution excise tax law.

**Acts 2006, No. 352, p. 927**

Increased the individual income tax threshold by increasing the standard deduction for taxpayers with adjusted gross income of \$30,000 or less and by increasing the dependent exemption for taxpayers with adjusted gross income of \$100,000 or less.

**Acts 2006, No. 424, p. 1050**

Exempted from Alabama income tax certain death benefit payments made to the designated beneficiary of any peace officer or fireman killed in the line of duty.

**Acts 2006, No. 503, p. 1145**

Consolidated Income Tax check-off provisions under Section 40-18-140, *Code of Alabama 1975*, and added for new check-offs for the Alabama Organ Center Donor Awareness Fund and the Alabama National Guard Foundation.

**Acts 2008, No. 275, p. 402**

Expanded the Income Tax Capital Credit Program to include credits for companies that produce electricity from alternative energy sources.

**Acts 2008, No. 377, p. 691**

Allowed a deduction of up to \$5,000 of contributions made to the Prepaid Affordable College Tuition Program or the Alabama College Education Savings Program.

**Acts 2008, No. 504, p. 1114**

Required income tax withholding on certain sales of real property by nonresidents of Alabama.

**Acts 2008, 1<sup>st</sup> Ex. Sess., No. 543, p. 1175**

Disallowed the use of "Captive REITS" to reduce Alabama income tax liability; modified the "add-back" law (Section 40-18-35); provided that these changes are effective January 1, 2007; and required the Department of Revenue to waive any penalties otherwise resulting from this act.

**Acts 2008, 1<sup>st</sup> Ex. Sess., No. 549, p. 1192**

Exempted rebates provided by the federal Economic Stimulus Act of 2008 from income tax and decoupled Alabama income tax law from all other provisions of the federal act, including bonus depreciation and additional Section 179 expensing.

**Acts 2008, 1<sup>st</sup> Ex. Sess., No. 559, p. 1282**

Allowed a deduction for an additional 50% of the health insurance premiums paid by qualified employers and employees.

**Acts 2009, No. 722, p. 2143**

Expanded the Income Tax Capital Credit Program to include credits for certain types of service industries; increased the base wage requirement for qualifying projects; and imposed penalties on new qualifying projects that subsequently fail to meet employment or wage requirements.

**Acts 2010, No. 568, p. 1150**

For tax years beginning after December 31, 2009, tied Alabama estimated income tax payment requirements to requirements under federal law. As a result, corporations and individuals will be required to make estimated tax payments if their income tax liability (on income not subject to withholding) is \$500 or more.

**Acts 2011, No. 616, p. 1394**

Amended Section 40-27-1, *Code of Alabama 1975*, regarding the Multistate Tax Compact and multistate taxpayers (corporations, partnerships, or other persons acting as a business entity in more than one state) for all tax years beginning on or after December 31, 2010 to: (1) change the sourcing rules for sales, other than sales of tangible personal property, to provide that sales are sourced to Alabama if the market for the sale is in Alabama; and (2) double-weight the sales factor in the apportionment of business income.

**Acts 2011, No. 644, p. 1640**

Allowed homeowners to receive a personal income tax deduction of up to \$3,000 for costs incurred to retrofit their homes so that the home is more resistant to hurricanes, flooding and catastrophic windstorm events.

**Acts 2012, No. 54, p. 76**

Added companies primarily engaged in the coal mining industry to the list of businesses qualifying for sales, use, mortgage, deed, and non-educational property tax abatements under the state's 1992 abatement law as well as provisions of the state's income tax capital credit; however, the abatement of state taxes and capital credits for these companies was limited to 50% of the state taxes that would otherwise be due and 50% of the capital costs, excluding the costs of acquiring land, surveying, engineering or other incidental costs. The abatements and capital credits allowed by this act will not be available for projects two years following the effective date of the act, unless the Legislature, by joint resolution, votes to continue or reinstate the abatements and capital credits.

**Acts 2012, No. 385, p. 1025**

Allowed businesses qualifying for capital credits that create at least 100 new jobs and have capital costs of at least \$100 million to carry forward the capital credit for a maximum of four years. This act also allowed those businesses to delay the initial utilization of the capital credit for up to three years after the project is placed into service. These provisions will be effective for all qualifying projects for which a project agreement has been entered into prior to December 31, 2011, but which have not been placed into service as of December 31, 2011, and for all projects for which a project agreement is entered into after December 31, 2011.

**Acts 2012, No. 413, p. 1123**

Provided an income tax deduction for amounts contributed to a catastrophe savings account as follows: (1) provided limits for amounts that may be contributed based on the taxpayer's deductible. If the taxpayer contributes more than the limit, the excess amount must be withdrawn from the account and included in income in the year of withdrawal; (2) distribution from the account must be included in the taxpayer's income unless it is used to cover qualified catastrophe expenses; (3) provided that no amount is included in income if the qualified catastrophe expenses during the taxable year are greater than the aggregate distributions during the taxable year; (4) provided that if aggregate distributions exceed qualified catastrophe expenses, the amount otherwise included in income must be reduced by the amount of the distributions for qualified expenses; and (5) tax paid pursuant to a taxable distribution must be increased by 2.5% of the amount included in income. However, the additional tax does not apply if the taxpayer no longer owns a residence which qualifies, or the distribution is from a self-insured's account and is made on or after the date on which the taxpayer reaches 70 years of age.

**Acts 2012, No. 427, p. 1163**

Amended Sections 40-18-14 and 40-18-21, *Code of Alabama 1975*, regarding individual income taxes to: (1) provide that a resident's gross income for income tax purposes includes the resident's proportionate share of any income arising from a pass-through entity regardless of whether the income is earned within or outside Alabama; (2) allow an individual owner a credit for their proportionate share of any tax based in whole or in part on the entity's net income, net profits, or gross profits; (3) provided that in no event will the credit for taxes paid to another state exceed the amount of tax that would be due on the same taxable income using the applicable Alabama income tax rates; and (4) expand the income tax credit for foreign taxes paid by pass-through entities beyond the mineral extraction and transportation industries currently listed in the statute such that the credits would apply to 50% of the proportionate share of the income taxes paid to a foreign country on any type of business or investment income.

**Acts 2012, No. 486, p. 1399**

Exempted spouses of United States Armed Forces members killed in action from Alabama income tax for the year in which the Armed Forces member was killed. If income tax has already been paid on any exempt income under the provisions of this act, the Department of Revenue must refund such money.

**Acts 2014, No. 406, p. 1498**

Allowed married taxpayers living apart for the entire year and filing separate tax returns to claim either the optional standard deduction or itemized deductions.

**Acts 2015, No. 442, p. 1419**

Established the Achieving a Better Life Experience (ABLE) Program pursuant to Section 529A of the Internal Revenue Code of 1986, to encourage and assist Alabama individuals and families in saving private funds for the purpose of supporting Alabama citizens with disabilities. Exempts all income, interest, dividends, gains or benefits received from ABLE savings account from income taxation by the state and its political subdivisions.

**Acts 2015, 1<sup>st</sup> Ex. Sess., No. 504, p. 1821**

Established the Alabama Taxpayer Fraud Prevention Act. Repealed the allowance of a withholding exemption certificate to be used to claim a total exemption from Alabama income taxes.

**Acts 2015, 1<sup>st</sup> Ex. Sess., No. 505, p. 1823**

Established a factor presence nexus standard for business activity for purpose of income tax by creating the following thresholds of nonresident individuals and business entities to determine if the entities would be subject to business privilege, financial institution excise, and income taxes: \$50,000 of property; \$50,000 of payroll; \$500,000 of payroll; and 25% of total property, total payroll, or total sales. Requires the Commissioner to adjust thresholds to reflect the cumulative percentage change, if the Consumer Price Index for All Urban Consumers (CPI-U) changes by 5% or more since January 1, 2015 or the date of the last adjustment, to apply to tax periods beginning after the adjustment. Provided that the state does not have jurisdiction to impose a tax on or measured by net income, even if thresholds are met, for entities that are located outside of the state whose only business activity in the state is the solicitation of orders for tangible personal property that are approved and shipped from outside the state.

**Acts 2016, No. 345, p. 848**

Creates a new income tax deduction beginning in FY 2019 for contributions made to health savings accounts with a maximum allowable deduction equal to the maximum amount allowed under federal law or regulation.

**Acts 2016, No. 412, p. 1147**

Conforms Alabama income tax return and payment due dates to federal income tax return and payment due dates effective for the taxable years beginning on or after January 1, 2016.



**Acts 2017, No. 405, p. 1320**

Creates the individual Income Tax Simplified Short Form Filing Act to allow an optional increased standard tax deduction to qualifying individual income tax taxpayers who file as single or married filing joint filing status and meet certain income criteria. Effective for tax years beginning after December 31, 2017.

**Acts 2018, No. 232**

Increased the optional standard deduction adjusted gross income floor for taxpayers that are married filing joint, head of family, and single from \$20,000 to \$23,000 and for taxpayers that are married filing separate from \$10,000 to \$10,500 beginning in tax year 2019. Exempted from income tax any housing allowance and earned income received from sources within a foreign country beginning in tax year 2018.

**Comparison with Neighboring States:****Florida**

Corporations, banks and savings associations are taxed at 5.5% of federal taxable income for tax years 2018 and prior, 4.458% for tax years 2019-2021, and 5.5% for tax years 2022 and after, apportioned to Florida with adjustments (allows for an exemption up to \$50,000). Florida also has an alternative minimum tax provision for corporations, banks and savings associations. No personal income tax is collected.

**Georgia**

The Corporate tax rate is 5.75% for tax years 2019 and after, 6% for tax years 1969-2018. The starting point for Corporate Income Tax is federal taxable income and is modified by Georgia statutory adjustments.

The individual income tax rates are as follows:

**Georgia Tax Rate Schedule for 2018****Single Persons:**

- 1% of first \$750 of net income
- 2% of next \$1,500 plus \$8
- 3% of next \$1,500 plus \$38
- 4% of next \$1,500 plus \$83
- 5% of next \$1,750 plus \$143
- 6% of income over \$7,000 plus \$230

**Married Persons Filing Separately:**

1% of first \$500 of net income  
2% of next \$1,000 plus \$5  
3% of next \$1,000 plus \$25  
4% of next \$1,000 plus \$55  
5% of next \$1,500 plus \$95  
6% of income over \$5,000 plus \$170

**Married Persons Filing Jointly and Heads of Households:**

1% of first \$1,000 of net income  
2% of the next \$2,000 plus \$10  
3% of the next \$2,000 plus \$50  
4% of the next \$2,000 plus \$110  
5% of the next \$3,000 plus \$190  
6% of income over \$10,000 plus \$340

**Georgia Tax Rate Schedule for 2019**

**Single Persons:**

1% of first \$750 of net income  
2% of next \$1,500 plus \$8  
3% of next \$1,500 plus \$38  
4% of next \$1,500 plus \$83  
5% of next \$1,750 plus \$143  
5.75% of income over \$7,000 plus \$230

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- 5% of the next \$3,000 plus \$190
- 5.75% of income over \$10,000 plus \$340

**Mississippi**

The tax rates for corporate income tax and individual income tax are as follows:

**For year 2018**

- 0% First \$1,000 of taxable income
- 3% Next \$4,000 of taxable income
- 4% Next \$5,000 of taxable income
- 5% Taxable income in excess of 10,000

**For year 2019**

- 0% First \$2,000 of taxable income
- 3% Next \$3,000 of taxable income
- 4% Next \$5,000 of taxable income
- 5% Taxable income in excess of \$10,000

**Tennessee**

There is no traditional individual or corporate income tax in the state of Tennessee. There is however the "Hall Income Tax" which is an income tax imposed on individuals and other entities that receive interest on bonds, notes, and dividends from stock that is in excess of \$1,250 (\$2,500 if married filing jointly). The Hall Income Tax rates are 3% for the 2018 tax year, 2% for the 2019 tax year, 1% for the 2020 tax year, and repealed beginning in the year 2021. The excise tax is 6.5% of Tennessee taxable income on all corporations, LLCs, registered limited liability partnerships, cooperatives, joint stock associations, and business trusts.

# Insurance Company Licenses and Premium Tax

## Statutory Authority:

Sections 10A-20-6.16 (effective October 1, 2017), 27-2-39, 27-3-29, 27-4-2, 27-4-8, 27-4-11, 27-4A-1 through 27-4A-7, 27-8A-9, 27-10-31, 27-10-34, 27-10-35, 27-12A-41, 27-21-4, 27-21A-28, 27-22A-7, 27-25-4.7, 27-31A-10, 27-31B-4, 27-31B-16, 27-34-42, 27-52-3, 27-52-6, and 40-14B-1 through 40-14B-22, *Code of Alabama 1975*.

## Tax Base:

A premium tax is imposed on the amount of premiums written by an insurer. Fees for the privilege of providing insurance within the state.

## Tax Rate:

### (1) Insurance Premium Tax

Insurance Type	Rate
Life insurance: 2.3%	2.3%
<ul style="list-style-type: none"> <li>individual life insurance policies greater than \$5,000 and equal to or less than \$25,000, excluding group life insurance policies</li> </ul>	1.0%
<ul style="list-style-type: none"> <li>individual life insurance policies equal to or less than \$5,000, excluding group life insurance policies</li> </ul>	0.5%
Health and accident insurance: 1.6%	1.6%
<ul style="list-style-type: none"> <li>premiums for hospital, medical, surgical or other health care benefits provided pursuant to any employer sponsored plan for groups with less than 50 insured participants</li> </ul>	0.5%
Property and casualty insurance: 3.6%	3.6%
<ul style="list-style-type: none"> <li>property and multi-peril insurance written in fire protection classes 9 and 10</li> </ul>	1.0%
<ul style="list-style-type: none"> <li>mobile homes, mobile homeowners, homeowners and low value dwelling policies in a face amount of \$40,000 or less</li> </ul>	1.0%
<ul style="list-style-type: none"> <li>medical liability insurance</li> </ul>	1.6%
Surplus line brokers: 6.0%	6.0%
Independently procured (i.e. not procured through a surplus line broker) unauthorized insurance, other than life or disability insurance:	4.0%
Captive Insurers:	
<ul style="list-style-type: none"> <li>Direct Premiums: <ul style="list-style-type: none"> <li>On the first \$20 million</li> <li>On the next \$20 million</li> <li>On the next \$20 million</li> <li>On each dollar thereafter</li> </ul> </li> </ul>	0.04% 0.03% 0.02% 0.0075%
<ul style="list-style-type: none"> <li>Assumed reinsurance premiums: <ul style="list-style-type: none"> <li>On the first \$20 million</li> <li>On the next \$20 million</li> <li>On the next \$20 million</li> <li>On each dollar thereafter</li> </ul> </li> </ul>	0.225% 0.150% 0.050% 0.025%

Insurance Type	Rate
<i>The minimum total premium tax paid by captive insurers is \$5,000 annually. The maximum total premium tax paid by captive insurers is \$100,000 annually.</i>	
Retaliatory Taxation on Foreign Insurers:	Varies, no set rate
Purchasing group, as defined in Section 27-31A-2(10), are at the same rate as that on premiums paid for similar coverage from a similar insurance source by other insured.	

### **Major Credits:**

Credit	
Insurance Offices Facilities Credit: <sup>29</sup>	
For each office in Alabama used for insurance operations, a credit of up to .01%; total credit not to exceed 1%, based on the following:	
Number of Full-Time Employees in Office:	Credit as a % of Premiums Taxable:
1-3	0.0025%
4-10	0.0050%
11-50	0.0075%
51 or more	0.0100%
Real Property Investment Credit:	
For each \$1 million of real property investments in Alabama, a credit of 0.1% to 1% total credit	
Certified Capital Company Program (CAPCO)	
Alabama New Market Tax Credit	
Coastal Premium (Wind Pool) Tax Credit	

### **Major Deductions:**

Deduction Type
<p>Ad valorem taxes paid by an insurer on property below:</p> <ol style="list-style-type: none"> <li>any building and real estate in Alabama which is owned and occupied, in whole or in part, by the insurer for the full period of the tax year as its principal office in Alabama;</li> <li>any other real estate and improvements thereon in Alabama which is owned and at least 50% occupied by the insurer for the full period of the tax year; and</li> <li>the insurer's offices in Alabama, whether such taxes are paid directly by the insurer or in the form of rent to a third-party landlord.</li> </ol>
All license fees and taxes paid to any county in Alabama during the calendar year for the privilege of engaging in the business of insurance within the county (although a credit allowed for such taxes is irrelevant due to the prohibition against such taxes found in Section 27-4A-5, <i>Code of Alabama</i> )
All expenses of examination of the insurer by the commissioner
60% of all franchise or business privilege taxes paid by the insurer to the state

<sup>29</sup> These credits are available only to insurers other than life, health, and accident.

Deduction Type
All assessments to the Alabama Life and Disability Insurance Guaranty Association, the Alabama Insurance Guaranty Association, or assessments for any other guaranty fund or pool now or hereafter created by statute
Insurers participating in the Alabama Health Insurance Plan may offset any premium taxes otherwise payable on health insurance premiums paid to them by the full amount of any assessments paid in the same calendar year as the assessment (Plan ceased operation June 2014)
Any losses suffered as a result of operation under the Alabama Health Care Plan (in the event such a plan is implemented) may be deducted from premium taxes payable but total loss deduction may not exceed 50% of the tax normally payable

**(2) Advance fees, licenses, and miscellaneous changes:**

- (a) Certificate of authority:
  - (i) Initial application for original certificate of authority, including the filing with the commissioner of all documents incidental thereto .....\$500
  - (ii) Issuance of original certificate of authority .....\$500
  - (iii) Annual continuation or renewal fee.....\$500
  - (iv) Reinstatement fee .....\$500
- (b) Charter documents, filing with the commissioner amendment to articles of incorporation or of association, or of other charter documents or to by-laws.....\$25
- (c) Solicitation permit, filing application and issuance .....\$250
- (d) Annual statement of insurer, except when filed as part of application for original certificate of authority, filing .....\$25
- (e) Producer license (resident or nonresident):
  - (i) Individuals:
    - a. Application fee (for filing of initial application for license) ..... \$30
    - b. License fee (for issuance of original license) ..... \$50
    - c. License fee for biennial renewal. ....\$70
  - (ii) Business entities:
    - a. Application fee (for filing of initial application for license) .....\$30
    - b. License fee (for original license and each biennial renewal) ..... \$100
  - (iii) Examination fee (for producer examination or reexamination, each classification of examination; an amount set by the commissioner not to exceed \$100) ..\$50

to \$75

*Late fee for reporting changes in name, address, etc. after 30 days. ....\$50*

- (f) Producer appointment fee:
  - (i) Filing notice of appointment .....\$40
  - (ii) Filing notice of appointment for temporary producers and Type (2) Temporary Producers  
.....\$120
  - (iii) Annual continuation of appointment.....\$25
  - (iv) Late fee, for failing to timely pay annual appointment continuation invoice .....\$250 plus,  
an additional \$250 for each additional month late
- (g) Reinsurance intermediary license:
  - (i) Filing application for license .....\$30
  - (ii) Issuance of initial license .....\$140
  - (iii) Annual continuation of license .....\$100
- (h) Managing general agent license:
  - (i) Application fee (for filing of initial application for license), each insurer .....\$30
  - (ii) Issuance of initial license, each insurer.....\$125
  - (iii) Annual continuation of license, each insurer .....\$75
- (i) Service representative license:
  - (i) Application fee (for filing of initial application for license), each insurer .....\$30
  - (ii) Appointment fee, property and casualty, each insurer (for original  
appointment, paid by producers) .....\$40
  - Biennial renewal fee. ....\$70
  - Late fee for reporting changes in name, address, etc. after 30 days.* .....\$50
- (j) Surplus line broker:
  - (i) Application fee (for filing of initial application for license).....\$30
  - (ii) License fee (for original license and each annual renewal):
    - a. Individual.....\$200
    - b. Business entities .....\$500
- (k) Adjusters (resident or nonresident):
  - (i) Application fee (for filing of initial application for license; individuals and business entities)  
.....\$30
  - (ii) License fee (for original license and each biennial renewal):
    - a. Individuals.....\$80
    - Late fee for reporting changes in name, address, etc. after 30 days.* .....\$50

<i>Late fee for renewals.</i>	\$120-160
b. Business entities.	\$200
<i>Late fee for renewals.</i>	\$300
c. Emergency adjusters.	\$50
d. Prelicensing course provider initial fee.	\$75
e. Prelicensing course provider annual renewal.	\$50
(iii) Examination fee (an amount set by the Commissioner not to exceed \$100).	\$75
(l) Captive Insurers:	
(i) License application filing fee	\$200
(ii) License fee (initial license and each annual renewal)	\$300
(m) Portable Electronics Limited Lines (biennial licenses, fees set by commissioner not to exceed the following amounts):	
(i) Vendors with more than 10 locations in the state:	
a. Initial license	\$1,000
b. Renewal	\$500
(ii) Vendors with 10 or fewer locations in state:	
a. Initial license and renewal	\$100
<i>Late fee for reporting changes in name, address, etc. after 30 days.</i>	\$50
(n) Title insurance agents:	
(i) Licenses:	
a. Individuals:	
1. Application fee (for filing of initial application for license)	\$20
2. License fee (for issuance of original license and each biennial renewal)	\$40
3. Reinstatements	\$80
b. Business entities:	
1. Application fee (for filing of initial application for license)	\$20
2. License fee (for original license and each biennial renewal)	\$100
c. Examination fee (an amount set by the commissioner not to exceed \$100)	\$75
d. Late renewal fee, to be paid by each title insurance agent failing to make a timely renewal of license	\$50
(ii) Appointment fee:	
a. Filing notice of appointment	\$30



- b. Annual continuation of appointment.....\$10
  - (iii) Prelicensing course provider fee:
    - a. Application fee (an amount set by the commissioner not to exceed \$100) .....\$75
    - b. Annual renewal fee .....\$50
- (o) Insurance Fraud Unit assessment (annually).....\$200
- (p) Continuing Education:
  - (i) License renewal fee in connection with biennial application for license renewal by producers and service representatives .....\$70
  - (ii) Late filing fee .....\$50
  - (iii) Provider authority initial filing fee.....\$360
  - (iv) Provider authority annual renewal .....\$120
  - (v) Course approval filing fee.....\$60
- (q) Miscellaneous services:
  - (i) For copies of documents, records on file in insurance department, per page...  
.....\$1
  - (ii) For each certificate of the commissioner under his seal, other than licenses .....\$5
- (r) The commissioner collects a fee of \$50 when, in acting as agent for service of process for any insurance company, fraternal benefit society, mutual aid association, nonresident producer, nonresident independent adjuster or nonresident surplus line broker, he or she accepts the service of legal process.

**Collections:**

- (1) The Insurance Premium Tax is collected quarterly by the Department of Insurance. Due May 15, August 15, November 15 and March 1. The May payment may be based, at the option of the insurer, on 25% of actual business done in the state during the preceding calendar year or on actual business done in the state by the insurer during the preceding complete quarter. The August payment may be based, at the option of the insurer, on 45% of actual business done in the state during the preceding calendar year or on 180% of actual business done in the state by the insurer during the preceding complete quarter. The November payment may be based, at the option of the insurer, on 25% of actual business done in the state during the preceding calendar year or on actual business done in the state by the insurer during the preceding complete quarter. The March 1 payment reflects any

reconciliation between taxes paid and taxes due, said taxes due to be based on actual premiums written during the calendar year preceding the March 1 payment.

- (2) Surplus line and captive insurance taxes are due on or before March 1. Taxes on independently procured unauthorized insurance are due 90 days after the date the insurance was procured.

<b>Fiscal Year</b>	<b>Collections (\$)</b>	<b>Percent Change</b>
2019	404,774,653	9.39
2018	370,029,024	8.00
2017	342,609,985	8.27
2016	316,453,720	1.82
2015	310,804,321	2.56

Source: "Comparative Summary of Revenues by Revenue Source" Report - Comptroller's Office. Beginning FY 2016, "Comparative Schedule of Revenues" Report – STAARS.

The chart below indicates premium tax receipts, by insurance line, prior to refunds.

<b>Taxes</b>	<b>FY 2017 (\$)</b>	<b>FY 2018 (\$)</b>	<b>FY 2019 (\$)</b>
Domestic Life	6,066,205	3,187,758	2,793,365
Domestic P & C	12,474,569	13,384,663	14,051,720
Blue Cross	47,246,821	52,939,016	53,355,872
Foreign Life	46,912,308	49,528,032	56,824,815
Foreign Property	58,384,306	60,951,677	65,507,853
Foreign Casualty	136,821,422	151,857,332	167,557,239
Retaliatory	1,264,911	1,638,190	1,879,382
Surplus Lines	33,242,701	36,215,864	42,312,869
Captive Tax	174,284	299,702	198,558
<i>Company Fees:</i>			
Applications	19,205	22,785	6,100
Amendments and	7,280	4,025	5,350
Bylaws			
Licenses	1,143,510	1,165,895	1,168,655
Statements	33,740	34,355	34,735
Motor Clubs	7,620	7,650	7,395
Captive Fees	12,000	12,300	15,800
Other	0	800	0

<b>Taxes</b>	<b>FY 2017 (\$)</b>	<b>FY 2018 (\$)</b>	<b>FY 2019 (\$)</b>
GRAND TOTAL	343,810,882	371,250,044	405,665,708

Source: Alabama Department of Insurance.

- (3) Producer fees and fees for miscellaneous services are collected by the Alabama Department of Insurance.

<b>Fiscal Year</b>	<b>Collections (\$)</b>	<b>Percent Change</b>
2019	35,960,738	7.32
2018	33,507,574	6.05
2017	31,596,936	12.25
2016	28,147,558	59.77
2015	17,617,841	11.14

Source: "Comparative Summary of Revenues by Revenue Source" Report - Comptroller's Office. Beginning FY 2016, "Comparative Schedule of Revenues" Report – STAARS.

#### **Distribution:**

- (1) Insurance Premium Tax:
- (a) Education Trust Fund (ETF) – \$30,993,296. Beginning October 1, 2020, this amount will be deposited into the State General Fund.
  - (b) Special Mental Health Fund (SMHF) – \$4,525,338
  - (c) State General Fund – all other premium tax collected.
- (2) Company fees, producer fees, retaliatory taxes and fees for miscellaneous services collections is 50% to the Insurance Department Fund and 50% to the State General Fund, except for the following which are wholly deposited into the Insurance Department Fund:
- (a) License renewal fees for producer licenses
  - (b) Renewal fees for service representatives' licenses
  - (c) Continuing education fees
  - (d) Title insurance fees
  - (e) Insurance Fraud Unit assessments
- (3) Distribution of Retaliatory Taxes is 50% to the State General Fund and 50% to the Insurance Department Fund.

#### **Major Exemptions:**

- (1) Premium or annuity considerations for health care benefits supplementary to Medicare and Medicaid or provided to an employer-sponsored plan for governmental employees.

- (2) Non-profit life insurers are exempt from paying a premium tax on premiums or annuity considerations from non-profit educational and scientific institutions. In lieu of the tax, such company pays an annual license fee of \$5,000.
- (3) Premiums collected under the provisions of the Alabama Health Care Plan (in the event such plan is implemented).
- (4) Annuity considerations.
- (5) Fraternal benefit societies.
- (6) Self-insurance programs utilizing a trust fund or similar entity providing workers' compensation, health, and other insurance-like coverage.
- (7) The Alabama Health Insurance Plan.
- (8) Surplus line wet marine and transportation insurance.
- (9) Counties, municipalities, municipal corporations, political subdivisions of the state; instrumentalities of counties, municipalities, municipal corporations, or the State of Alabama; or corporations or associations owned solely by counties, municipalities or the State of Alabama. Including the Alabama Municipal Insurance Corporation (AMIC), as it is a mutual insurer owned by member municipalities.

**Legislative History:**

**Acts 1935, No. 194, p. 256**

Established an insurance premium tax of \$1.50 on each \$100 of premiums of foreign fire or marine insurance companies, \$2.50 on each \$100 of premiums for other foreign insurance companies, and \$1 on each \$100 of premiums for domestic insurance companies; and established a \$200 annual filing fee.

**Acts 1945, No. 156, p. 196**

Equalized rate of premium tax paid by foreign and domestic insurance companies by increasing the domestic rates.

**Acts 1955, 2<sup>nd</sup> Ex. Sess., No. 77, p. 193**

Amended rates as follows: \$2.50 on each \$100 for foreign life or marine insurance, 1% on annuities and 3% on premiums for other foreign insurance companies, .5% on annuities and premiums of domestic insurance companies; provided for reduction of tax rates for foreign insurers based on percentage of company's admitted assets invested in Alabama investments; and provided that all premium tax receipts be deposited to the State General Fund.

**Acts 1957, No. 598, p. 848**

Established agents examination fee of \$5. (\$3 for re-examination.)

**Acts 1963, No. 521, p. 1112**

Established the Unauthorized Insurers Act. Provided for licensing of surplus line brokers and tax on surplus line brokers at rate of 4% on the direct premiums, less return premiums and exclusive of sums collected to cover state or federal taxes, on surplus line insurance transacted by the broker during the preceding calendar year; provided that the tax be paid on March 1 each year and deposited to the State General Fund; and exempted surplus line wet marine and transportation insurance and certain other surplus line insurance.

**Acts 1969, Ex. Sess., No. 28, p. 74**

Increased rates as follows: 4% of premiums for foreign insurance other than life; 1% of annuities and 3% of premiums for foreign life insurance; 1% of annuities and premiums for domestic life; and 2% of premiums on other domestic insurance companies, including certain non-profit health care organizations.

Changed distribution to:

- (1) Education Trust Fund
  - (a) 37.5% of premium tax on foreign fire, marine, and fire and marine insurers.
  - (b) 25% of premium tax on foreign casualty insurers.
  - (c) 50% of premium tax on domestic life insurers.
  - (d) 75% of premium tax on domestic property and casualty insurers.
  - (e) 100% of premium tax on certain non-profit health care organizations.
- (2) State General Fund
  - (a) 100% of premium tax on foreign life insurers.
  - (b) 62.5% of premium tax on foreign fire, marine, and fire and marine insurers.
  - (c) 75% of premium tax on foreign casualty insurers.
  - (d) 50% of premium tax on domestic life insurers.
  - (e) 25% of premium tax on domestic property and casualty insurers.

Exempted domestic insurers from premium tax on Medicare or Medicaid supplement policies.

**Acts 1971, No. 407, p. 707**

Provided for retaliatory tax; established company and agents' and brokers' filing, license and miscellaneous fees (and provided they be deposited to the State General Fund); and established wet marine and transportation insurance tax at rate of 0.75% of gross underwriting profit.

**Acts 1971, No. 2106, p. 3375**

Decreased rate on domestic insurance companies (property and casualty, but not life) and certain non-profit health care organizations to 1% of premiums.

**Acts 1971, 2<sup>nd</sup> Ex. Sess., No. 3, p. 4113**

Changed the distribution of premium tax proceeds from certain non-profit corporations (Blue Cross/Blue Shield) from the Education Trust Fund to the Special Mental Health Fund.

**Metropolitan Life Insurance Co. v Ward**, 105 S.Ct. 1676 (1985)

The U. S. Supreme Court ruled in a 5-4 vote that two of the seventeen purposes the state presented to justify the disparate premium tax rates charged foreign and domestic insurers violated the equal protection clause of the U.S. Constitution. This reversed an Alabama Supreme Court opinion and remanded the case to Montgomery Circuit Court for retrial. The case was dismissed by order of the court dated September 29, 1993.

**Acts 1980, No. 774, p. 1608**

Authorized the Commissioner of Insurance to examine surplus line brokers in the same manner as an insurer and allowed surplus line brokers to offset from their insurance premium taxes the cost of such examinations in the same manner allowed for domestic insurers.

**Acts 1987, No. 333, p. 466**

Changed the due dates for payment of premium taxes from annual to quarterly basis, resulting in receipt of six quarters worth of taxes in FY 1988.

**Acts 1988, 1<sup>st</sup> Ex. Sess., No. 875, p. 410**

Increased fees for licenses and certificates issued by Insurance Department. (See Insurance Premium Tax (pages 182-184) in January 2003 "A Legislator's Guide to Alabama's Taxes.")

**Acts 1993, No. 679, p. 1291**

Established the Insurance Premium Tax Reform Act of 1993. Provided for phase-in of equalization of domestic and foreign insurance premium tax rates (See Insurance Premium Tax in January 2003 "A Legislator's Guide to Alabama's Taxes" or Section 27-4A-3 *Code of Alabama 1975*, beginning in FY 1995; provided for economic development credits to reduce tax rate of property and casualty insurers, increased tax rate of surplus line brokers from 4% to 6%; altered tax payment schedule from 25% quarterly to 25% in May, 45% in August, 5% in November, with the remainder to be paid in March; limited deposits to Education Trust Fund and Special Mental Health Fund from insurance premium tax receipts beginning FY 1995 to no more than was deposited in FY 1992; provided that, beginning with first tax payment made on premiums received on or after January 1, 1995 (May 15, 1995 payment)

100% of premium taxes paid by health maintenance organizations (HMO) will be deposited to the State General Fund (previously 50% of domestic HMO premium taxes deposited to ETF); and provided that wet marine and transportation insurance written by Alabama admitted insurers be taxed as is other insurance (surplus lines wet marine and transportation insurance is exempt).

**Acts 1993, 1<sup>st</sup> Ex. Sess., No. 847, p. 67**

Provided for special rate of 1.6%, effective January 1, 1995, for premium tax on medical liability insurance (rather than the rate of 3.6% established by Act 1993-679).

**Acts 1995, No. 738, p. 1578**

Provided that all premium taxes paid on long-term care coverage shall be deposited to the Education Trust Fund.

**Acts 1996, No. 343, p. 423**

Established continuing education requirements for insurance agents, service representatives and brokers; provided for new fees related to continuing education and provided that these fees, as well as certain existing fees for agent licenses and appointments and certain existing fees for service representatives' licenses, be deposited to the Insurance Agents and Brokers Continuing Education Fund which was created in this act. (See Acts 2001, No. 702.)

**Acts 1996, No. 692, p. 1161**

Created the Insurance Department Fund, to be used for the operation of the Department of Insurance; provided that at the end of any fiscal year any unencumbered and unexpended balance in the Fund, up to 25% of the amount appropriated for that fiscal year, shall remain in the Fund and not revert to the State General Fund; provided that 50% of retaliatory taxes, license fees (except those deposited to the Insurance Agents and Brokers Continuing Education Fund pursuant to Act 1996-343) and certain other charges shall be deposited to the Insurance Department Fund. (See Acts 2001, No. 702.)

**Acts 1998, No. 498, p. 1069**

Altered tax payment schedule from schedule shown in Acts 1993, No. 679.

**Alabama Municipal Insurance Corporation, et. al. v. State of Alabama 730 So. 2d 107 (1998)**

In March 1995 eight domestic property and casualty companies filed suit in Montgomery County Circuit Court challenging the constitutionality of the Insurance Premium Tax Reform Act of 1993 (see Acts 1993, No. 679 above). This suit alleged that the economic development credits which allow property and casualty insurers to reduce their tax rate by an amount dependent upon (1) the number of offices in the state and the persons employed within each of those offices and (2) the value of real

property investments made in the state discriminates in favor of large companies and is, therefore, unconstitutional. In June 1997, the Circuit Court ruled for the plaintiffs on the basis that the challenged tax credits violate the equal protection provisions of the Alabama Constitution and declared the premium tax as it applied to all property and casualty companies void. However, on May 22, 1998, the Alabama Supreme Court reversed the Circuit Court judgment and remanded the case to the trial court for further proceedings for an order consistent with the Supreme Court opinion. The Alabama Supreme Court denied a rehearing on February 19, 1999. On October 4, 1999, the U.S. Supreme Court denied the taxpayers' petition for a writ of certiorari and let stand the ruling of the Alabama Supreme Court.

**Acts 1999, 2<sup>nd</sup> Ex. Sess., No. 665, p. 131**

Reduced the credit for franchise or privilege taxes paid to the state from 100% of the amount paid to 60% of the amount paid, effective for all taxable years beginning after December 31, 1999.

**Acts 2001, No. 702, p. 1509**

Established the current company and producer (formerly agent/broker) licensing fee structure (Section 27-4-2) and the current continuing education fee structure (Section 27-8A-9); and provided that producer and service representative annual license renewal fees, continuing education compliance form late filing fees, continuing education course provider initial and annual renewal fees, and continuing education course approval filing fees be deposited to the Insurance Department Fund, rather than to the Insurance Agents and Brokers Continuing Education Fund (which was eliminated by this act).

**Acts 2002, No. 429, p. 1108**

Provided a credit against the insurance premium tax for investments by insurance companies in certified capital companies, as defined in Section 40-14B-1(4), *Code of Alabama 1975*. The credits against the premium tax cannot begin until calendar year 2004 and cannot exceed \$12.5 million per year or \$100 million in total for the life of the program.

**Acts 2006, No. 299, p. 614**

Provided for the biennial (instead of annual) renewal of licenses for insurance producers, service representatives and adjusters; doubled the license renewal fees for such licenses; required individuals to complete 20 hours of pre-licensing education for each major line of authority before qualifying to take the insurance producer examination for those lines of authority; required insurance producers and service representatives to complete 24 hours of continuing education on a biennial basis with a certain number of the hours to be on producer ethics or business practices (formerly 12 hours



annually with no ethics class requirement); authorized the commissioner to promulgate annual to biennial license transition rules; and provided for an adjustment of licensing fees as necessary to accommodate biennial licensing.

**Acts 2006, No. 509, p. 1153**

Provided for the regulation, licensure, taxation, and operation of captive insurance companies.

**Acts 2007, No. 472, p. 993**

Extended the insurance premium tax credits for investments by insurance companies in certified capital companies to provide additional credits to insurers that provide venture capital to a certified capital company. The credits issued cannot exceed \$100 million for all years in which the premium tax credits are allowed. Additionally, the amount of credits issued may not exceed 5% of the certified investor's vested premium tax credit for any tax year until 2014, at which time 17.5% of the vested credit may be taken.

**Acts 2008, No. 391, p. 742**

Established the Alabama Coastal Captive Insurance Company Act; removed the prohibition of captive insurers from providing homeowners insurances; and provided for licensure and regulation of coastal captive insurance companies.

**Acts 2009, No. 500, p. 924**

Established an insurance premium discount or insurance rate reduction for homeowners who build, rebuild, or retrofit insurable property to resist hurricane or other catastrophic windstorm events.

**Acts 2011, No. 537, p. 949**

Established the Surplus Lines Insurance Multi-State Compliance Act; and levied a 6% tax on the direct premiums of surplus line insurance less return premiums and taxes collected.

**Acts 2011, No. 556, p. 1039**

Provided for title insurers to issue closing or settlement protection, includes Insurance Commissioner's approval of forms, fees, and notice to real estate purchasers (Section 27-3-6.1).

**Acts 2011, No. 637, p. 1544**

Provided for the licensing of independent insurance adjusters, apprentice independent adjusters, and emergency independent adjusters; granted the Insurance Commissioner authority to regulate independent adjusters; and amended fee schedule for adjusters.

**Acts 2011, No. 643, p. 1638**

Established the Strengthen Alabama Homes Program; and provided for the application for and distribution of grant funds to homeowners and nonprofits for retrofitting property against loss due to hurricane, tornado, or other catastrophic windstorm events.

**Acts 2012, No. 312, p. 685**

Eliminated the insurance producer lines of authority for automobile and industrial fire and provided a transition for existing producer licenses; added travel, crop, and portable electronics insurance as limited lines insurance; required fingerprinting and background checks for applicants; and provided for portable electronics insurance policy licensure and fees as a limited lines insurance producer.

**Acts 2012, No. 374, p. 934**

Established an insurance premium tax credit for insurers providing wind and hail coverage to coastal areas of Alabama. Insurers may claim 20-35% of insurance premium tax due for coastal property owners with the credit varying by zone.

**Acts 2012, No. 397, p. 1078**

Provided for the licensure of title insurance agents and repealed previous certification requirements.

**Acts 2012, No. 429, p. 1170**

Established the Insurance Fraud Investigation Unit and Crime Prevention Act; authorized the Department of Insurance to investigate insurance fraud; created the Insurance Fraud Unit within the department, as well as the Insurance Fraud Unit Fund; levied an annual \$200 assessment on each insurer in the state to be used for purposes of the act; and subjected health maintenance organizations to regulations adopted by the Commissioner of Insurance.

**Acts 2013, No. 213, p. 489**

Further provided for the regulation and licensure of travel insurance (Section 27-7-5.2), added travel insurance to the definition of limited line insurance (Section 27-7-1), and changed the definition of travel to reference Section 27-7-5.2 (Section 27-7-14.1).

**Acts 2014, No. 219, p. 690**

Provided for the dissolution of the Alabama Health Insurance Plan.

**Acts 2014, No. 420, p. 1535**

Amended the Alabama Wind Pool Plan to revise zones referenced in the Plan, to limit the amount of insurance premium tax credits claimable annually to \$50,000 total, provided for reservation of tax credits, and eliminated the requirement that premiums must be at least 12% less than the premium in the Wind Pool Plan to receive tax credit.

**Acts 2015, No. 195, p. 566**

Increased various fees collected by the Department of Insurance and paid by insurance producers, service representatives, brokers, and adjusters; and creates a new producer annual appointment late fee of \$250.

**Acts 2016, No. 191, p. 446**

Further provides for the regulation and licensure of captive insurance companies. Allows the issuance of provisional licenses; lowered the required capital and surplus levels; capped the maximum annual aggregate premium tax payment at \$100,000; created examination expense tax credits; and allowed proration of minimum tax due by companies licensed for less than a year or companies that surrendered their license.

**Acts 2019, No. 392**

Removed limited deposits of Insurance Premium Tax to Education Trust Fund beginning on October 1, 2020, changing distribution to:

- (a) Special Mental Health Trust Fund - \$4,525,338
- (b) State General Fund – all other premium tax collected.

**Note Regarding Local Rates:**

Counties may not impose premium, license, or privilege taxes on insurance companies (Section 27-4A-5). Municipalities may impose a tax on fire and marine insurance companies not to exceed 4% per \$100 of the gross premiums, less return premiums, on policies on property located in the municipality (Section 11-51-120).

**Comparison with Neighboring States:****Florida**

Gross premium (less reinsurance and return premiums or assessments) tax on foreign insurers at the following rates: 1% for annuities (with certain exceptions); 0.75% of gross underwriting profit for wet marine and transportation insurers; 1.6% for the multiple-employer welfare arrangement, the commercial self-insurance fund, professional liability risk management trust fund, and medical malpractice self-insurance fund; and 1.75% for all others (property and casualty, life and health, including Blue Cross/Blue Shield). Domestic insurers maintaining their home office in Florida are exempt. Insurers are also subject to the Florida corporate income tax. Every insurer authorized to transact insurance for commercial property in Florida must collect, in addition to the applicable premium charge, an annual surcharge from each holder of a policy for fire, allied lines, or multi-peril insurance. The surcharge is imposed at a rate of 0.1% on the gross direct premium written on

commercial property located in Florida. The insurer remits the surcharge to the Department of Revenue. There is also a \$2 per policy annual surcharge on homeowner's, mobile homeowner's, tenant homeowner's, and condominium unit owner's policies and a \$4 annual surcharge on commercial fire, commercial multi-peril, and business owner's property insurance policies. The State Department of Insurance also collects a fire marshal's assessment of 1% of gross premiums from fire insurance on property in Florida. Insurers are allowed a credit against the premium tax for intangibles taxes, corporate income taxes and emergency excise taxes paid, and a credit equal to 15% of the salaries (excluding commissions) paid to non-licensed employees within Florida. The total credit, exclusive of intangibles taxes, may not exceed 65% of the premium tax liability. Insurers are allowed credit against tax due for 100% eligible contribution to an eligible nonprofit scholarship funding organization. A credit is allowed for 50% of community contributions for projects in enterprise zones undertaken by an eligible sponsor that is designed either to (1) construct, improve, or substantially rehabilitate housing or commercial, industrial, or public resources and facilities or (2) improve entrepreneurial and job-development opportunities for low-income persons. No insurer can receive more than \$200,000 in annual credits for all approved community contributions made in any one year. Unused credit may be carried forward for up to five years. Florida also allows certified capital company investment credits. Foreign companies, other than those with a regional home office in Florida, are subject to retaliatory provisions.

## **Georgia**

A gross premium tax (less return premiums) of 2.25% on domestic and foreign insurers (including Blue Cross/Blue Shield and annuity considerations); surplus line brokers and independently procured coverage pay 4%. There is an additional county tax of 1% on life policies on residents of county unincorporated areas and up to 2.5% on other lines for counties and municipalities (with the 1% life deductible from state premium tax due). There is an additional 1% on fire insurance companies. Foreign companies are subject to retaliatory taxes. Captive insurers are taxed at: (1) 0.4 percent on the first \$20 million and 0.3 percent on each dollar thereafter on its direct premiums collected, after deducting from the direct premiums subject to the tax the amounts paid to policyholders as return premiums which must include dividends on unabsorbed premiums or premium deposits returned or credited to policyholders (Risk retention group captive insurance companies shall only be subject to such taxes on direct premiums collected for coverages within Georgia.); or (2) 0.225 percent on the first \$20 million of assumed reinsurance premium, and 0.150 percent on the next \$20 million and 0.050 percent on the next \$20 million, and 0.025 percent of each dollar thereafter (No reinsurance tax

applies to premiums for risks or portions of risks that are subject to taxation on a direct basis pursuant to this title). Georgia allows job tax credits for business enterprises based on county-tiered zones.

### **Mississippi**

The tax for domestic and foreign companies is 3% of gross premiums, less premiums received for reinsurance, return premiums, cash dividends, and cancellations. Surplus lines are taxed at 4%. There is no tax on annuities. Mississippi has a voluntary basic health insurance coverage program designed to provide health insurance coverage to persons under age 65 who are accepted by an approved carrier and who have been without private health insurance coverage for at least one year or whose family income does not exceed 150% of the federal poverty level. Contracts of such insurance coverage offered by approved carriers are exempt from the insurance premiums tax on domestic and foreign insurance companies. A fire marshal tax of 1% is levied based on property insured in Mississippi. The gross premium tax on foreign and domestic companies is reduced by the net percentage of total assets invested in Mississippi up to a maximum of 50%. Foreign companies are subject to retaliatory taxes.

### **Tennessee**

Gross premium tax on all foreign and domestic property and casualty insurance companies is 2.5% (\$150 minimum) general rate plus an additional tax of .75% on fire insurance companies on that portion of the premium applicable to the fire risk (but property and casualty rates may be reduced by up to 75% based on percentage of total assets invested in Tennessee); annuity, pension, or profit-sharing plans exempt from federal income tax or qualifying for certain income tax advantages, pay no tax (nonqualified annuities pay at the life insurance rate). Domestic and foreign life and health insurance companies, including Blue Cross/Blue Shield, pay 1.75% (\$150 minimum) of gross premiums; captive insurance company direct premiums are taxed at 0.4% of the first \$20 million and 0.3% for each dollar thereafter. Also, captive insurance companies are taxed on assumed reinsurance at 0.225% of the first \$20 million, 0.15% of the next \$20 million, 0.050% of the next \$20 million, and 0.025% for premium above \$60 million. Minimum of \$5,000 to maximum of \$100,000 aggregate tax and title insurance companies are taxed at 2.5%. Health maintenance organizations, including limited health service organizations, are taxed at 6% of gross dollar amount collected. Foreign companies are subject to retaliatory taxes. Surplus lines are taxed at 5%.

## Interest on State Deposits

### **Statutory Authority:**

Sections 41-14-1 through 41-14-56 and 41-14A-1 through 41-14A-14, *Code of Alabama 1975*.

### **Revenue Source:**

"Interest on State Deposits" is the income earned by the State Treasurer through the investment of available cash. The treasurer must keep cash or demand deposits available as necessary to meet the daily operational needs of the state. State funds were held by designated state depository banks and collateralized in accordance with the Security for Alabama Funds Enhancement Act, or SAFE. Cash in excess of this amount may be invested in certain instruments authorized by law, including time deposits, money market mutual funds, certain government securities and repurchase agreements. At the end of FY 2019, the state maintained an invested balance of \$3.25 billion. Interest bearing bank demand deposits accounted for approximately \$28.7 million in interest recorded during the fiscal year. For that year, an average of approximately \$1.35 billion was held in such accounts. Investment of state funds in U.S. Treasury and agency securities accounted for approximately \$32.8 million in investment income. For that year, an average of approximately \$1.89 billion was invested in such instruments. Overall, the average percentage of available state funds invested and those producing earnings credit, together, was over 99%.

### **Collections:**

Earned interest is received monthly by the treasurer from the respective banks.

<b>Fiscal Year</b>	<b>Collections (\$) <sup>30</sup></b>	<b>Percent Change</b>
2019	63,036,403	99.13
2018	31,656,304	133.62
2017	13,550,218	42.14
2016	9,533,292	(5.18)
2015	10,054,489	(19.02)

Source: "State General Fund Receipts- Summary Comparison of Net Receipts" Report – Comptroller's Office. Beginning FY 2016, "General Fund Net Receipts of Revenues" Report - STAARS.

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<sup>30</sup> General Fund collections only.

**Distribution:**

Interest earned on certain bond proceeds is credited to those proceeds accounts. Generally, however, interest on state deposits is deposited into the State General Fund.

**Legislative History:****Acts 1967, No. 3, p. 336**

Granted the general authority of State Treasurer to deposit funds in state depositories and to earn interest on time deposits.

**Acts 1975, No. 1, p. 57**

Provided that an increased amount of state funds could be deposited in interest-bearing accounts.

**Acts 1977, No. 45, p. 1460**

Further amended provisions for determining interest to be paid on state funds and specifically allowed for investment in repurchase agreements.

**Acts 1983, No. 80, p. 86**

Provided that interest earned on state deposits would be paid monthly to the State Treasurer.

**Acts 1988, No. 162, p. 256**

Allowed the treasurer to enter into agreements with state lending institutions at rates of interest lower than the prevailing market rate to enable the respective state lending institutions to offer certain agriculture and business loans at less than the prevailing market rate; and provided that this provision (plan of linked deposits) would terminate at the end of FY 1991. (This termination date was extended by Acts 1991, No. 720; Acts 1993, No. 351; Acts 1995, No. 257; Acts 1999, 2<sup>nd</sup> Ex. Sess., No. 659; Acts 2003, No. 304; and Acts 2006, No. 416). See also Acts 2007, No. 397.

**Acts 1989, No. 868, p. 1743**

Authorized the treasurer to invest in six months and one-year U.S. Treasury obligations.

**Acts 1990, No. 638, p. 1172**

Eliminated certain requirements related to determination of income from time deposits, funds needed for projected monthly expenditures and investment of funds in the treasury 30 days or less; and provided that mortgage-backed securities may be used as security for state money deposited in state depositories.

**Acts 1991, No. 570, p. 1052**

Authorized state agencies the administrative option to require the timely electronic remittance of immediately available funds by any person, corporation or partnership for obligations due to the state

agency of \$100,000 or more (effective January 1, 1993, \$50,000 or more; and effective January 1, 1994, \$25,000 or more).

**Acts 1992, No. 169, p. 279**

Changed the types of financial instruments available to the treasurer for investment of state funds. A limit of 20% of total state monies is available for investment in bonds, notes, Treasury bills or in obligations of any agency or instrumentality of the U.S. The limit is also applied to money market mutual funds solely in securities otherwise authorized by provisions of this section of the *Code of Alabama 1975*. The result was a broadening of investment opportunities for the treasurer.

**Acts 1996, No. 764, p. 1349**

Authorized the state to pay state depositories for: (1) the transfer or removal of funds; (2) item handling charges; or (3) other services performed by the depository.

**Acts 2000, No. 748, p. 1669**

Established the Security of Alabama Funds Enhancement Act (SAFE).

**Acts 2003, No. 305, p. 723**

Modified the list of securities and instruments that are eligible to be used as collateral for state monies held in state depositories to include other U.S. states' direct obligations; clarified the authority given to the State Treasurer to approve or disapprove any collateral for public deposits, and further clarified the interrelationship between the provisions of the SAFE Act of 2000, public deposits, and the requirement of pledged collateral.

**Acts 2004, No. 486, p. 904**

Amended the statute relating to interest paid on linked deposits so that the rate of interest on a one-year linked deposit and on a two-year linked deposit is two percent below the most recent weekly average one-year constant maturity yield and two-year constant maturity yield respectively as published by the Federal Reserve but in no event shall the interest rate on either deposit be less than one percent. On one-year time deposits the rate is based on the weekly average one-year constant maturity yield as published by the Federal Reserve for the calendar week immediately preceding the contract.

**Acts 2007, No. 397, p. 771**

Repealed the 1988 Linked Deposit Program and established the Linked Deposit Program of 2007.

**Acts 2012, No. 208, p. 348**

Amended the statute relating to the types of investments the State Treasurer may invest in with qualified public depositories.



## **Comparison with Neighboring States:**

### **Florida**

The Division of Treasury operates a cash management system to maximize investments through the Treasury Investment Pool (Pool). The Pool utilizes a combination of short and intermediate term fixed income investment strategies. Funds managed by the state and outside managers totaled \$25.3 billion as of July 2019. For FY 2019, state funds were invested in the following: 3.91% in certificates of deposit and other cash equivalents; 50.87% in internal liquidity and short duration securities; and 45.22% in external intermediate securities and long duration.

### **Georgia**

The Treasury operates a system of decentralized receipts and disbursements, in that agencies maintain their own bank demand accounts. The Treasury serves as a repository for collected funds and attempts to maximize interest earned on idle balances until funds are disbursed to the various agencies. The Treasury maintains two investment custodial accounts – Georgia Fund 1 and the Georgia Extended Asset Pool. As of June 30, 2018, Georgia Fund 1 was invested 36% in overnight repurchase agreements; 8% in term repurchase agreements; 33% in banker's acceptances; and 23% in U.S. Government and agency securities.

### **Mississippi**

The State Treasurer and the Executive Director of the Department of Finance and Administration meet on a monthly basis to determine the excess funds that are not needed for meeting the immediate requirements of the state using a cash flow model provided by the State Treasurer. The Treasury utilizes depositories statewide, and pays state warrants from three banks in Jackson, one of which serves as the main clearing bank. As of June 30, 2018, the General Fund/Special Fund portfolio was invested as follows: 5% in certificates of deposit; 7% in demand deposits; 17% in interest bearing deposits; 20% in treasury securities; 31% in U.S. government agency securities; and 20% in other authorized securities.

### **Tennessee**

As of June 2017, the treasurer has over 85 depository accounts with banks, all of which are interest bearing accounts. The State Funding Board, consisting of the Governor, Secretary of State, Comptroller, Treasurer and Commissioner of Finance and Administration approves the Investment Policy for the State Pooled Investment Fund. Investment decisions are delegated to the Treasurer, who vests day to day management in the Chief Investment Officer. As of June 30, 2017, 17.23% of available funds were invested in collateralized time deposits with in-state financial institutions; 6.48%

in a bank sweep account; 71.60% in U.S. Government and agency securities; 4.68% in commercial paper. The average net yield on Tennessee's portfolio investments for 2018 was 1.3%, of which administration fees account for .04%. Available cash is 100% invested considering daily conversions of idle cash into the investment stream and the use of money market demand accounts. The fund operates as stable dollar and in compliance with GASB 79, which means the WAM must be 60 days or less, WAL cannot exceed 120 days, the fund must have more than 10% daily liquidity and more than 30% weekly liquidity among other requirements.

# Judicial Fees and Fines

## **Constitutional Provisions:**

Section 96 to the *Constitution of Alabama of 1901*.

Prohibits the Legislature from enacting any law that does not apply to all counties, which regulates costs and charges of courts. However, there are numerous constitutional amendments authorizing local court costs by methods other than a constitutional amendment.

## **Statutory Authority:**

Sections 11-25-9, 11-47-7.1, 12-14-14, 12-14-18, 12-19-20 through 12-19-182, 12-19-250 through 12-19-254, 12-19-310 through 12-19-315, 15-23-17, 30-3-61, 32-5-313, 32-5A-8, 33-5-33, 36-18-7, 36-18-32, 36-18-32.1, and 36-21-67, *Code of Alabama 1975*.

## **Distribution:**

Pursuant to Section 12-19-152, fines collected in misdemeanor and felony cases in district and circuit courts are remitted to the State General Fund unless otherwise provided (see Sections 33-5-32, 33-5-51, 33-5-61, 33-5-62 and 33-5-66 for disposition of fines for violation of provisions regarding the registration and operation of vessels; Section 9-11-6 for disposition of fines for violation of provisions of game and fish laws; Section 9-13-65 for disposition of fines for violation of certain laws regarding forest and forest products; Section 32-5A-191 for disposition of fines for under DUI; Section 32-5A-191.3 for disposition of fines for operation of a vessel while under the influence; and Section 32-6-233.1 for disposition of fines for unauthorized use of a handicapped parking place). Pursuant to Section 12-19-154, fines and forfeitures collected in municipal ordinance cases in district and circuit courts are remitted 90% to the municipality and 10% to the State General Fund, except fines collected for violation of Section 32-5A-191 (DUI) pursuant to a municipal ordinance, which are remitted as provided in Section 32-5A-191(m). Section 11-45-9 limits fines in municipal courts to \$500, except as otherwise provided.

Title 12, Chapter 19, Article 2, *Code of Alabama 1975*, governs the amount and manner of distribution of docket fees which shall be assessed and collected in district and circuit courts throughout the state. The docket fees are uniform throughout the state, except in those counties where additional court costs are authorized by local act. Information regarding court costs may be obtained by accessing the various county websites or at [www.alacourt.gov](http://www.alacourt.gov). Information regarding municipal court costs and distribution of the fees may be found at [www.alacourt.gov](http://www.alacourt.gov).

**Collections:**

The Administrative Director of Courts prescribes procedures for collection and distribution of court fees and fines.

<b>Fiscal Year</b>	<b>Collections (\$) <sup>31</sup></b>	<b>Percent Change</b>
2019	59,708,762	(0.45)
2018	59,980,037	(3.04%)
2017	61,860,771	0.94
2016	61,282,678	(3.61)
2015	63,574,968	(1.88)

Source: "State General Fund - Comparison of Net Receipts" Report – Comptroller's Office. Beginning FY 2017, "General Fund Net Receipts of Revenues" Report – STAARS.

**Legislative History:****Acts 1935, No. 240, p. 632**

Provided that fines and forfeitures collected by the district courts upon conviction of violation of game and fish laws or rules and regulations promulgated there under shall be deposited to the Game and Fish Fund; and provided for a solicitor's fee of \$5 upon conviction of violation of game and fish laws and imposition of a fine or penalty (see Act 1945-449 and Act 1995-544).

**Acts 1945, No. 449, p. 687**

Eliminated \$5 solicitor's fee provided by Act 1935-240 (see Act 1995-544).

**Acts 1964, 1<sup>st</sup> Ex. Sess., No. 244, p. 335**

Provided for additional penalty of \$1 upon conviction in any state or city court of a moving traffic violation to be credited to Driver Education and Training Fund and to be used as follows: (1) 90% to be used by the Department of Education for driver education and (2) 10% for administrative expenses of State Safety Coordinating Committee.

**Acts 1965, 2<sup>nd</sup> Ex. Sess., No. 60, p. 85**

Provided for "fair trial tax" of \$1 on all criminal cases docketed in any court except the Supreme Court, Court of Appeals, or cases in the mayor's, recorders, or municipal courts if the offense charged was a violation of a municipal ordinance; provided that the tax be remitted to the Fair Trial Tax Fund and be expended for indigent defense; and provided that any unexpended balance in the Fair Trial Tax Fund at the end of a fiscal year shall revert to the State General Fund.

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<sup>31</sup> State General Fund collections only. Includes receipts from fines and commissions from judicial sales as well as docket (court cost or filing) fees.

**Acts 1969, No. 999, p. 1855**

Provided for additional court cost of \$1 for each moving traffic violation, \$5 for each misdemeanor, and \$10 for each felony conviction to be deposited to the Alabama Peace Officers' Annuity and Benefit Fund and excluded Conservation law violations.

**Acts 1971, No. 1210, p. 2104**

Deleted language in Act 1969-999 which excluded Conservation law violations from the provisions of the act.

**Acts 1971, No. 2101, p. 3371**

Specifically included Conservation law violations in additional court costs designated for Peace Officers' Annuity and Benefit Fund (see Acts 1969-999 and 1971-1210).

**Acts 1971, No. 2421, p. 3853**

Amended Act 1965-60 to provide that the fair trial tax (1) also be levied in suits at law or in equity; (2) be increased from \$1 to \$2; (3) be levied in all courts except cases in the mayor's, recorders, or municipal courts when the offense charged is a violation of a municipal ordinance - except, however, if cases in such courts involve an offense which is also a violation of state law; (4) in counties with a public defender, a portion be collected in that county and expended for support of that office; and (5) any unexpended balance remaining in the Fair Trial Tax Fund at the end of a fiscal year shall not revert to the State General Fund.

**Acts 1975, No. 1205, p. 2384**

Implemented new Judicial Article of the *Constitution of Alabama of 1901* (Amendment No. 328) by establishing Unified Judicial System for the state, including uniform court costs (see act for fee schedule). Prior to 1975, the various court fees and fines were collected and distributed within the counties.

**Acts 1976, No. 564, p. 763**

Provided for \$35 fee for report of sales of abandoned automobiles, to be paid to the circuit court.

**Acts 1978, No. 617, p. 877**

Provided that municipal court clerks, instead of remitting receipts from the fair trial tax to the State General Fund, shall pay those receipts into the general fund of the municipality, to be expended by that municipality for defense of indigents in that municipality's courts, with any fines not expended for that purpose to revert to the state treasury.

**Acts 1979, No. 751, p. 1336**

Established organizational options for existing and future county law libraries. For those existing libraries opting to come under the provisions of this act and for new libraries organized under the provisions of this act, a library fee of \$2 shall be paid in all cases and causes wherein a docket or filing fee is paid in the district and circuit courts of the various counties wherein this act is in effect.

**Acts 1980, No. 634, p. 1198**

Provided for a distinct, uniform \$25 docket fee for juvenile cases and provided for distribution thereof and eliminated the distinction between moving and non-moving traffic violations for docket fee purposes.

**Acts 1980, No. 635, p. 1201**

Provided for a sliding scale fee to be collected from the proceeds of all judicial sales and remitted to State General Fund.

**Acts 1981, No. 675, p. 1099**

Clarified that the fee on judicial sales provided by Act 1980-635 does not apply to judicial sales in probate courts.

**Acts 1981, No. 716, p. 1203**

Provided for a \$5 increase in docket fees in every criminal and civil action docketed in the municipal, district, and circuit courts to be distributed to the Fair Trial Tax Fund (resulted in increase of from \$2 to \$7 of total docket fee designated for the Fair Trial Tax Fund).

**Acts 1981, No. 864, p. 1654**

Provided for an increase of \$5 for misdemeanors and violations, \$10 for felonies, and \$5 for juvenile cases in district and circuit court costs to be distributed to the Peace Officers' Standards and Training Fund for law enforcement training.

**Acts 1983, No. 724, p. 1179**

Provided for an increase from \$1 to \$1.50 in court costs provided by Act 1964-244 for traffic violations to fund courses of instruction in the driving of trucks.

**Acts 1983, No. 744, p. 1225**

Provided for the following increases in court costs for civil cases: \$5 for small claims cases, \$8 for other district court cases, and \$15 for circuit court cases; increased by \$10 juvenile, traffic, ordinance violation, and criminal cases in district and circuit courts and increased associated service fees (generally by \$2); and provided that the increased docket fees be deposited to the State General Fund.

**Acts 1984, No. 658, p. 1308**

Provided for increases in court costs of \$2 for traffic violations, \$10 for misdemeanor violations, and \$15 for felony violations to fund the Alabama Crime Victims Compensation Commission.

**Acts 1984, 1<sup>st</sup> Ex. Sess., No. 732, p. 68**

Provided that the fee collected from proceeds of judicial sales (see Act 1980-635) be levelized at 1%; and provided that \$1 of each periodic payment made through the courts for alimony, child support, or court-related restitution be remitted to the State General Fund.

**Acts 1987, No. 405, p. 575**

Increased court fees and costs as follows: civil cases in district court from \$38 to \$59, civil cases in circuit court from \$55 to \$95, jury demand from \$15 to \$50, traffic infractions in district court from \$37.50 to \$38, misdemeanors and ordinance violations from \$55 to \$60, and felonies from \$102 to \$130; increased associated service fees; provided for distribution of the increased fees to the State General Fund and county general funds; and provided for the appropriation of the fee increases from the State General Fund to the judiciary and district attorneys for FY 1988.

**Acts 1987, No. 638, p. 1142**

Provided for an increase in court costs for traffic violations from \$1.50 to \$2. Of this increase, \$.10 was designated for driver education by the Department of Education (for a total of \$1), \$.10 was designated for the payment of administrative expenses of the State Safety Coordinating Committee (for a total of \$.20), and the remaining \$.30 increase plus \$.15 formerly designated for truck driver education was designated to the Alabama Traffic Safety Center Fund to be used by institutions under the control of the State Board of Education to conduct programs in traffic, motorcycle, and boating safety (the new distribution resulted in \$.35 for truck driver education).

**Acts 1988, No. 658, p. 1055**

Provided that the portion of the \$2 court costs for traffic violations, designated by Act 1987-638 for the use of the Alabama Traffic Safety Center, would not be controlled by the State Department of Education or by any institution under its control.

**Acts 1991, No. 433, p. 769**

Increased court costs for traffic violations from \$2 to \$7 and provided for distribution of that \$7. Due to a change in the Administrative Office of Courts' interpretation of statutes affected by this act following its passage, Act 1991-824 was established to achieve the effect intended by this act.

**Acts 1991, No. 438, p. 778**

Increased docket fees as follows: traffic infraction in district courts from \$38 to \$40 and misdemeanors and municipal ordinance violations in district and circuit courts from \$60 to \$62. Provided that the \$2 increase be deposited to the Police Officers' Annuity and Benefit Fund.

**Acts 1991, 1<sup>st</sup> Ex. Sess., No. 824, p. 224**

Increased docket fees for traffic infractions in district court from \$40 to \$47 and levied a docket fee of \$8.50 for traffic offenses in municipal courts, with the increase to be distributed to the Drivers' Fund. Repealed the \$2 levied in Section 32-5-313 and added an overall \$7 increase to the existing \$1.50 designated for the Drivers' Fund for a total of \$8.50 (\$6.50 net increase) to the Fund. Provided that of the \$8.50 deposited to the Drivers' Fund, \$1.50 will go to the Department of Public Safety for implementation of the Commercial Driver's License program, with the remaining \$7 distributed as follows: 21% to the State Department of Education for driver education; 36% to the State Department of Postsecondary Education (to be distributed to certain technical colleges for truck driver training); 3% to the State Safety Coordinating Committee; 30% to the Catastrophic Trust Fund for Special Education; and 10% to the Alabama Traffic Safety Center Fund.

**Acts 1992, No. 227, p. 562**

Increased docket fees as follows: small claims cases filed in district court from \$20 to \$25; civil cases filed in district court from \$59 to \$74; civil cases filed in circuit court from \$95 to \$110; civil case jury demand fees from \$50 to \$51; traffic infractions in district court from \$47 to \$62; misdemeanors and municipal ordinance violations in district and circuit courts from \$62 to \$87; felonies in district and circuit courts from \$130 to \$155; and juvenile cases from \$40 to \$55. Provided that all increased fees be deposited to the State General Fund except the additional \$1 jury demand fee (which was directed to the Department of Youth Services for the payment of juvenile probation officers' salaries). Provided for the amendatory fees provided by this act to terminate during FY 1992 and FY 1993 when the amounts appropriated from the State General Fund to the judiciary by this act for those fiscal years was collected from said amendatory fees. Further provided that the amendatory fees terminate on September 30, 1994 (see Act 1993-133).

**Acts 1992, 2<sup>nd</sup> Ex. Sess., No. 677, p. 58**

Levied a criminal history processing fee (additional court cost) of \$10 on any person convicted of a crime in municipal, district, or circuit court, excluding traffic cases that do not involve driving under the influence of alcohol or controlled substances, and conservation and juvenile cases. \$7 of each \$10 fee is to be deposited to the Public Safety Automated Fingerprint Identification System Fund, and the



remaining \$3 is to be deposited to the Court Automation Fund (see Act 1993-255 and Act 1993-641 for further provisions regarding expenditure of monies deposited to the Court Automation Fund).

**Acts 1993, No. 133, p. 189**

Amended Act 1992-227 to provide that fees generated by that act would be deposited in the State General Fund and the increase in court fees provided by that act would not terminate as provided in that act but would, instead, be effective until October 1, 1995.

**Acts 1994, No. 694, p. 1334**

Provided that, in addition to any other court costs and fees authorized, any municipal governing body may, by majority vote, levy additional court costs and fees up to an amount not to exceed the county court costs and fees on each case filed in municipal court. Any such additional court cost or fee is to be paid into a special municipal fund, the Corrections Fund, to be expended exclusively for the operation and maintenance of the municipal jail, other correctional facilities, juvenile detention center, or court complex (see Act 1995-401).

**Acts 1994, 1<sup>st</sup> Ex. Sess., No. 804, p. 109**

Levied an additional fee (court cost) of \$2 in municipal cases and in district and circuit court criminal and civil cases (excluding parking violations and small claims cases); in bond forfeiture proceedings, upon initiation of attachment, garnishment or execution proceedings; and upon the issuance of any alias or capias warrant of arrest. The fee is to be deposited to the Alabama DNA Database Fund and be used by the Director of the Alabama Department of Forensic Sciences for the exclusive purposes of Act 1994-804.

**Acts 1995, No. 401, p. 835**

Amended Act 1994-694 to clarify that "county court costs and fees" referenced in that act means court costs and fees in the district court of the county.

**Acts 1995, No. 509, p. 1018**

Amended Act 1993-133 to remove the October 1, 1995 termination date.

**Acts 1995, No. 544, p. 1142**

Provided for a district attorney's fee upon conviction of violation of game and fish laws, in the same manner as taxed in other cases involving criminal violations in the district court (see Act 1935-240 and Act 1945-449).

**Acts 1995, No. 733, p. 1567**

Levied an additional fee of \$100 upon conviction in any state or municipal court of certain drug offenses with the additional fee to be deposited, after deduction of a 1% administrative fee, in the

Alabama Forensic Services Trust Fund, a revolving fund created by this act, and expended by the Alabama Department of Forensic Sciences.

**Acts 1996, No. 752, p. 1323**

Increased the jurisdictional limits of small claims courts from \$1,500 to \$3,000, effective July 1, 1996, but provided that docket fees for cases in small claims court in which the matter in controversy exceeds \$1,500 would be the same as the docket fees for cases in the district court that are not small claims cases.

**Acts 1997, No. 945, p. 515**

Increased from \$10 to \$30 the criminal history processing fee levied by Act 1992-677 (see above) and provided that the additional \$20 fee be distributed as follows: (1) \$3 to the Public Safety Automated Fingerprint Identification (AFIS) Fund; (2) \$2 to the Court Automation Fund of the Unified Judicial System; (3) \$10 to the Criminal Justice Information System (CJIS) Automation Fund (which was created in this act); and (4) \$5 to the Forensic Services Fund.

**Acts 1998, No. 671, p. 1475**

Provided that court clerks remit fines collected for driving while license is suspended, cancelled or revoked, or without a license directly to the State Comptroller (rather than to the Director of Public Safety); that the \$50 penalty levied in such cases be automatic (need not be specifically assessed by the judge); and that the fee be collected in municipal court cases.

**Acts 1999, No. 427, p. 759**

Increased docket fees as follows: small claims cases filed in district court from \$25 to \$35; civil cases filed in district court from \$74 to \$109; civil cases filed in circuit court from \$110 to \$145; traffic infractions in district court from \$62 to \$97; misdemeanors and municipal ordinance violations in district and circuit courts from \$87 to \$122; felonies in district and circuit courts from \$155 to \$190; juvenile cases from \$55 to \$90; and bond forfeiture in district and circuit courts from \$35 to \$70. The amounts above included the additional \$5 increase which became effective October 1, 2000. The initial increase (the current fee amount minus \$5 for each case type) was effective June 10, 1999. Except for small claims cases filed in district court and civil cases filed in circuit court, the act provided that the immediate increases be deposited as follows: \$9 to the Fair Trial Tax Fund; \$16 to the State General Fund; \$5 to the Advanced Technology and Data Exchange Fund (which was created by this act), and effective October 1, 2000, that the additional \$5 be deposited into the Fair Trial Tax Fund. In small claims cases, the \$5 increase, effective June 10, 1999, and the additional \$5 increase which became effective October 1, 2000, are deposited into the Fair Trial Tax Fund. The increased fees in civil

cases in circuit court are distributed as follows: \$13 to the Fair Trial Tax Fund; \$12 to the State General Fund; \$5 to the Advanced Technology and Data Exchange Fund; and, effective October 1, 2000, an additional \$5 to the Fair Trial Tax Fund. The act also increased by \$30 costs assessed in municipal courts upon conviction of a municipal violation. Costs for a traffic violation increased from \$42.50 to \$72.50 and costs for a non-traffic violation from \$76 to \$106. The cost increase is distributed as follows: \$9 to the Fair Trial Tax Fund; \$2 to the municipal general fund; \$3 to the Advanced Technology and Data Exchange Fund; and \$16 to the State General Fund.

**Acts 2000, No. 746, p. 1667**

Provided that court costs assessed against persons convicted of game and fish violations would not exceed the fine for the violation except for convictions for night hunting or hunting on the lands of another. Does not apply where court costs are by constitutional amendment or where such costs are pledged for the repayment of bonds.

**Acts 2000, No. 800, p. 1901**

Provided that the \$1.50 to the Department of Public Safety for implementation of the Commercial Driver's License program of the total of \$8.50 deposited to the Drivers' Fund (pursuant to Act 1991-824) would be transferred to the Highway Traffic Safety Fund for law enforcement purposes beginning October 1, 2000.

**Acts 2003, No. 402, p. 1170**

Provided that the \$35 fee for report of sales of abandoned automobiles (see Act 1976-564) does not apply if the funds paid for such sales are equal to or less than \$35.

**Acts 2004, No. 636, p. 1452**

Increased docket fees as follows:

- Civil cases filed in district court in which the amount of controversy exceeds \$3,000 but does not exceed \$10,000 from \$109 to \$198
- Civil cases, other than domestic relations and cases in which the matter of controversy does not exceed \$50,000, filed in circuit court from \$145 to \$297
- Civil cases in circuit court in which the matter of controversy exceeds \$50,000 from \$145 to \$197
- Modification or enforcement of an existing domestic relations court order from \$145 to \$248
- Jury demand fee from \$51 to \$100
- Witness subpoena from \$8 to \$12
- Attachment from \$15 to \$28
- Garnishment from \$15 to \$28

- Execution from \$7 to \$28

Added fees as follows:

- \$50 for each additional plaintiff (not more than \$500 regardless of the number of additional plaintiffs) for civil cases in district court
- \$297 for a counterclaim, cross claim, third party complaint, third party motion, or an action for a declaratory judgment filed in a civil action in circuit court
- \$297 for a motion or complaint to appear as an intervener or a third-party plaintiff in a civil action in circuit court other than cases filed on a domestic relations docket
- \$100 for each additional plaintiff (not more than \$1,000 regardless of the number of additional plaintiffs) for civil cases (other than domestic relations) in circuit court
- \$50 for a dispositive motion

The fee increases or additions were distributed to the following funds:

- State General Fund
- Fair Trial Tax Fund
- Advanced Technology and Data Exchange Fund
- County General Fund
- DNA Database Fund

**Acts 2006, No. 414, p. 1027**

Repealed Section 12-19-76, which provided for a circuit court fee for the filing of a report of the sale of an abandoned motor vehicle, if applicable. (See Act 1976-564 and Act 2003-402).

**Acts 2009, No. 768, p. 2355**

Increased the DNA database fee from \$2 to \$12 for: (1) all criminal municipal, district and circuit court cases; (2) bond forfeiture proceedings; and (3) certain other court proceedings. Based on the Administrative Office of Courts' interpretation of the act, effective August 1, 2009, the \$2 DNA database fee is no longer imposed in juvenile cases. The fee is distributed to the Alabama DNA Database Fund and the Citizenship Trust according to the schedule specified in the act with one-half of the receipts distributed to the Trust being allocated to the David Mathews Center for Civic Life.

**Acts 2010, No. 438, p. 704**

Established a solicitor's fee to be imposed in juvenile, traffic, criminal, and quasi-criminal cases in juvenile, district, and municipal courts statewide. The solicitor's fee, which is in addition to other court costs, will be equal to the Fair Trial Tax Fund fee (currently \$21 in state courts and \$16 in municipal courts) imposed in each case and will be distributed as follows: (1) \$3 of the fee imposed will be retained

by the clerk of the circuit court and used for operation of the clerk's office, and (2) the remainder will be deposited into the Solicitor's Fund or the District Attorney's Fund in the county where the case is heard or to the fund that may be hereafter prescribed by law for the solicitor's fee. The solicitor's fee may be expended by the district attorney for payment of any legitimate law enforcement purpose. The act does not supersede local laws established on or after the effective date of this bill. Upon repeal of a local act establishing a solicitor's fee, the county shall collect the fee pursuant to this act.

**Acts 2011, No. 621, p. 1429**

Doubled the penalty for a person convicted of driving under the influence (DUI) if that person has a blood alcohol content of at least 0.15 percent within four hours of operating a motor vehicle. The penalty for a person convicted of DUI if a child under the age of 14 was present in the vehicle must be at least double the penalty otherwise applicable.

**Acts 2012, No. 266, p. 514**

Authorized the appointment of former or retired judges to serve as private judges in certain district and circuit court cases (domestic relations, contract, or tort cases) and required a \$100 filing fee for a petition to appoint a private judge, with \$50 going to the Administrative Office of Courts and \$50 going to the office of the clerk in the county in which the case is pending.

**Acts 2012, No. 535, p. 1582**

Provided for an increase in docket fees in certain civil and criminal cases in circuit, district, and municipal courts, a bail bond filing fee, and a bail bond fee. \$45 increase in civil cases; \$15 increase in small claims cases; \$40 increase in criminal cases; and \$26 increase in traffic cases. \$35 filing fee on each bond executed. Bail bond fee varies.

**Acts 2013, No. 193, p. 360**

Eliminated an existing conflict of law by raising the contempt fine for failure to pay the bail bond filing fee in municipal court to a maximum of \$500 as provided in Act 2012-535 and extended the provisions of Act 2012-353 beyond September 30, 2015.

**Acts 2013, No. 353, p. 1265**

Allowed municipalities to establish pretrial diversion programs.

**Acts 2013, No. 361, p. 1290**

Established a statewide pretrial diversion program.

**Acts 2014, No. 166, p. 472**

Amended law relating to the Advanced Technology and Data Exchange Fund and court payments to provide that court clerks may accept charge cards, in addition to credit and debit cards, for court

payments. Provided that court clerks shall impose a fee on payments made with such cards in an amount not exceeding the sum of: (1) the transaction fee or discount charged by the card issuer or processor and (2) any cost or fee charged pursuant to agreement between the Administrative Office of Courts and a contracting entity providing services in connection with the acceptance of payments with such cards.

**Acts 2014, No. 350, p. 1299**

Provided that the juvenile court shall have exclusive original jurisdiction over termination of parental rights proceedings. Included legislative intent that specifies that the original intent in the adoption of the Alabama Juvenile Justice Act was for the juvenile court to exercise exclusive original jurisdiction in all termination of parental rights proceedings. Amendatory language in this act applies retroactively to cases filed in juvenile court on or after January 1, 2009 and before this act for the purpose of ratifying and confirming the exercise of original jurisdiction of the juvenile court in such cases.

**Acts 2014, No. 455, p. 1688**

Provided that in civil actions, a justice or judge shall recuse himself or herself from hearing a case based on a substantial campaign contribution or electioneering communication made to or on behalf of the justice or judge by a party to the case if: (1) a reasonable person would perceive that the judge's ability to carry out his or her responsibilities with impartiality is impaired or (2) there is a serious, objective probability of actual bias due to acceptance of the campaign contribution.

**Acts 2015, No. 224, p. 658**

Changed circuit court jurisdiction to provide that the court shall have concurrent jurisdiction with the district court in civil actions in which the matter in controversy exceeds \$6,000, rather than \$3,000. Changed district court jurisdiction to provide that the court shall have exclusive jurisdiction in civil actions in which the matter in controversy does not exceed \$6,000, rather than \$3,000, and that such cases shall be placed on the small claims docket. Provided that for cases in district court in which the amount in controversy exceeds \$3,000 but does not exceed \$10,000, including small claims cases, the docket fee shall be \$198 and that the \$50 fee for dispositive motions for certain judgements does not apply to small claims cases in which the amount in controversy does not exceed \$3,000 (fee distributions remained unchanged).

**Acts 2016, No. 398, p. 1060**

Provides that certain pension, annuity, or retirement benefits under the Teachers' Retirement System and the Employees' Retirement System are subject to recovery actions involving restitution, fines, court costs, fees, or other financial obligations in felony criminal cases.

**Acts 2017, No. 270, p. 441**

Allows the Circuit Clerk in each judicial circuit to use money in the Circuit Clerk's Judicial Administration Fund to award merit and promotional raises to court personnel.

**Acts 2018, No. 517**

Reduces the fee for ignition interlock installation and changes the distribution of the fee for persons charged with driving under the influence.

**Comparison with Neighboring States:****Florida**

Court costs are deposited into the General Revenue Fund, the State Courts Revenue Trust Fund, the Clerks of the Court Trust Fund, the Administrative Trust Fund, and the Court Education Trust Fund. Additionally, on the local level, the counties retain a portion of the court costs they receive. State courts are funded through appropriations on the state level, while other courts are funded partially through the state and partially through the counties.

**Georgia**

Georgia's judicial system is not a unified system. The state appropriates funds to operate the appellate courts and provides a portion of the funds required to operate the general jurisdiction trial courts (Superior Courts) and juvenile courts. Limited jurisdiction courts are funded entirely by local governments.

**Mississippi**

Court costs are deposited into the State General Fund and into the Judicial System Operation Fund, which is used for the operation of the judicial system (subject to appropriation by the Legislature). Judicial branch appropriations fund the Supreme Court, appellate courts, the Administrative Office of Courts, circuit courts, chancery courts, and county courts.

**Tennessee**

Tennessee operates a non-unified court system. The state appropriates funds to operate the state courts and trial courts (salaries, staff, and technology). Other costs are funded through local funding bodies.

## Leasing or Renting of Tangible Personal Property

### **Statutory Authority:**

Sections 40-9-30 and 40-12-220 through 40-12-227, *Code of Alabama 1975*.

### **Tax Base:**

Privilege tax on persons engaging in leasing or renting tangible personal property.

### **Tax Rate:**

4% of gross proceeds from leasing or renting tangible personal property; 1.5% of gross proceeds from renting or leasing automotive vehicles, truck trailers, semitrailers, or house trailers; 2% of gross proceeds from renting or leasing linens and garments. Gross proceeds on which the tax is calculated includes any of the tax passed on to a lessee by a lessor.

### **Collections:**

By the Department of Revenue due on the 20<sup>th</sup> of each month.

Fiscal Year <sup>32</sup>	Collections (\$) <sup>33</sup>	Percent Change
2019	82,902,213	5.45
2018	78,614,252	1.44
2017	77,498,623	.61
2016	77,030,729	(1.87)
2015	78,495,613	6.12

Source: Department of Revenue's "Revenue Abstract."

### **Distribution:**

Proceeds remaining after payment of the expenses of administration and enforcement are distributed to the State General Fund.

### **Major Exemptions:**

- (1) Any leasing or rental, as lessor, by the state or any municipality or county in the state or any public corporation organized under state law.
- (2) The renting or leasing of oxygen or durable medical equipment to a recipient of benefits under the Medicare or Medicaid program. The renting or leasing of any items used to treat an illness or injury

<sup>32</sup> FY 2014 collections include \$7,733,694 from a remittance error of funds to use tax.

<sup>33</sup> Gross collections.



or to replace all or part of a limb or internal body part under Medicare, Medicaid, or a health benefit plan. (See Section 40-9-30 of the *Code of Alabama 1975*.)

A listing of additional exemptions is found in Section 40-12-223, *Code of Alabama 1975*.

**Legislative History:**

**Acts 1971, 1<sup>st</sup> Ex. Sess., No. 96, p. 166**

Established tax at current rates; and provided that all proceeds of the tax be deposited to the Education Trust Fund.

**Acts 1988, 2<sup>nd</sup> Ex. Sess., No. 955, p. 680**

Changed distribution of tax to 60% to the State General Fund and 40% to the Education Trust Fund.

**Note:** This act was contingent upon enactment of HB 45, which amended Alabama state income tax law to conform to federal income tax regarding interest deductions and deductions for entertainment, meals, and travel, resulting in increased receipts to the Education Trust Fund. This conformity bill became Act 1988-954.

**Acts 1999, 2<sup>nd</sup> Ex. Sess., No. 650, p. 96**

Changed the distribution of tax to current distribution effective January 1, 2001.

**Note:** This act was contingent upon enactment of a bill to substantially conform state income tax law to federal law relating to the determination of taxable income for corporations and the ratification of a Constitutional Amendment to increase the income tax on corporations to 6.5%. This conformity bill became Act 1999-664 and the amendment was ratified and designated Amendment No. 662, now appearing as Section 211.03 of the Official Recompilation of the *Constitution of Alabama of 1901*.

**Acts 2001, No. 636, p. 1242**

Clarified that the tax may be passed on to the lessee by adding the tax to the leasing price, but if the tax is added, it must be included in the gross proceeds subject to the tax. Retroactive to January 1, 1988.

**Acts 2014, No. 453, p. 1685**

Amended Section 40-9-30, *Code of Alabama 1975*, relating to exemption from taxation and licenses, to exempt any items used for the treatment of illness or injury or to replace all or part of a limb or internal body part purchased by or on behalf of an individual pursuant to a valid prescription and covered by and billed to Medicare, Medicaid, or a health benefit plan from state, county, and municipal sales, use, and rental and leasing taxes. Repealed Section 40-9-39.1, *Code of Alabama 1975*, which provided a sales and use tax exemption for certain durable medical equipment, prosthetics, orthotics devices, and medical supplies.

**Acts 2019, No. 89**

Amended Section 40-12-222, Code of Alabama 1975, to: (1) provide that, except for lease or rental transactions of registered motor vehicles, when tangible personal property is the subject of a lease or rental transaction and the property is delivered, the applicable local privilege or license tax is based on where the property is delivered; (2) provide that when such tangible person property is picked up at the lessor's rental location, the applicable local privilege or license tax is based on the rental location; (3) provide various rules relating to the lease of motor vehicles; and (4) provide retroactive effect.

**Comparison with Neighboring States:****Florida**

Annual sales tax rate of 6% applies to rental and leasing of tangible personal property.

**Georgia**

General sales tax rate of 4% applies to rental and leasing of tangible personal property.

**Mississippi**

Income from renting or leasing tangible personal property used within the state is taxed at same rate as sales of the same property (1%-7%). Renting, for not more than 30 days, motor vehicles with a gross weight of 10,000 lbs. or less is taxed at an additional 6%.

**Tennessee**

General state sales tax rate of 7% and a local option tax of (which varies from 1.5% to 2.75%) imposed by city and/or county governments applies to rental and leasing of tangible personal property.

Generally, the local option tax is required only on the first \$1,600 of the income from the rental of statutorily defined single articles of tangible personal property. A state single article tax of 2.75% is levied on the amount in excess of \$1,600 but less than or equal to \$3,200 of income from the rental of a single article.

# Liquefied Petroleum Gas Board Permit Fees

## **Statutory Authority:**

Sections 9-17-100 through 9-17-110, *Code of Alabama 1975*.

## **Tax Base:**

Any person engaging or continuing in the business of (1) selling, distributing, storing, or transporting liquefied petroleum gases; (2) installing, servicing, repairing, removing, or adjusting liquefied petroleum gas containers, tanks, or systems; (3) performing magnetic, hydrostatic, visual, or X-ray inspections of liquefied petroleum gas storage containers, cargo tanks, motor fuel containers, and cylinders; or (4) repairing and calibrating liquefied petroleum gas meter equipment in the State of Alabama must obtain at least one of ten types of permits.

## **Tax Rate:**

<b>Permits:</b>	<b><u>Initial Fee</u></b>	<b><u>Renewal Fee</u></b>
(1) Permit A-Retail businesses	\$300	\$200
(2) Permit B-Wholesale businesses or retail sales of 5,000 gallons or more	\$300	\$200
(3) Permit B1-Individual branch or division or agent of Class A permit holder	\$100	\$100
(4) Permit C-Installation, service, and repair businesses	\$50	\$50
(5) Permit C1-Repair of LP carburetion equipment	\$50	\$50
(6) Permit C2-Inspections	\$100	\$100
(7) Permit D-Service and repair businesses for bulk storage systems of 5,000 gallons or more	\$250	\$250
(8) Permit E-Calibration and repair of meters	\$50	\$50
(9) Permit F-Retail Filling LP gas cylinders and/or motor fuel containers of less than 351 pounds water capacity	\$100	\$100
(10) Permit F1-Selling, filling or transporting welding or cutting gases, LP gas cylinder, or LP gas motor fuel containers	\$100	\$100

**Other Charges:**

- (1) Class A and B1 permit holders pay a LP Gas fee established by the Board not to exceed \$.005 per gallon, which is paid only once per gallon. Effective October 2018, the fee is \$.005 per gallon.
- (2) Storage plant approval fees of \$200 plus an additional \$50 for each inspection trip to the site of storage.
- (3) Penalty fees for late renewal of permits.

**Collections:**

<b>Fiscal Year</b>	<b>Collections (\$) <sup>34</sup></b>	<b>Percent Change</b>
2019	1,322,039	4.06
2018	1,270,508	11.82
2017	1,136,160	18.70
2016	957,198	60.63
2015	595,897	(52.87)

Source: "Comparative Summary of Revenues by Revenue Source" Report - Comptroller's Office. Beginning FY 2016, "Comparative Schedule of Revenues" Report – STAARS.

**Distribution:**

Liquefied Petroleum Gas Board Fund. All balances in the LP Gas Board Fund in excess of \$200,000 at the end of each fiscal year are transferred to the Liquefied Petroleum Gas Research and Education Fund.

**Legislative History:****Acts 1965, No. 220, p. 305**

Established the Alabama Liquefied Petroleum Gas Board; provided that applicants in the business of selling liquefied petroleum gases pay a permit fee of \$.35 per thousand gallons on the first million gallons sold in the state and \$.25 per thousand gallons on all amounts over one million gallons sold; provided for a minimum permit and renewal fee of \$200 and a maximum fee of \$3,000; and provided all fees collected be deposited to the Liquefied Petroleum Gas Board Fund.

**Acts 1979, No. 435, p. 690**

Provided for Permits A, B, C, D, and E. (See Tax Rate).

**Acts 1984, No. 293, p. 555**

Added Permit F. (See Tax Rate).

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<sup>34</sup> Includes permit fees, LP gas fees, rules and regulations fees, construction plan review fees, reproduction fees, and witness fees.

**Acts 1986, No. 531, p. 1029**

Increased fees for permit holders not otherwise covered under this act from .2% of the cost of the sale to .4% of the cost of the sale.

**Acts 1989, No. 535, p. 1097**

Added Permit B1. (See Tax Rate).

**Acts 1992, No. 123, p. 213**

Increased the limit on balances which may be retained in the LP Gas Board Fund to \$200,000.

**Acts 1993, No. 632, p. 1079**

Created the Liquefied Petroleum Gas Research and Education Fund; and provided that all balances in excess of \$200,000 in the LP Gas Board Fund at the end of each fiscal year shall be transferred to the LP Gas Research and Education Fund.

**Acts 1994, No. 211, p. 283**

Established Permits C1 and C2 and created the Liquefied Petroleum Gas Recovery Fund. (See Tax Rate).

**Acts 1997, No 685, p. 1361**

Established Permit F1 and provided further for the use of funds in the LP Gas Research and Education Fund. Money in this fund could now be used for grants and contracts to fund research and education programs and to provide rebates for promoting use of LP gas. (See Tax Rate).

**Acts 2004, No. 87, p. 111**

Continued the existence and functioning of the Alabama Liquefied Petroleum Gas Board pursuant to the Alabama Sunset Law. Increased the membership of the board by adding a consumer member, permit ex officio members of the board to appoint designees to represent the members at board meetings, and to eliminate the credit or refund provided to Class A or B-1 permit holders who sell liquefied petroleum gas to end users located outside of this state.

**Acts 2004, No. 489, p. 914**

Provided for the LP Gas fee to be established by the Board and not to exceed \$.005 per gallon, assessed only once per gallon.

**Acts 2014, No 145, p. 353**

Required existing retail, off-premise cylinder filling stations of a Class A or B-1 permit holder to obtain a Permit F to continue operations; abolished the Liquefied Petroleum (LP) Gas Recovery Fund and transferred its balance to the LP Gas Board in fiscal year 2015; and eliminated obsolete LP Gas Board Personal Bond Fund.

## **Comparison with Neighboring States:**

### **Florida**

<u>License Category</u>	<u>Annual Fee</u>
• Category I LP gas dealer	\$400
• Category II LP gas dispenser	\$400
• Category IV LP gas dealer in appliances and equipment	\$65
• Category V LP gas installer	\$200
• Category VI miscellaneous operator	\$200

### **Georgia**

#### License fees

- 2,000 gallons or less - \$150.
- more than 2,000 gallons - \$600.

### **Mississippi**

\$0.0035 per gallon, unless used on the road, then an additional \$0.1675 tax is assessed.

### **Tennessee**

	<u>Annual Fee</u>
Class I May engage in any phase of LP gas business and bulk storage (minimum 30,000 water gallon storage)	\$150
Class II Bottle storage (minimum 500 water gallon storage or approved vehicle mounted 500 water gallon container)	\$35
Class III Service station operators (refrigeration and/or motor fuel) (Must have a Class II license to receive a license in this class)	\$35
Class IV LP gas refiner, jobber, or wholesaler	\$150
Class V LP gas container manufacturer, wholesaler, or dealer	\$100

# Liquor Taxes, Wine Taxes, and Stores' Profit

## **Statutory Authority:**

Sections 28-3-1, 28-3-53.2, 28-3-74, 28-3-200 through 28-3-207, 28-3-280 through 28-3-286, and 28-7-16, *Code of Alabama 1975*.

## **Tax Base:**

Liquor taxes are collected and profits are earned on sales of liquor and table wine from Alabama Alcoholic Beverage Control (ABC) Board stores and private enterprises.

## **Tax Rate:**

- (1) Liquor** is taxed at 56% of the marked-up price (Mark-up is set by the Board and is currently 35% of the cost plus freight for bottle sales to ABC Board stores and private stores; and cost plus 16.99% for case-lot sales to private enterprise. Prior to November 1, 2017, the mark-up for bottle sales was 30%). The 4% general sales tax is also applied to the retail price as well as an additional 2% sales tax on ABC store sales (with distribution of 1.5% of the additional 2% sales tax to the municipality in which it is collected and distribution of the remaining .5% to the county in which it is collected).
- (2) Table wine** (any wine containing not more than 16.5% alcohol by volume) is taxed at \$.45 per liter. The 4% general sales tax is also applied to such sales as well as an additional 2% sales tax on ABC store sales (with distribution of 1.5% of the additional 2% sales tax to the municipality in which it is collected and distribution of the remaining .5% to the county in which it is collected).
- (3) Wine** containing more than 16.5% alcohol by volume is taxed at \$2.42 per liter. The 4% general sales tax is also applied to such sales as well as an additional 2% sales tax on ABC store sales (with distribution of 1.5% of the additional 2% sales tax to the municipality in which it is collected and distribution of the remaining .5% to the county in which it is collected). (See Legislative History, Acts 2010, No. 607).

## **Collections:**

By the ABC Board; deposits are made to the State Treasury. Distributions of net profits are made from time to time during the fiscal year; payments to counties and municipalities are made semiannually on or before February 1 and August 1 of each year. General sales tax collections by the ABC Board are reported monthly to the Department of Revenue and are accounted for as ordinary sales tax revenues. (See Sales Tax).

Fiscal Year	Collections (\$) <sup>35</sup>	Percent Change
2019	191,507,387	5.81
2018	180,983,605	12.58
2017	160,762,386	2.23
2016	157,256,851	2.66
2015	153,175,817	11.46

Source: "Comparative Summary of Revenues by Revenue Source" Report – Comptroller's Office. Beginning FY 2016, "Comparative Schedule of Revenues" Report – STAARS.

### **Distribution:**

#### **(1) Proceeds from taxes on spirituous and vinous liquors:**

- (a) 10% of the total marked-up price to the Public Welfare Trust Fund (1955 tax).
- (b) 5% of the total marked-up price to the Public Welfare Trust Fund (1959 tax).
- (c) 5% of the total marked-up price to the Alabama Special Mental Health Fund (1959 tax).
- (d) 13% of the total marked-up price to the State General Fund (5%, 1969 tax and 8%, 1988 tax). Up to 61.5% of this 13% is to be used by the Mental Health Finance Authority if cigarette tax revenues appropriated under Section 40-25-23 of the *Code of Alabama 1975*, are not sufficient to pay for bonds authorized by Title 41, Chapter 10, Article 11.
- (e) 10% of the total marked-up price distributed as profit (1943 tax).
- (f) 1.5% of the total marked-up price to the Public Welfare Trust Fund (1979 tax).
- (g) 1.5% of the total marked-up price to the Alabama Special Mental Health Fund (1979 tax).
- (h) 10% of the total marked-up price to the State General Fund (1980 tax).

#### **(2) Proceeds from taxes on table wine:**

- (a) \$0.38 per liter distributed as profit (1983 tax).
- (b) \$0.07 per liter distributed to county or municipality where sold (1983 tax).

#### **(3) Other distributions:**

- (a) 10% of ABC Board mark-up to State General Fund.

#### **(4) Profits:**

- (a) First \$2 million as follows:
  - (i) 50%, State General Fund.
  - (ii) 19%, Department of Human Resources.

<sup>35</sup> Figures shown include all liquor and wine taxes, ABC Board profits and 5% markup on ABC Board store sales. General sales tax (4%) and special sales tax (2%) collections are not included.



- (iii) 10%, divided equally among the wet counties.
  - (iv) 1%, divided equally among the wet counties for public health.
  - (v) 20%, cities where stores are located on a basis of ratio of profits earned by state store(s) in that municipality to total net profits of all Alabama liquor stores.
- (b) First \$200,000 above \$2 million:
- To all incorporated municipalities within the wet counties on basis of population.
- (c) Remainder:
- (i) 3.75% to wet counties on basis of population.
  - (ii) 1.25% to municipalities where stores are located (on population).
  - (iii) 6.25% to incorporated municipalities in the wet counties (on population).
  - (iv) 3.75% to Department of Human Resources.
  - (v) 85% to State General Fund.

**(5) Proceeds from taxes on wine containing more than 16.5% alcohol by volume:**

- (a) 37% to the Alcoholic Beverage Control Board.
- (b) 34% to the State General Fund.
- (c) 20.8% to the Department of Human Resources.
- (d) 8.2% to the Department of Mental Health.

**Major Exemptions:**

- (1) Certain agencies of the U.S. armed forces.
- (2) Trade between wholesalers.

**Legislative History:**

**Acts 1936-37, No. 66, p. 40**

Established the ABC Board and its authority to regulate the sale of alcoholic beverages.

**Acts 1943, No. 99, p. 104**

Levied the first 10% tax on the sales price of liquors and wines and credited collections to the Alcoholic Beverage Control Stores Fund as liquor profits.

**Acts 1955, 2<sup>nd</sup> Ex. Sess., No. 78, p. 199**

Established the second 10% levy on liquors and wines with the entire proceeds credited to the Department of Human Resources.

**Acts 1959, No. 312, p. 889**

Established the third 10% tax on liquors and wines and distributed 50% of the revenue to the Department of Human Resources and 50% to the Department of Mental Health.

**Acts 1969, No. 550, p. 1033**

Authorized an additional 5% tax on the sales price of liquors and wines to be credited to the State General Fund.

**Acts 1978, 2<sup>nd</sup> Ex. Sess., No. 92, p. 1786**

Provided that dry counties and municipalities therein would cease to receive any share of the Alcoholic Beverage Control revenue and that the profits allocated to the wet counties were to be divided proportionately among those counties and the municipalities therein.

**Acts 1979, No. 182, p. 291**

Imposed an annual privilege or license tax of \$25 on the manufacturer and a \$.05 per gallon excise tax on the sale of native Alabama farm wines.

**Acts 1979, No. 761, p. 1360**

Repealed the 3% distributor's license tax and increased the associated filing fee from \$250 to \$500 and levied an additional excise tax of 3%.

**Acts 1980, No. 382, p. 505**

Allowed private enterprise sales of table wine in wet counties and set up a separate taxing system for table wine at a rate of 35% of the cost of merchandise.

**Acts 1980, No. 478, p. 749**

Established an additional 10% tax on the marked-up price of spirituous and vinous liquors to be credited to the State General Fund.

**Acts 1982, No. 427, p. 675**

Established an additional 2% sales tax on the marked-up price of spirituous and vinous liquors; 75% to be distributed to the municipality and 25% to the county from which it was collected.

**Acts 1983, No. 427, p. 607**

Provided that after June 30, 1983, any additional markup will be credited to the State General Fund.

**Acts 1983, No. 594, p. 927**

Changed tax rate on table wine.

**Acts 1988, 1<sup>st</sup> Ex. Sess., No. 869, p. 380**

Levied an additional 8% tax on the sales price of spirituous and vinous liquors to be credited to the State General Fund; up to 61.5% of the revenues from this tax are pledged as a secondary source of revenue for the payment of certain mental health bond obligations should the primary source of revenue (cigarette tax) be insufficient to pay such obligations.

**Acts 2001, 3<sup>rd</sup> Ex. Sess., No. 891, p. 713**

Changed the distribution of ABC store profits and prohibited transfers to the State General Fund or state agencies in the annual General Fund budget act.

**Acts 2001, 4<sup>th</sup> Ex. Sess., No. 1114, p. 1179**

Repealed the native farm wine tax; and repealed and reestablished the table wine tax at present rates.

**Acts 2004, No. 266, p. 368**

Prohibited the ABC Board from increasing the markup on case lot sales of liquor and fortified wine after December 1, 2004.

**Acts 2010, No. 135, p. 190**

Limited the amount of revenue distributed from the state liquor taxes to the State General Fund, the Public Welfare Trust Fund, and the Special Mental Health Fund at the amount received for fiscal year 2009 until the annual growth in liquor tax receipts above the fiscal year 2009 amount equals the amount of Tennessee Valley Authority (TVA) in-lieu-of-taxes payments distributed in FY 2009 to the dry counties not served by the TVA. Beginning with the fiscal year ending September 30, 2010, distributed to the dry counties not served by the TVA from the growth in state liquor taxes an amount up to the amount of TVA payments distributed to dry counties for fiscal year 2009 plus an amount equal to the percentage growth in TVA payments received by the state.

**Acts 2010, No. 607, p. 1478**

Removed the distinction provided for fortified wine and amended the definition of table wine to include wines previously defined as fortified wine. As a result, fortified wine will no longer be taxed as liquor. Levied a new \$2.42 per liter tax on fortified wine and provided for the distribution of revenues.

**Comparison with Neighboring States:****Florida**

## Distilled Spirits:

Less than 17.259% alcohol	\$2.25/gallon	\$ .59/liter
17.259% to 55.78% alcohol	\$6.50/gallon	\$1.72/liter
55.78% plus alcohol	\$9.53/gallon	\$2.52/liter

## Wine:

Less than 17.259% alcohol	\$2.25/gallon	\$ .59/liter
17.259% or more alcohol	\$3.00/gallon	\$ .79/liter
Natural sparkling wines	\$3.50/gallon	\$ .92/liter
Cider	\$ .89/gallon	\$ .24/liter

No local rate.

## Georgia

Distilled Spirits, including fortified wine:

In-state	\$1.89/gallon	\$ .50/liter
Out-of-state	\$3.79/gallon	\$1.00/liter
Local	up to \$ .22/liter (if sold by the package)	

Alcohol:

In-state	\$2.65/gallon	\$ .70/liter
Out-of-state	\$5.30/gallon	\$1.40/liter

Table Wine:

In-state	\$ .42/gallon	\$ .11/liter
Out-of-state	\$1.52/gallon	\$ .40/liter

Dessert Wine:

In-state	\$1.02/gallon	\$ .27/liter
Out-of-state	\$2.54/gallon	\$ .67/liter

## Mississippi

Distilled Spirits:	\$2.50/gallon	\$ .66/liter
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Wine:

Sparkling wine and champagne	\$1.00/gallon	\$ .26/liter
All other wines	\$ .35/gallon	\$ .09/liter

Additional 27.5% markup is imposed on all alcoholic beverages sold by Mississippi's Alcoholic Beverage Control Division. No local rate.

## Tennessee

Distilled Spirits:	\$4.40/gallon	\$1.16/liter
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Wine:	\$1.21/gallon	\$ .32/liter
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Additional tax of 15% on the gross sales of alcoholic beverages sold for on-premises consumption; and an additional tax of \$.15 per case on wholesale sales. No local rate.

# Lodgings (Transient Occupancy) Tax

## **Statutory Authority:**

Sections 11-100-4(g), 23-1-7, 34-27-65, and 40-26-1 through 40-26-21, *Code of Alabama 1975*.

## **Tax Base:**

Privilege tax upon every person or firm that rents or furnishes lodgings or accommodations to transients for a period of less than 180 days for a fee.

## **Tax Rate:**

- (1) 5% of the charges for accommodations in the counties comprising the Alabama mountain lakes geographic area: Blount, Cherokee, Colbert, Cullman, DeKalb, Etowah, Franklin, Jackson, Lauderdale, Lawrence, Limestone, Madison, Marion, Marshall, Morgan and Winston.
- (2) 4% of the charges for accommodations in all other Alabama counties.
- (3) Information on local rates follows in Legislative History.

## **Collections:**

By the Department of Revenue due on the 20<sup>th</sup> of the month succeeding the month the tax accrues.

Vendors who file tax returns on time are entitled to a discount of 5% on the first \$100 of tax and 2% on all tax over \$100. Penalty charges, plus interest, may also be imposed on vendors who file deficient or delinquent tax returns.

Fiscal Year	Collections (\$) <sup>36</sup>	Percent Change
2019	81,511,676	9.76
2018	74,265,555	7.64
2017	68,991,568	6.29
2016	64,908,967	6.51
2015	60,940,767	7.22

Source: Department of Revenue's "Revenue Abstract."

## **Distribution:**

- (1) 20% of the 5% levy collected in Alabama mountain lakes area counties, after deduction of cost for collection, is distributed as follows:
  - (a) 50% to the Alabama Mountain Lakes Association for the promotion of tourism and travel.
  - (b) 50% to the respective counties for the promotion of tourism, recreation, and conventions.

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<sup>36</sup> Gross collections.

- (2) The balance of the tax collected in mountain lakes area counties, as well as the entire proceeds from the 4% levy, except as provided below, collected in all other Alabama counties, is distributed as follows:
  - (a) 75% to the State General Fund.
  - (b) 25% to the Bureau of Tourism and Travel for state travel advertising and travel promotion. Of this amount, not more than \$10,000 per fiscal biennium may be expended for the Department of Transportation to construct and erect directional markers designating major tourist attractions (Section 23-1-7).
- (3) An amount not to exceed \$3 million appropriated annually as the Legislature deems necessary and desirable to the Alabama Convention Facilities Fund for state assistance payments under the Alabama Convention Facilities Act (Section 11-100-4(g)).

**Major Exemptions:**

- (1) Any rentals or services taxed under the sales tax provisions (Sections 40-23-1 through 40-23-38, *Code of Alabama 1975*).
- (2) Rooms, lodgings, or accommodations supplied for 180 or more continuous days.
- (3) Municipal privilege license taxes levied and collected on gross sales or gross receipts from sales and passed on directly by the seller to the purchaser shall be excluded from gross sales or gross receipts in the computation of this tax.
- (4) Proceeds from the sale or resale of any vacation time-sharing lease plan.
- (5) Nonprofit or privately-operated camps, conference centers, or similar facilities that provide lodging and recreational or educational programs exclusively for the benefit of children, students, or members or guests of nonprofit organizations.
- (6) Rooms, lodgings, or accommodations supplied in connection with the production of an approved motion picture project. (See Legislative History).
- (7) Marine ships, places or spaces for tent camping, spaces for motor homes, travel trailers, self-propelled campers, house cars, truck campers, or recreational vehicles supplied for 90 or more continuous days.

**Legislative History:**

**Acts 1955, No. 248, p. 586**

Established lodgings tax at 3% and provided that all receipts be deposited in the Education Trust Fund for teachers' salaries.

**Acts 1956, 1<sup>st</sup> Ex. Sess., No. 96, p. 142**

Provided that the Governor by Executive Order could authorize the Department of Revenue to allow persons subject to the tax, a discount not to exceed 5% of first \$100 of tax levied and 2% of the tax levied over \$100.

**Acts 1963, No. 269, p. 715**

Increased lodgings tax to 4% and established the distribution of proceeds: 75% to the Education Trust Fund for payment of teachers' salaries and 25% to the Bureau of Tourism and Travel for state travel advertising and travel promotion.

**Acts 1979, No. 604, p. 1068**

Increased the lodgings tax rate from 4% to 5% in 16 North Alabama counties which comprise the Alabama mountain lakes area and provided for the distribution of the additional tax proceeds.

**Acts 1988, 2<sup>nd</sup> Ex. Sess., No. 956, p. 681**

Changed distribution of the tax proceeds from the Education Trust Fund, for payment of teachers' salaries, to the State General Fund.

**Acts 1996, No. 498, p. 629**

To the exemptions from the tax, added non-profit camps and conference centers and film projects approved by the Alabama Film Commission that met specified requirements.

**Acts 2001, 3<sup>rd</sup> Ex. Sess., No. 968, p. 865**

Extended the number of continuous days, in order to qualify for the lodging exemption, to more than 180 days.

**Acts 2001, 3<sup>rd</sup> Ex. Sess., No. 975, p. 908**

Excluded those working in connection with the production of an approved motion picture project certified by the Alabama Film Office until September 30, 2005.

**Acts 2005, 1<sup>st</sup> Ex. Sess., No. 305, p. 610**

Amended Act 2001-975 to extend the lodgings tax exemption for motion picture projects approved by the Alabama Film Commission to September 30, 2006.

**Acts 2009, No. 144, p. 268**

Established the Entertainment Industry Incentive Act of 2009. Exempted qualified production companies from the state's portion of sales and use taxes and from all state and local lodgings taxes if a production company spends in the aggregate at least \$150,000 in the state within a 12-consecutive month period.

**Acts 2011, No. 695, p. 2123**

Amended the Entertainment Industry Act of 2009; both expanded and redefined criteria used to determine rebates and exemptions; clarified that sales, use, and lodgings tax exemptions applied to the state portion only of the taxes; capped sales, use, and lodgings exemptions when production expenditures reach \$10 million.

**Acts 2012, No. 212, p. 378**

Amended the Entertainment Industry Act of 2009 to increase aggregate annual cap on incentives from \$10 million to: (1) \$15 million for fiscal years 2013 and 2014; and (2) \$20 million in subsequent fiscal years.

**Acts 2015, 1<sup>st</sup> Ex. Sess., No. 534, p. 1898**

Required entities that were statutorily exempt from the payment of lodgings taxes, both state and local, to obtain a certificate of exemption and annually report to the Department of Revenue exempt purchases or potentially lose their exemption.

**Acts 2019, No. 387**

Imposed the lodgings tax on the renting or furnishing of marine ships, tent camping, or places or spaces for motor homes, travel trailers, self-propelled campers or house cars, truck campers or recreational vehicles unless space or place is rented or furnished for a period of less than 90 continuous days.

**Note Regarding Local Levies:**

Several counties and municipalities levy local lodgings taxes. Counties may levy a lodging tax by local legislative act. Municipalities may levy a lodgings tax by local ordinance (per Section 11-51-90 of the *Code of Alabama 1975*).

**Comparison with Neighboring States:****Florida**

General sales tax rate of 6% applies to lodgings. Individual counties may levy additional occupancy taxes and a tourist development tax on accommodations of either 1% or 2% and an additional 1% tax on the total amount charged for transient rental transactions. A county with a high tourism impact may levy an additional 1% tax.

**Georgia**

General sales tax at a rate of 4% applies to lodgings. Counties and municipalities may impose an excise tax of up to 6% for accommodations. An additional \$5 hotel-motel fee is also imposed on each calendar night a hotel room is rented.



**Mississippi**

General sales tax rate of 7% applies to lodgings. Counties and municipalities may, by statute, impose an additional occupancy tax. These taxes are administered by the state.

**Tennessee**

General sales tax rate of 7% applies to lodgings. Counties and municipalities in general may impose a local occupancy tax.

# Lubricating Oil Tax

## **Statutory Authority:**

Sections 40-17-170 through 40-17-186, 40-17-220 through 40-17-223, and 40-17-225, *Code of Alabama* 1975.

## **Tax Base:**

Excise tax on every distributor, manufacturer, dealer, or storer of lubricating oil upon selling, distributing, or withdrawing such from storage (does not include products commercially known as "fuel oils" or "crude oils").

## **Tax Rate:**

The State of Alabama collects two levies, of \$.02 and \$.04, for a total of \$.06 per gallon. Also subject to petroleum inspection fee of \$.15 per gallon. (See Petroleum Commodities Fees).

## **Collections:**

By the Department of Revenue due on or before the 20<sup>th</sup> of each month.

<b>Fiscal Year</b>	<b>\$.02</b>	<b>\$.04</b>	<b>Total</b>	<b>% Change</b>
2019	664,101	1,328,557	1,992,658	(8.88)
2018	729,079	1,457,803	2,186,882	24.52
2017	585,408	1,170,817	1,756,225	10.84
2016	528,062	1,056,431	1,584,493	(10.33)
2015	586,874	1,180,244	1,767,118	(4.60)

Source: "Comparative Summary of Revenues by Revenue Source" Report - Comptroller's Office. Beginning FY 2016, "Comparative Schedule of Revenues" Report – STAARS.

## **Distribution:**

After deducting the cost of collection, the net tax proceeds are distributed as follows:

- (1) Proceeds from the \$.02 per gallon levy are deposited into the State General Fund.
- (2) Proceeds from the \$.04 per gallon levy are distributed (a) 45% to the Public Road and Bridge Fund; and (b) 55% to the counties and the municipal governing bodies located therein for highway purposes as follows:
  - (i) 25% is distributed equally to the 67 counties; and
  - (ii) 30% is allocated among the 67 counties based on population

1. 10% of each county's portion of the tax proceeds are shared with the municipal governing bodies located therein on the ratio of the population of each such municipality to the total population of all municipalities in said county; and
2. The balance allocated to each county is to be distributed with respect to which the allocation is made.

**Major Exemptions:**

- (1) From the \$.02 tax and the \$.04 tax:
  - (a) Sales to agencies of the U.S. Government.
  - (b) Local school boards.
  - (c) Alabama Institute for the Deaf and Blind (AIDB), Department of Youth Services (DYS) School District and private and parochial schools.
  - (d) Sales to city and county governing bodies.
- (2) From the \$.02 tax:
  - (a) Sales of lubricating oil in interstate commerce.
  - (b) Sales of lubricating oil to an out-of-state purchaser who takes delivery of such oil within the state with intent to transport it out-of-state.
- (3) From the \$.04 tax:
  - (a) Lubricating oil used in aircraft powered by reciprocating, jet or turbine engines, ships, vessels, barges, railroad locomotives, and other railroad equipment.
  - (b) Lubricating oil sold to be used for agricultural purposes.
  - (c) Lubricating oil sold to be used in off-road vehicles which do not require state licensing.

**Legislative History:**

**Acts 1935, No. 194, p. 516**

Established the \$.02 per gallon levy to provide for general revenue with tax receipts credited to the State Highway Patrol.

**Acts 1943, No. 477, p. 441**

Authorized the Department of Revenue to exempt U.S. agencies from the \$.02 tax.

**Acts 1955, No. 42, p. 259**

Changed the distribution of the \$.02 per gallon tax receipts so that all receipts would be deposited after the cost of collection is deducted to the General Fund.

**Acts 1980, No. 427, p. 590**

Levied the additional excise tax of \$.04 per gallon on gasoline, motor fuel, and lubricating oil; and provided for its distribution.

**Acts 1980, No. 694, p. 1397**

Exempted the sale of lubricating oil destined for out-of-state use from the \$.02 tax.

**Acts 1981, No. 787, p. 1379**

Exempted local boards of education from the \$.04 tax on gasoline, motor fuel, and lubricating oil.

**Acts 1987, No. 553, p. 854**

Exempted from the \$.02 tax on lubricating oil private and parochial schools, city and county boards of education, Alabama Institute for the Deaf and Blind (AIDB), and the Department of Youth Services (DYS) School District; and exempted private and church school systems from the \$.04 tax on lubricating oil.

**Acts 1987, No. 675, p. 1205**

Further provided for use of lubricating oil tax proceeds in municipalities to include construction of new roads and streets.

**Acts 1988, No. 641, p. 1027**

Exempted Class 1 municipalities (Birmingham) from the payment of all oil, gasoline, and diesel fuel taxes of any kind.

**Acts 1991, No. 665, p. 1273**

Exempted Class 2 municipalities (Mobile) from the payment of all oil, gasoline, and diesel fuel taxes of any kind.

**Acts 1991, No. 672, p. 1310**

Exempted DYS, AIDB, city and county boards of education, and private and parochial schools from all gasoline, motor vehicle fuel, and oil taxes. The effect of this act relative to the Lubricating Oil Tax was to exempt the DYS School District, AIDB and private and parochial schools from the \$.04 tax.

**Acts 1995, No. 410, p. 881**

Inserted into the *Code of Alabama 1975*, the general exemption for DYS and AIDB granted in the Act 1991-672 above.

**Acts 2011, No. 565, p. 1084**

Beginning October 1, 2012, exempted all city and county governing bodies from the \$.02 tax; class 1 (Birmingham) and class 2 (Mobile) were previously exempted from the \$.02 tax; and all city and counties are exempted from the \$.04 tax.

**Comparison with Neighboring States:**

**Florida**

\$0.04404 per gallon, \$0.80 per barrel

**Georgia**

No comparable tax.

**Mississippi**

\$.02 per quart; \$.08 per gallon.

**Tennessee**

\$.02 per quart. (motor oil)

# Manufactured Home Registration Fee

## **Statutory Authority:**

Sections 40-7-1, 40-8-1(h), 40-11-1(b)(15) and (c)(2), and 40-12-255, *Code of Alabama 1975*.

## **Tax Base:**

Registration fee in lieu of ad valorem taxes on manufactured homes which are rented or leased or located on land owned by someone other than the owner of the manufactured home. An owner-occupied manufactured home located on land owned by the occupant is subject to ad valorem taxes.

## **Tax Rate:**

Owner-occupied registration fee: \$24 single wide/\$48 double wide or larger.

Other registration fees: \$48 commercial single wide/\$96 commercial double wide or large.

Manufactured homes 10-19 years of age are 75% of those registration above.

Manufactured homes 20 years old or older are 50% of those registration above.

Issuance (decal) fee: \$5.

## **Collections:**

By the county official responsible for collection of ad valorem taxes in the county in which the manufactured home is customarily kept, due on October 1 of each year.

Fiscal Year	Collections (\$) <sup>37</sup>	Percent Change
2019	525,918	(1.43)
2018	533,556	(2.07)
2017	544,840	(1.49)
2016	553,107	(1.08)
2015	559,135	1.00

Source: "State General Fund - Comparison of Net Receipts" Report – Comptroller's Office. Beginning FY 2016, "General Fund Net Receipts of Revenues" Report – STAARS.

## **Distribution:**

(1) Registration Fee:

(a) 25%-State General Fund.

(b) 25%-County General Fund.

(c) 25%-County School Board-unless home is located in city school district, in which case

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<sup>37</sup> General Fund collections only.

this percentage goes to the city school board.

- (d) 25%-Municipality in which the home is located-unless the home is not located in a municipality, in which case this percentage goes to the County General Fund.

(2) Issuance (decal) Fee:

- (a) \$4 to County General Fund if the issuing official is on salary or to the issuing official if compensated by a fee system.
- (b) \$1 to County treasury for use by the issuing official only for the performance of his or her official duties.

**Exemptions:**

- (1) Manufactured homes considered part of the inventory of a dealer or manufacturer.
- (2) Owner occupied manufactured home owned by any person over age 65 or who is totally disabled (issuance (decal) fee must be paid).
- (3) Manufactured homes owned by the U.S. Government, the State of Alabama, and the county or municipal corporations are exempt from the registration fee.

**Legislative History:**

**Acts 1961, No. 44, p. 1897**

Provided for a license tax of \$3 and that house trailers would be assessed in the same manner as motor vehicles for ad valorem tax purposes.

**Acts 1988, 1<sup>st</sup> Ex. Sess., No. 824, p. 265**

Removed mobile homes from motor vehicle registration requirements and classified them as residences for ad valorem tax purposes.

**Acts 1991, No. 694, p. 1340**

Provided for registration fee at current rates in lieu of ad valorem taxes on certain manufactured homes.

**Acts 2001, 4<sup>th</sup> Ex. Sess., No. 1098, p. 1152**

Provided that the portion of the issuance fee dedicated for use by the issuing official may be used by the issuing official for performance of his or her official duties.

**Comparison with Neighboring States:**

**Florida**

Manufactured homes are taxed as real property (RP) if the land upon which it is located is also owned by the owner of the home. The homeowner must also pay a one-time \$3 fee for a RP decal. If the

manufactured home is on land owned by another, there is an annual license tax, paid to the Department of Highway Safety and Motor Vehicles, based on the length of the manufactured home (MH), ranging from \$25.10 (up to 35') to \$85.10 (over 66') and MH decal is issued to evidence payment thereof.

### **Georgia**

Manufactured homes are taxed as a residence. Taxes are charged against the owner of the property, as well as an \$18 title application fee.

### **Mississippi**

There is a one-time \$1 registration fee to be paid to the county tax collector within 7 days of purchase. Manufactured homes are taxed as personal property if the occupant/owner does not own the land on which the home is located. If the occupant/owner owns the land, he has the option of classifying the manufactured home as real property upon payment of a \$12 certificate fee.

### **Tennessee**

Mobile homes are assessed as real property improvements to land. For mobile homes located in mobile home parks, the owner of the mobile homes is responsible for tax.



# Marriage License Fee

## **Statutory Authority:**

Sections 12-19-90(b)(32) and 30-6-6 through 30-6-11, *Code of Alabama 1975*.

## **Tax Base:**

A fee for a marriage license or other documentation of marriage.

## **Tax Rate:**

\$60 plus an additional issuance and recording fee of \$10.

## **Collections:**

By probate judges.

<b>Fiscal Year</b>	<b>Collections (\$)<sup>38</sup></b>	<b>Percent Change</b>
2019	1,931,963	(6.53)
2018	2,066,856	(3.23)
2017	2,135,946	20.24
2016	1,776,384	57.22
2015	1,129,858	(2.39)

Source: "Comparative Summary of Revenues by Revenue Source" Report - Comptroller's Office. For FY 2018, "Comparative Schedule of Revenues" Report – STAARS.

## **Distribution:**

The issuance and recording fee is paid into the county treasury (or to the probate judge if authorized or required by law). The license fee is distributed to the Alabama Department of Economic and Community Affairs (ADECA) for deposit in the Domestic Violence Trust Fund. The ADECA will distribute funds for use at domestic violence centers. The ADECA may not expend more than 8% of the total available funds or the actual cost, whichever is less, for administration. 10% of unspent and unencumbered funds shall be retained in the Domestic Violence Trust Fund, with the remainder reverting to the State General Fund at the end of the fiscal year.

## **Legislative History:**

### **Acts 1911, No. 196, p. 154**

Fee for issuance and recording of marriage license set at \$1.50.

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<sup>38</sup> Includes only the \$60 that funds domestic violence facilities. Collections shown are prior to the administration costs. Includes deposits to the Office of Prosecution Services for FY 2016 of \$362,357.

**Acts 1975, No. 556, p. 1259**

Increased fee for issuance and recording of marriage license from \$1.50 to \$5.

**Acts 1981, No. 813, p. 1452**

Established an additional marriage license fee of \$5 for support of domestic violence facilities and provided for the distribution.

**Acts 1984, No. 446, p. 1040**

Increased the fee for issuance and recording of marriage license from \$5 to \$10.

**Acts 1987, No. 596, p. 1035**

Increased the additional marriage license fee for support of domestic violence facilities from \$5 to \$15.

**Acts 1999, No. 589, p. 1344**

Increased the additional marriage license fee for support of domestic violence facilities from \$15 to \$30.

**Acts 2015, No. 493, p. 1679**

Transferred the administration of domestic violence funds from the Office of Prosecution Services to the Alabama Department of Economic and Community Affairs (ADECA). Created the Domestic Violence Trust Fund (Fund) to fund domestic violence centers and increased the marriage license fee from \$30 to \$60 to be deposited to the Fund. Fines for violating a protection order are also deposited into the Fund. ADECA may pay administrative costs from the Fund but may not expend more than 8% of total available funds or the actual costs of administration, whichever is less. 10% of unspent and unencumbered monies at the end of the fiscal year shall be retained in the Fund with the remainder reverting to the State General Fund.

**Acts 2019, No. 340**

Amends Sections 22-9A-17, 30-1-5, 30-1-12, and 30-1-16, Code of Alabama 1975, to: (1) abolish the requirement of a marriage license for marriages performed in this state; (2) establish requirements for a marriage document to be completed and signed by the parties to the marriage; (3) require the payment of a recording fee to the judge of probate for each marriage recorded; (4) establish that there is no requirement for a marriage ceremony in order to legitimize a marriage; and (5) repeal Sections 30-1-9, 30-1-10, 30-1-11, 30-1-13, and 30-1-14, Code of Alabama 1975, relating to marriage.

**Comparison with Neighboring States:****Florida**

The marriage license fee is \$93.50. The marriage license fee is reduced by \$32.50 for couples completing a premarital preparation course within the past year.

**Georgia**

Fee varies by county within the range of \$56-\$76. If couple has completed a qualifying premarital education program the fee range is \$16-\$36.

**Mississippi**

The marriage license fee is \$21.

**Tennessee**

Fee varies by county. \$60 of the total fee may be waived if the couple has gone through four hours of marriage counseling within the past year or if not state residents (in some counties).

## Medicaid Provider Taxes

### Statutory Authority:

Sections 40-26B-1 through 40-26B-27 and Section 40-26B-70 through 40-26B-88, *Code of Alabama* 1975.

### Tax Base:

A privilege tax levied on all providers of pharmaceutical services, nursing home care, and hospitals.

### Tax Rate:

- (1) Pharmaceutical Services - \$0.10 per prescription on all prescriptions when filled or refilled for an Alabama citizen.
- (2) Nursing Home Facilities – Per Act 2019-279:
  - a. A privilege assessment of \$1,899.96 per year per bed; plus
  - b. A supplemental privilege assessment of \$1,603.08 per bed per year (through 8/31/2022); plus
  - c. A monthly surcharge of \$43.75 per month (\$525 annually per bed) through 8/31/2022; plus
  - d. An annual secondary supplemental assessment of \$401.28 per bed, payable monthly (through 8/31/2022). See Legislative History.
- (3) Hospital Facilities – Privately operated hospitals must pay 6.0% of their net patient revenue in fiscal year 2017 per Act 2019-278. The assessment is reviewed and updated annually, subject to the limitations on the use of funds in the Hospital Assessment Account. The assessment may be reduced. See Legislative History.

### Collections:

Due to the Department of Revenue by pharmaceutical providers by the twentieth of each month for the preceding month (except a quarterly return may be authorized for those providers whose total tax liability does not exceed \$10 for any month); by nursing home facilities by the twentieth of each month for the preceding month; and due and payable by hospitals by the first 15 days of each fiscal quarter.

Fiscal Year	Pharmaceutical	Nursing Homes	Hospitals	Total Collections	% Change
2019	8,551,314	112,175,328	275,588,476	396,315,118	5.90
2018	6,098,375	112,010,998	256,136,221	374,245,594	(.92)
2017	1,111,917	111,846,808	264,746,042	377,704,767	(3.54)
2016	20,093,039	112,526,429	258,944,672	391,564,140	5.77
2015	8,941,936	103,821,517	257,442,043	370,205,496	(0.89)

Source: "Comparative Schedule of Revenues by Revenue Source" Report – STAARS.

**Distribution:**

After deducting the costs of collection, taxes on prescriptions, nursing facilities, and hospitals are credited to the Alabama Health Care Trust Fund and used only by the Alabama Medicaid Agency for matching federal funds available under Title XIX of the Social Security Act (Medicaid) for the Medicaid Program in Alabama. Act 2000-772 created the Medicaid Trust Fund, effective October 1, 2000, into which any funds appropriated to the Alabama Medicaid Agency from any source which, at the end of any fiscal year, have not been expended or encumbered may be transferred upon approval of the Director of Finance and the Governor.

**Major Exemptions:**

- (1) (All provider taxes) Nursing facilities/institutions/pharmacies/hospitals owned or operated by the state or agency of the state or pharmacies serving hospital inpatients.
- (2) (Nursing Home Tax only) Nursing facilities providing care to physically or mentally disabled persons who are 18 years of age or less.

**Legislative History:****Acts 1987, No. 707, p. 1245**

Created the Alabama Mothers and Babies Indigent Care Trust Fund and the Alabama Mothers and Babies Indigent Care Trust Board to administer the fund; and provided that funds from the trust are to be transferred to the Alabama Medicaid Agency to implement the Medicaid program in Alabama. The source of funds to the trust include appropriations, grants, contributions, and donations and transfers from the two state teaching hospitals.

**Acts 1991, No. 124, p. 148**

Provided for a privilege tax of \$.10 per prescription with a retail price of \$3 or more on all providers of pharmaceutical services and provided for the distribution of such funds to the Alabama Health Care Trust Fund to be used for indigent health care and operation and maintenance expenses of the Alabama Medicaid Agency. (See Note following Act 1991-127).

**Acts 1991, No. 125, p. 152**

Created the Alabama Health Care Trust Fund as a revolving fund into which Medicaid Provider Taxes are to be deposited. (See Note following Act 1991-127).

**Acts 1991, No. 126, p. 153**

Imposed an annual privilege tax of \$999.96 per bed on nursing facilities which have an agreement to participate in the Alabama Medicaid Program. (See Note following Act 1991-127).

**Acts 1991, No. 127, p. 158**

Defined a disproportionate share hospital and levied a privilege tax on them at the rate of 65% of their Medicaid occupancy, with the annual tax due to be determined by the Alabama Medicaid Agency; and provided for the Medicaid Agency to develop methodology for reimbursement to disproportionate share hospitals. The act had a "hold harmless provision" (subsequently disallowed by the federal government and eliminated in Act 1992-440) providing a reserve from which hospitals were to be assured a disproportionate share reimbursement not less than the taxes paid each fiscal year.

**Note:** Pursuant to PL 102-234, the provider specific taxes levied in 1991 and described above were disallowed by the federal Health Care Financing Administration as an approved method of financing the state share of financial participation in the Medicaid program. Broad-based taxes (a uniform tax on those in the same provider class) were given federal approval and were subsequently established in the 1992 Regular Session.

**Acts 1992, No. 418, p. 849**

Defined a public hospital and provided for a monthly transfer of funds, in lieu of a tax, to be made by all public hospitals to the Alabama Medicaid Agency, in an amount to be determined by the Medicaid Agency, to be credited to the Alabama Mothers and Babies Indigent Care Trust Fund. Effective January 10, 1993 through September 30, 1995.

**Acts 1992, No. 440, p. 871**

Amended the provider tax on nursing homes to provide that the tax shall be on all such facilities; levied a tax on all nonpublic hospitals; excluded public hospitals, state-owned teaching hospitals, and certain rehabilitation facilities; and provided for the Alabama Medicaid Agency to make an annual determination regarding the methodology of disproportionate share reimbursement to hospitals and guaranteed that such amount would never be less than the 1992 level. Effective January 10, 1993 through September 30, 1995.

**Acts 1993, No. 314, p. 471**

Repealed the hospital tax and provided for a refund to those nonpublic hospitals which were paying the tax under Act 1992-440, for the month of April 1993 and thereafter; repealed the criteria for a disproportionate share hospital (DSH); established that the Medicaid Agency will, at the beginning of each fiscal year, promulgate regulations regarding disproportionate share reimbursements to disproportionate share hospitals (criteria for defining these DSH hospitals will also be developed by the Medicaid Agency, in accordance with federal guidelines); and provided that DSH payments to

hospitals would not be less than the DSH cap established by the federal Health Care Financing Administration (\$147 million), which was the 1992 level.

**Note:** Effective October 1, 1995, federal rules limited DSH payments to the cost of uncompensated care, with the exception of “high” DSH hospitals which can be paid a greater amount.

**Acts 1997, 1<sup>st</sup> Ex. Sess., No. 901, p. 277**

Levied a supplemental privilege tax of an additional \$200.04 per bed annually, effective until December 31, 1999, on every nursing facility in the state. (Act 1999-409 deleted the expiration date). Authorized the Department of Revenue, upon the advice of the Alabama Medicaid Agency, to reduce this supplemental privilege tax if such reduction is required to ensure that the total revenues from the aggregate of this supplemental privilege tax and the privilege tax during the fiscal year are less than or equal to 6% of the total revenues received by the nursing facilities subject to the tax.

**Acts 1999, No. 409, p. 729**

Deleted the provision in Act 1997-901 which provided that the privilege tax on nursing facilities would expire on December 31, 1999.

**Acts 2002, No. 414, p. 1058**

Effective July 1, 2002, provided that Alabama citizens would pay a privilege tax of \$.10 on all prescriptions filled in the state; and removed the exemption of prescriptions that cost less than \$3.00.

**Acts 2004, No. 532, p. 1120**

Increased the supplemental privilege tax for each bed in a nursing home facility from \$200.04 per bed to \$900 per bed making the total annual privilege tax \$1,899.96 per bed in a nursing facility; and increased the nursing facility provider’s cap on reportable cost per patient from cost plus 10% to cost plus 11%.

**Acts 2009, No. 549, p. 1454**

Levied a hospital assessment on privately owned hospitals of 5.38% of net patient revenue for fiscal years 2010 and 2011.

**Acts 2010, No. 520, p. 879**

Increased the supplemental tax on nursing home facilities to \$1,063.08 per bed effective September 1, 2010 through August 31, 2011.

**Acts 2011, No. 614, p. 1376**

Increased the supplemental tax on nursing home facilities to \$1,603.08 per bed effective October 1, 2011 through September 30, 2013. Provided the inflation factor applied is zero.

**Acts 2011, No. 615, p. 1383**

Extended the hospital assessment on privately owned hospitals and decreased it to 5.14% of net patient revenue for fiscal years 2012 and 2013.

**Acts 2012, No. 536, p. 1589**

Added a surcharge of \$131.25 to each licensed bed in a nursing facility for the period May 20, 2012 through September 20, 2012 at which time the surcharge was reduced to \$43.75 per licensed nursing facility bed per month and remain in effect until August 31, 2013.

**Acts 2013, No. 240, p. 577**

Extended the current supplemental privilege assessment and monthly surcharge on nursing home beds by two years through August 31, 2015.

**Acts 2013, No. 246, p. 595**

Extended for three years the hospital assessment on all private hospitals and increased the rate to 5.5 percent of net patient revenue through August 2016. If approved by the Centers for Medicare and Medicaid Services, this act would also extend the use of Certified Public Expenditures (CPE) for outpatient services provided by Disproportionate Share Hospitals and discontinue use of CPEs for all other inpatient and outpatient hospital services; and provided that beginning in FY 2014, inpatient and outpatient services provided to Medicaid recipients by public and state-owned hospitals shall be funded using intergovernmental transfers.

**Acts 2015, No. 458, p. 1498**

Extended the \$1,603.08 supplemental privilege assessment and \$43.75 monthly surcharge on nursing home beds through August 31, 2017.

**Acts 2015, 2<sup>nd</sup> Ex. Sess., No. 536, p. 1919**

Added a secondary supplemental assessment on each bed in a nursing facility in fiscal years 2016 and 2017 at an annual rate of \$401.28.

**Acts 2015, 2<sup>nd</sup> Ex. Sess., No. 537, p. 1922**

Imposed a 15 cents supplemental privilege tax on each prescription filled or refilled for a citizen of Alabama during fiscal years 2016 and 2017.

**Acts 2016, No. 299, p. 749**

Extended the 5.5% hospital assessment imposed on privately operated hospitals in the state, currently scheduled to expire in fiscal year 2016, through fiscal year 2017. Required the Medicaid Agency to use intergovernmental transfers (IGTs) to obtain federal matching funds for all hospital payments.

Required payments for inpatient services be based upon all patient refined diagnosis-related groups



(APR-DRG) and outpatient services be based upon a set fee for an outpatient encounter or encounter rate. Changed the way IGTs were calculated and limited the amount the Medicaid Agency could receive from IGTs to the amount received in IGTs and CPEs in FY 2016 and provided that those IGTs would not exceed \$324,858,765, except if a private hospital has a change of status and becomes subject to intergovernmental transfers, only if RCOs were implemented on or before September 30, 2017. Repealed Section 40-26B-77 (Hospital Certified Public Expenditures). Provided base payments for outpatient services in addition to any access payments or other payments made by Medicaid to hospitals. Provided that if Medicaid hospital reimbursement rates are less than rates approved by the Centers for Medicare and Medicaid Services, the hospital assessment will cease to be imposed.

**Acts 2016, 1<sup>st</sup> Ex. Sess., No. 452, p. 1233**

Repealed the 15 cents supplemental privilege tax that was imposed by Act 537 during the 2<sup>nd</sup> Extraordinary Session of 2015. This act required the Alabama Medicaid Agency to refund the privilege tax collected under this supplement tax back to pharmacies through monthly credits beginning October 1, 2016.

**Acts 2017, No. 381, p. 1222**

Extended the supplemental privilege assessment (\$1,603.08 annually) and the monthly surcharge (\$43.75 per month/\$525 annually) on nursing home beds to August 31, 2018.

**Acts 2017, No. 382, p. 1224**

Extended the 5.5% percent assessment on net patient revenue levied on all private hospitals as a cost of doing business in the state for the fiscal year ending September 30, 2018 and requires that the funds for the hospital assessment are deposited into the Alabama Health Care Trust Fund to be used by the Medicaid Agency to pay for inpatient and outpatient hospital services throughout the state. Also limited the intergovernmental transfers (IGTs) provided to the Medicaid Agency, if Regional Care Organizations (RCOs) were implemented, to \$333,434,048, and provided that if RCOs are not implemented the IGTs would not exceed the amount of state funds necessary for the Medicaid Agency to obtain those federal matching funds to pay publicly owned and state-owned hospitals. Further, required that, if the Medicaid Agency moved to making capitated payments through RCOs prior October 1, 2017, there would not be retroactive payments and required that the Agency obtain approval from the Hospital Services and Reimbursement Panel prior to making any change to the payment methodologies if Medicaid does not implement RCOs.

**Acts 2018, No. 542**

Extended the supplemental privilege assessment (\$1,603.08 annually), the secondary privilege assessment of \$401.28 annually, and the monthly surcharge (\$43.75 per month/\$525 annually) on nursing home beds to August 31, 2019; and extended the requirement that the nursing facility program be administered by the Alabama Medicaid Agency until at least October 1, 2019.

**Acts 2018, No. 543**

Extended the assessment imposed on privately operated hospitals in the state through fiscal year 2019; and increased the assessment on private hospitals in the state from 5.5% to 5.75% of net patient revenue in fiscal year 2016.

**Acts 2019, No. 278**

Extended the assessment imposed on privately operated hospitals in the state through fiscal year 2022; increased the assessment on private hospitals in the state from 5.75% to 6.0% of net patient revenue in fiscal year 2017; and required that the assessment be reviewed and updated annually, subject to the limitations on the use of funds in the Hospital Assessment Account.

**Acts 2019, No. 279**

Extended the supplemental privilege assessment (\$1,603.08 annually), the secondary privilege assessment of \$401.28 per bed annually, and the monthly surcharge per bed (\$43.75 per month/\$525 annually) on nursing home beds to August 31, 2022; and extended the requirement that the nursing facility program be administered by the Alabama Medicaid Agency until at least October 1, 2022.

**Comparison with Neighboring States:****Florida**

A levy of 1.5% of the annual net operating revenue for inpatient services and 1% of the annual net operating revenue for outpatient services for each hospital and other health care providers including ambulatory surgical centers, clinical labs, freestanding radiation therapy centers, and diagnostic imaging centers. Nursing facilities are responsible for an assessment which is calculated monthly on a per resident basis, excluding Medicare resident days. The rate is based upon volume. Effective October 1, 2019, the rate is \$5.07 per patient bed day for nursing homes that have over 53,000 Medicaid bed days per year (high volume), and the rate is \$24.88 per patient bed for those nursing facilities under 53,000 Medicaid bed days (normal volume). The nursing facility assessment may not exceed the federal ceiling of 5.5 percent of the total aggregate net patient service renewal.

Intermediate care facilities for the developmentally disabled are required to pay a quality assessment

rate of \$23.17 based on net resident days which may not exceed the maximum percentage allowed under federal law of the total aggregate net patient revenue of assessed facilities.

## **Georgia**

Hospitals are required to pay 1.45% of net payment revenue through June 30, 2020.

## **Mississippi**

*Health care facility assessment* – An assessment equal to the maximum rate allowed by federal law or regulation is levied upon each licensed nursing facility, licensed intermediate care facility for individuals with intellectual disabilities, and each licensed psychiatric residential treatment facility for each licensed and occupied bed.

*Hospital assessment* – Effective for state fiscal years 2016 through 2021 and an annual assessment on each licensed hospital is imposed on each non-Medicare hospital inpatient day at a rate that is determined by dividing the sum of the prescribed state matching funds percentage for the Mississippi Medicaid Program plus the nonfederal share necessary to maximize the Disproportionate Share Hospital (DSH) and inpatient Medicare Upper Payment Limits (UPL) payments and inpatient hospital access payments by the total number of non-Medicare hospital inpatient days.

Effective for state fiscal year 2016 through fiscal year 2021, an additional annual assessment on each licensed hospital is imposed on each non-Medicare hospital inpatient day at a rate determined by dividing 25 percent of any provider reductions in the Medicaid program for that fiscal year up to the following maximum amount plus the nonfederal share necessary to maximize the Disproportionate Share Hospital and inpatient Medicare Upper Payment Limits payments and inpatient hospital access payments by the total number of non-Medicare hospital inpatient days.

Effective for state fiscal year 2016 through fiscal year 2021, an additional annual assessment on each licensed hospital is imposed if there are insufficient funds in the Health Care Trust Fund to reconcile any remaining deficit in any fiscal year. If the Governor institutes any other additional cost containment measures on any program or programs authorized under the Medicaid program, hospitals will be responsible for 25 percent of any such imposed provider cuts, which is in the form of an additional assessment not to exceed 25 percent of provider expenditure reductions.

## **Tennessee**

Provider taxes in Tennessee are specifically designated for Medicaid; however, Health Maintenance Organizations are assessed 2% of enrollee revenue; and Preferred Provider Organizations are assessed

2% of enrollee revenue. Effective until July 1, 2020, hospitals pay an assessment fee of 4.87 percent of net patient revenues. Intermediate care facilities for individuals with intellectual disabilities are assessed at a rate of 5.5% of the monthly gross receipts.

The aggregated amount of assessments for all nursing facilities from July 1, 2017, through June 30, 2018, shall equal four and three-quarters percent (4.75%) of the net patient service revenue. For any nursing home licensed on July 1, 2019, the annual assessment for each nursing facility shall be determined as follows:

- (1) Any licensed nursing home that is licensed on July 1, 2019, for fifty (50) beds or fewer shall pay an assessment rate equal to three percent (3%) of net patient service revenue divided by all non-Medicare days. The facility shall pay the per diem rate for each of its non-Medicare days;
- (2) Any licensed nursing home that on July 1, 2019, operates as part of a continuing care retirement community shall pay an assessment rate equal to three percent (3%) of net patient service revenue divided by all non-Medicare days. The facility shall pay the per diem rate for each of its non-Medicare days;
- (3) Any licensed nursing home providing forty thousand (40,000) or greater Medicaid patient days for the twelve (12) months ending December 31 of the prior year shall pay an assessment of two and half percent (2.5%) of net patient service revenue divided by all non-Medicare days. The facility shall pay the per bed rate on all beds licensed as of July 1 of each year.
- (4) Any nursing facility that is initially licensed and commences operations after July 1, 2019, shall pay in FY 2019-2020 a prorated assessment equal to two thousand two hundred twenty-five dollars (\$2,225) per licensed bed per year.
- (5) Any licensed nursing home not meeting the above criteria shall pay an equal annual per facility assessment at such amounts necessary to ensure that the aggregated amount of assessments for all nursing facilities from July 1, 2019, through June 30, 2020, shall equal four and three-quarters percent (4.75%) of the net patient service revenue.
- (6) Any excess collection of per facility annual assessments above the targeted four and three-quarters percent (4.75%) of the net patient service revenue shall be retained in the nursing home assessment trust fund account created under this part. Should actual collection of per facility annual assessment not equal the targeted four and three-quarters percent (4.75%) of the net patient service revenue, any shortfall may be made up from funds in the nursing

home assessment trust fund account created under this part, or from other appropriations to the TennCare program; and

- (7) Any facility that ceases to be licensed by the department of health shall not be required to pay assessment fees accruing after the date of its licensure termination.

# Mineral Documentary Tax

## **Statutory Authority:**

Sections 40-20-30 through 40-20-37, *Code of Alabama 1975*.

## **Tax Base:**

Tax levied upon: (1) the filing and recording of every lease creating a leasehold interest in and to any non-producing oil, gas, or other minerals in, on, or under land situated in Alabama or whereby any interest is extended beyond the term fixed by the original instrument; and (2) upon every deed, instrument, transfer, or evidence of sale conveying interest in or right to receive royalties from such property.

## **Tax Rate:**

\$.05 per acre conveyed for terms of 10 years or less; \$.10 per acre for terms of more than 10 years to 20 years; and \$.15 per acre for terms of more than 20 years; \$1 minimum tax.

## **Collections:**

By the probate judge of the county where the lands are situated upon the filing of such instrument for record.

<b>Fiscal Year</b>	<b>Collections (\$) <sup>39</sup></b>	<b>Percent Change</b>
2019	17,134	1.31
2018	16,912	(9.78)
2017	18,747	(47.61)
2016	35,784	180.11
2015	12,775	(58.24)

Source: "Comparative Summary of Revenues by Revenue Source" Report - Comptroller's Office. Beginning FY 2016, "Comparative Schedule of Revenues" Report – STAARS.

## **Distribution:**

After deducting 5% for cost of collection paid to the county general fund or judge of probate, the Mineral Documentary Tax proceeds are distributed as follows: 30% to the State General Fund; 35% to the county general fund (of the county in which the interest is located); and 35% to the county public school fund.

## **Major Exemptions:**

This tax is in lieu of ad valorem taxes and does not apply to any mortgage or instrument creating a lien upon such interest, nor to sale under foreclosure.

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<sup>39</sup> State General Fund collections only.

**Legislative History:****Acts 1957, No. 261, p. 332**

Established the Mineral Documentary Tax at current rates and distribution.

**Acts 1961, No. 864, p. 1346**

Eliminated provisions related to the issuance of documentary tax stamps in collection of this tax.

**Comparison with Neighboring States:****Florida, Georgia and Tennessee**

No comparable taxes.

**Mississippi**

\$.03 per acre conveyed for 10 years or less; \$.06 per acre conveyed for more than 10 years to 20 years;

\$.08 per acre conveyed for more than 20 years; \$1 minimum tax.

# Mortgage Record Tax

## **Statutory Authority:**

Sections 40-22-1 through 40-22-12, *Code of Alabama 1975*.

## **Tax Base:**

License or privilege tax for filing a mortgage, deed of trust, contract of conditional sale, or similar instrument given to secure payment of any debt which conveys any real or personal property in Alabama, or any interest therein or security agreement or financing statement provided for by the Uniform Commercial Code. Also, see Code for tax on amount of future indebtedness incurred under the terms of the presently taxed instrument.

## **Tax Rate:**

\$.15 for each \$100 of indebtedness, or fraction thereof.

## **Collections:**

By the probate judge of the county when and where the instrument is offered for recording. The tax on mortgages conveying property both within and outside Alabama and open-ended mortgages is also collected by the probate judge, but only after a petition is made to the Alabama Department of Revenue and the Department determines the amount of tax due and the distribution of proceeds.

<b>Fiscal Year</b>	<b>Collections (\$)<sup>40</sup></b>	<b>Percent Change</b>
2019	31,506,248	3.89
2018	30,327,033	1.47
2017	29,886,763	5.63
2016	28,292,880	8.57
2015	26,059,530	6.36

Source: "State General Fund - Comparison of Net Receipts" Report - Comptroller's Office. Beginning FY 2016, "General Fund Net Receipts of Revenues" Report – STAARS.

## **Distribution:**

After 5% is deducted for cost of collection by the Probate Judge, the Mortgage Record Tax proceeds are distributed as follows: 2/3 to the State General Fund and 1/3 to the county treasury.

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<sup>40</sup> General Fund collections only.



**Major Exemptions:**

- 1) The tax is not collected from any bank in the state unless it is collected uniformly on all banks throughout the state.
- 2) Production credit corporations or associations engaged exclusively in making farm or crop loans are exempt.
- 3) Organizations whose sole purpose is to conduct religious activities are exempt.
- 4) Security agreements or financing statements relating solely to security interests in accounts, contract rights or general intangibles as defined by the Uniform Commercial Code are exempt.
- 5) The re-recording of mortgages or other such instruments to correct errors for the purpose of perfecting the title to real or personal property are exempt.
- 6) Mortgages relating to issuing or securing obligations and conveying title into or out of a public authority or a county or municipality with respect to private use industrial property may be abated.  
(See Section 40-9B-4, *Code of Alabama 1975*.)

**Legislative History:****Acts 1935, No. 194, p. 256**

Established Mortgage Record Tax at present rates.

**Acts 1947, No. 181, p. 66**

Provided that the tax would not be collected on any bank unless applicable to all banks.

**Acts 1951, No. 540, p. 953**

Exempted production credit corporations and associations.

**Acts 1951, No. 816, p. 1449**

Provided for tax due on previously exempted instruments which upon transfer would no longer be exempt.

**Acts 1953, No. 770, p. 1031**

Provided for recordation process for exempt instruments; changed reference from State Tax Commission to the Department of Revenue.

**Acts 1953, No. 841, p. 1131**

Exempted corporations or associations engaged in making farm or crop loans.

**Acts 1965, No. 549, p. 811**

Created the Uniform Commercial Code and related existing mortgage record tax to new law.

**Acts 1969, No. 503, p. 960**

Provided that the exemption relating to farm or crop loan instruments also be applied to instruments of like character executed to corporations under the Federal Farm Loan Act by the Farm Credit Act of 1933.

**Acts 1977, No. 671, p. 1152**

Provided an alternative procedure for recording future indebtedness by banks, savings and loans and insurance companies.

**Acts 1981, No. 662, p. 1078**

Extended base of tax to include open-ended or revolving indebtedness at an amount not to exceed \$.15 for each \$100 of maximum principal indebtedness to be secured by such instrument.

**Acts 1987, No. 816, p. 1630**

Exempted re-recording instruments which are made to correct errors.

**Comparison with Neighboring States:****Florida**

A Documentary Excise Tax is imposed on mortgages, liens, and other evidences of indebtedness at a rate of \$0.35 per \$100 or fraction thereof of the consideration paid, or to be paid.

**Georgia**

An Intangible Recording Tax is imposed on debts of more than three years which are secured by real estate. Rate: \$1.50 per \$500 of face value of the loan. The maximum tax on any single loan is \$25,000.

**Mississippi**

No comparable tax.

**Tennessee**

A Mortgage Tax is imposed on any instrument evidencing an indebtedness of greater than \$2,000. Rate: \$0.115 per \$100 of amount secured over \$2,000.

# Motor Carrier Mileage Tax

## **Constitutional Provisions:**

Amendment No. 93 to the *Constitution of Alabama of 1901*, by Amendment No. 354, now appearing as Section 111.06 of the Official Recompilation of the *Constitution of Alabama of 1901*.

Amendment No. 93 (proclaimed ratified November 19, 1952) provided that no monies derived from any fee, excise or license tax, levied by the state, relating to (1) registration, operation, or use of vehicles or (2) fuels used for propelling vehicles except pump taxes shall be expended for any purpose other than administration of said laws, cost of construction, reconstruction, maintenance and repair of public highways and bridges, costs of highway rights of way, payment of highway obligations, the cost of traffic regulation, and the expense of enforcing state traffic and motor vehicle laws.

Amendment No. 354 (proclaimed ratified November 10, 1976) provided that the Legislature may provide for the manufacture, distribution, and use of personalized license plates and also require payment of an additional fee to be used in such manner as prescribed by the Legislature.

**NOTE:** The above restriction does not apply to fees and taxes levied by counties and municipalities pursuant to authority granted by the state.

## **Statutory Authority:**

Sections 40-19-1 through 40-19-17, *Code of Alabama 1975*.

## **Tax Base:**

Mileage tax levied on every motor carrier for hire that is used in transportation of persons along the highways of Alabama.

## **Tax Rate:**

<u>Seating Capacity of Vehicle:</u>	<u>Tax Rate:</u>
Not less than 9 nor more than 16	\$.0025 per mile
17 to 21	\$.005 per mile
22 to 25	\$.0075 per mile
Greater than 25	\$.01 per mile

**Collections:**

By the Department of Revenue on or before the 15<sup>th</sup> of each month.

<b>Fiscal Year</b>	<b>Collections (\$)</b>	<b>Percent Change</b>
2019	39,463	7.41
2018	36,741	(4.77)
2017	38,583	(8.13)
2016	41,998	(4.39)
2015	43,928	3.61

Source: Department of Revenue's "Revenue Abstract and "Comparative Schedule of Revenues" Report – STAARS..

**Distribution:**

Proceeds are deposited into the Motor Carrier Fund. After costs of collection of the Department of Revenue and the Public Service Commission are deducted, the remaining proceeds are then transferred into the State Public Road and Bridge Fund.

**Major Exemptions:**

- (1) Tour buses.
- (2) "Chartered party" vehicles used in support of a "charter party" contract in compliance with International Registration Plan requirements.

**Legislative History:****Acts 1931, No. 273, p. 303**

Established motor carrier mileage tax at the following rates: 16 passengers or less, \$.0025 per mile; 17 to 20, \$.005 per mile; 21 to 25, \$.0075 per mile; 26 or more, \$.01 per mile.

**Acts 1939, No. 664, p. 1050**

Changed tax on passenger capacity to the following rates: 16 or less, \$.0025 per mile; 17 to 21, \$.005 per mile; 22 to 25, \$.0075 per mile; 26 or more, \$.01 per mile.

**Acts 1961, No. 673, p. 923**

Eliminated the mileage tax on motor vehicles transporting property for hire and changed the \$.0025 per mile rate from the previous capacity of 16 passengers or less, to a capacity of 9 to 16 passengers.

**Acts 1992, 2<sup>nd</sup> Ex. Sess., No. 710, p. 205**

Exempted tour buses and "chartered party" vehicles.

**Comparison with Neighboring States:****Florida, Georgia, Mississippi and Tennessee**

No comparable taxes.

## Motor Fuels (Diesel) Tax (and Motor Carrier Fuel Tax)

### **Constitutional Provisions:**

Amendment No. 93 to the *Constitution of Alabama of 1901*, by Amendment No. 354, now appearing as Section 111.06 of the Official Recompilation of the *Constitution of Alabama of 1901*.

Amendment No. 93 (proclaimed ratified November 19, 1952) provided that no monies derived from any fee, excise or license tax, levied by the state, relating to (1) registration, operation, or use of vehicles or (2) fuels used for propelling vehicles except pump taxes shall be expended for any purpose other than administration of said laws, cost of construction, reconstruction, maintenance and repair of public highways and bridges, costs of highway rights of way, payment of highway obligations, the cost of traffic regulation, and the expense of enforcing state traffic and motor vehicle laws.

Amendment No. 354 (proclaimed ratified November 10, 1976) expanded upon Amendment No. 93 to allow for the distribution of proceeds from charges for personalized license plates or tags in any manner prescribed by the Legislature.

**Note:** The above restriction does not apply to fees and taxes levied by counties and municipalities pursuant to authority granted by the state.

### **Statutory Authority:**

Sections 40-17-140 through 40-17-155 (Motor Carrier Fuel); and, Sections 40-17-320 through 40-17-363 (Motor Fuel (diesel)), *Code of Alabama 1975*.

### **Tax Base:**

Excise tax on the removal, import, sale/transfer in the bulk transfer/terminal system and blending of motor fuel (Motor Fuel (diesel) Tax). "Diesel Fuels" include fuel oils, kerosene, special fuels, and blended fuels which contain diesel fuel. Excise tax upon motor carriers who operate or cause to be operated motor vehicles on any highway in Alabama (Motor Carrier Fuel Tax).

### **Tax Rate:**

Effective August 31, 2019, the State of Alabama now collects three separate levies of \$.13 and \$.06,, and an additional \$.06 levied pursuant to the "Rebuild Alabama Act" (Act 2019-2), for a total of \$.25 per gallon. Excise tax on motor carriers is the same rate per gallon as currently in effect for motor fuel (\$.25 per gallon). Motor carriers liable for payment of the motor carrier fuel tax also pay an annual fee per vehicle for a motor vehicle identification marker (decal) paid January 1 or a fee for a 7-day trip permit. The annual decal fee and the 7-day trip permit fee are set by the Commissioner of Revenue based on the costs of administering the International Fuel Tax Agreement (IFTA). The 7-day trip permit fee is \$20, and the IFTA

decal is \$17 annually. The "Rebuild Alabama Act" (Act 2019-2) levied an additional six cent (\$.06) excise tax on each net gallon of gasoline and diesel fuel effective August 31, 2019. This tax will further increase by an additional two cents to eight cents (\$.08) effective October 1, 2020, and by an additional two cents to ten cents (\$.10) effective October 1, 2021. The act also provides for an indexing process to adjust the excise tax rate by up to one cent (\$.01) beginning October 1, 203 and on July 1 of every other year thereafter every other year based on the yearly average of the National Highway Construction Cost Index.

### **Collections:**

By the Department of Revenue each month (motor fuel tax), before the last day of April, July, October, and January (motor carrier fuel tax).

<b>Fiscal Year</b>	<b>\$.13</b>	<b>\$.06</b>	<b>Truck Decals</b>	<b>Total<sup>41</sup></b>	<b>% Change</b>
2019	123,996,019	56,682,189	768,213	181,446,420	(7.27)
2018 <sup>42</sup>	133,790,028	61,121,253	764,575	195,675,856	30.02
2017	102,198,234	47,575,511	724,625	150,498,370	8.79
2016 <sup>43</sup>	94,161,611	43,459,205	719,576	138,340,391	(4.55)
2015	98,687,098	45,547,890	705,755	144,940,743	0.76

Source: State of Alabama, Department of Revenue, Motor Fuels and Motor Vehicles Sections.

### **Distribution:**

After deduction of the cost of collection, proceeds are distributed as follows:

#### **\$.13 tax:**

- (1) For the repayment of Highway Authority Bonds and other bonds.
- (2) For the construction and maintenance of public roads and bridges.

#### **\$.06 tax:**

- (1) 4.69% distributed equally among each of the 67 counties for public road and bridge purposes.
- (2) .93% allocated among incorporated municipalities for public road and bridge purposes as follows:
  - a. 45.45% of the municipalities' share is allocated equally among the counties.

<sup>41</sup> The figures are net (after deduction of motor fuels and IFTA tax refunds). Figures shown are prior to deduction of Department of Revenue administrative expenses. Includes motor fuel excise taxes, IFTA taxes, and truck decals.

<sup>42</sup> Fiscal Year 2018 includes 13 months of distribution because September 2017 was distributed in October 2017.

<sup>43</sup> Due to the early Fiscal Year closeout date, the Motor Fuel Distribution for September 2016 was not processed until October 3, 2016. The September 2016 distribution is included in FY 2017 instead of FY 2016.

- b. 54.55% of the municipalities' share is allocated among the 67 counties on the basis of population.
  - c. The amount allocated to each county is distributed among the municipalities within the county on the basis of population.
- (3) The balance is credited to the Department of Transportation for highway purposes.

**Rebuild Alabama Act Gasoline and Diesel Fuel Excise Tax:**

- (1) 8.33% to the municipalities, of which 25% is distributed equally to the municipalities of the state, and 75% is distributed to each municipality based on the population ratio of the municipality to the total population of the state.
- (2) 25% to the counties, of which 45% is distributed equally to the counties of the state, and 55% is distributed to each county based on the population ratio of the county to the total population of the state.
- (3) 66.67% is allocated to the Alabama Department of Transportation and deposited into the Rebuild Alabama Fund to be used for transportation infrastructure improvement, preservation and maintenance projects within the state.

**Major Exemptions:**

- (1) Motor fuel exported from this state for which proof of export is available in the form of a terminal issued destination state shipping document that is:
  - (a) Exported by a supplier who is licensed in the destination state or
  - (b) Sold by a supplier to a licensed exporter for immediate export to a state for which the applicable destination state motor fuel excise tax has been collected by the supplier who is licensed to remit the tax to the destination state.
- (2) K-1 kerosene or aviation jet fuel that is produced at a refinery in Alabama and is either exported directly by the operator of the refinery or sold for immediate export by the operator to a licensed exporter with proper documentation.
- (3) Sales of dyed diesel fuel.
- (4) Gasoline blendstocks or cellulosic biofuel when sold to:
  - (a) Licensed supplier or
  - (b) Person who will not be using blendstocks in the manufacture of gasoline or as a motor fuel (with exemption certificate).
- (5) Motor fuel sold by licensed supplier or licensed permissive supplier to an exempt agency under Section 40-17-332 (United States government or agency thereof, any county governing body of state,

any incorporated municipal governing body of state, city and county boards of education of state, Alabama Institute for the Deaf and Blind and Alabama Department of Youth Services school district, and private church school systems as defined in Section 16-28-1).

- (6) Motor fuel delivered by licensed supplier from one terminal to another terminal when ownership in the motor fuel has not changed or by a licensed supplier from a terminal to a refinery operated by the licensed supplier.
- (7) From the Motor Carrier Fuel Tax:
  - (a) Any department, board, bureau, commission or taxing area or other agency of the federal government, of the State of Alabama or any political subdivision thereof.
  - (b) Any school bus operated by the State of Alabama, any political subdivision thereof, or any private or privately-operated school or schools.

**Refund Eligibility:**

- (1) Licensed distributor – on monthly basis on taxes paid on gallons sold by that distributor to licensed exempt agencies (as defined above.)
- (2) Exporter – on monthly basis on taxes paid to the state on gallons exported by exporter (with proof).
- (3) Exempt entities (as defined above) – on quarterly basis for any purchases of motor fuel (or issuer of card if charged to credit card issued to the exempt entity).
- (4) End users who first pay tax on gallons of diesel fuel used in designated off-road vehicles, other off-road equipment, or for other off-road use on quarterly basis.
- (5) Tax paid on motor fuel that is lost or destroyed as direct result of sudden and unexpected casualty or becomes unsalable or unusable as highway fuel due to such things as contamination by dye or mixture of gasoline and diesel.
- (6) Tax paid on transmix not used as motor fuel or that is delivered to refinery for further processing - on quarterly basis.
- (7) Tax paid on motor fuel within the bulk transfer system with sufficient proof that a second tax had been paid pursuant to Section 40-17-325 or the fuel was exported to another state or country - on monthly basis.

**Legislative History:**

**Acts 1939, No. 590, p. 958**

Established motor fuels tax at \$.06 per gallon.



**Acts 1955, 1<sup>st</sup> Ex. Sess., No. 42, p. 64**

Increased motor fuels tax rate to \$.07 per gallon.

**Acts 1961, No. 674, p. 925**

Provided further for the taxation of gasoline and/or motor fuel, sold to or withdrawn from storage or used in the state by motor carriers by establishing a separate excise tax on motor carrier fuel; and provided for a one-time \$1 registration fee for motor carriers liable for the tax.

**Acts 1971, No. 1408, p. 2403**

Increased registration fee for motor carriers liable for the motor carrier fuel tax to current rate.

**Acts 1971, No. 1727, p. 2889**

Increased motor fuels tax rate to \$.08 per gallon.

**Acts 1980, No. 427, p. 590**

Levied an additional excise tax of \$.04 per gallon on gasoline, motor fuel and lubricating oil.

**Acts 1992, No. 205, p. 503**

Levied an additional excise tax of \$.05 per gallon on motor fuel (diesel).

**Acts 1994, No. 586, p. 1078**

Changed the fee for annual and 7-day trip permits from \$12 to an amount to be set by the Commissioner of Revenue. (See Tax Rate).

**Acts 2004, No. 546, p. 1164**

Exempted diesel fuel subject to state excise taxes from the \$.02 per gallon inspection fee; levied an additional \$.02 per gallon excise tax on motor fuel; and further provided for the distribution of revenues from the inspection fees and excise taxes on motor fuels.

**Acts 2011, No. 565, p. 1084**

Effective October 1, 2012, amended, repealed, and reenacted the state gasoline and motor fuel taxes at the same rates as the taxes were previously levied. Changed the point of collection of the taxes from the distributor to the supplier. Expanded the administrative discounts allowed to the distributors and suppliers for the collection of fuels taxed. Established new license fees for persons in the gasoline and motor fuel business to be deposited in the Public Road and Bridge Fund. Appropriated \$150,000 from the revenues collected pursuant to this act to the Department of Revenue for the fiscal year ending September 30, 2012. Each fiscal year thereafter, an amount of revenue will be appropriated to the Department to offset its cost of administering the act. Authorized the Department of Transportation to employ law enforcement officers to enforce and investigate the commission or

suspected commission of transportation, public safety, and revenue offenses, including offenses regarding gasoline tax and tax on motor fuels.

### **Acts 2019, No. 2**

Created the Rebuild Alabama Act which levied an additional six cent (\$.06) excise tax on each net gallon of gasoline and diesel fuel effective August 31, 2019; and will further increase the excise tax by two cents to eight cents (\$.08) effective October 1, 2020, and by two cents to 10 cents (\$.10) effective October 1, 2021. Effective October 1, 2023 and on July 1 every other year thereafter the act provides for an indexing process to adjust the excise tax rate by up to one cent (\$.01) based on the yearly average of the National Highway Construction Cost Index. Further, the act provided for the administration, distribution, and collection of the Rebuild Alabama Act tax.

### **Comparison with Neighboring States:**

#### **Florida**

An excise tax on motor fuel of \$.04 per gallon. An additional fuel sales tax is imposed at a rate adjusted annually based on the Consumer Price Index. For 2017, the total rate is \$.134 per gallon (does not include all local taxes). For 2017, the total rate is \$.318 per gallon for undyed diesel.

#### **Georgia**

Beginning January 1, 2017, the excise tax rate is \$.263 per gallon for gasoline, liquefied petroleum gas and special fuels including compressed natural gas and \$.294 per gallon for diesel fuel. As of July 1, 2016, through July 1, 2018, the excise tax will be adjusted based on the increase or decrease of motor vehicle fuel efficiency and the annual percentage increase or decrease in the Consumer Price Index. Beginning July 1, 2019, the excise tax will be adjusted by multiplying the current motor fuel excise tax rate only by the change in the fuel efficiency factor.

#### **Mississippi**

Un-dyed diesel fuel is taxable at a rate of \$.18 per gallon. Dyed diesel is taxable at a rate of \$.0575 per gallon. There is an additional \$.004 for environmental protection.

#### **Tennessee**

As of July 1, 2017, motor fuel tax is \$.21 per gallon, with an additional \$.004 environmental issuance fee plus \$.01 special privilege tax. On July 1, 2018 it will increase to \$.24 and on July 1, 2019 it will increase to \$.27.

# Motor Vehicle Accident Report Fee

## **Statutory Authority:**

Section 32-2-8, *Code of Alabama 1975*.

## **Tax Base:**

Fee for copy of motor vehicle accident report.

## **Tax Rate:**

\$15 for each copy.

## **Collections:**

By the Department of Public Safety (within the Alabama Law Enforcement Agency).

<b>Fiscal Year</b>	<b>SGF Collections (\$)</b>	<b>Percent Change</b>	<b>HTSF/PSF (\$)</b>	<b>Percent Change</b>
2019	1,052,739	(8.23)	531,732	(7.59)
2018	1,147,171	18.76	575,383	18.83
2017	965,934	12.62	484,205	12.63
2016	857,660	16.86	429,916	16.99
2015	733,890	25.15	367,475	25.32

Source: "Comparative Summary of Revenues by Revenue Source" Report - Comptroller's Office. For FY 2018, "Comparative Schedule of Revenues" Report – STAARS.

## **Distribution:**

Of each \$15 fee, \$10 to the State General Fund (SGF) and the remaining \$5 to the Public Safety Fund within the Alabama Law Enforcement Agency.

## **Legislative History:**

### **Acts 1971, No. 959, p. 1717**

Established fee, not to exceed \$3, for copy of any record or report in the Department of Public Safety's files unless a different fee is otherwise prescribed by law. The fee is to be paid into the State Treasury to be credited to the State General Fund.

### **Acts 1988, 1<sup>st</sup> Ex. Sess., No. 721, p. 112**

Increased the maximum fee for a copy of a record or report to \$5.

**Acts 2001, No. 471, p. 627**

Increased the maximum fee for a copy of a record or report to \$15. Ten dollars of the fee shall be paid to the State General Fund (an increase of \$5 to the General Fund) and the remaining \$5 shall be deposited to the Department of Public Safety Highway Traffic Safety Fund.

**Acts 2013, No. 67, p. 130**

Created the Alabama Law Enforcement Agency, consisting of the Department of Public Safety and the State Bureau of Investigations. Created the Public Safety Fund, consisting of all monies appropriated for support of the functions of the Agency, the Department of Public Safety, and the State Bureau of Investigations. Provided that all books, records, supplies, funds, equipment, and personnel of the units, departments, divisions, and other entities merged or abolished, and the functions of such entities were transferred to the succeeding entity.

**Comparison with Neighboring States:****Florida**

\$10.

**Georgia**

\$5 (online varies).

**Mississippi**

\$15 (\$20 online).

**Tennessee**

\$4 (\$10 online).

# Motor Vehicle Carrier Permit Fees

## **Statutory Authority:**

Sections 37-3-1 through 37-3-34, *Code of Alabama 1975*.

## **Tax Base:**

Registration and application fee for any individual transporting passengers or property by motor vehicle in Alabama according to a lease, contract, or other arrangement for compensation.

## **Tax Rate:**

- (1) \$100 application fee for a certificate of public convenience or permit.
- (2) \$100 application fee for an amendment of a certificate or permit.
- (3) \$25 application fee for transfer of a certificate or permit.
- (4) \$10 application fee for approval of a lease of a certificate for a period of more than six months.
- (5) \$6 registration fee for every motor vehicle to be used by a motor carrier on a state highway.

## **Collections:**

By the Alabama Public Service Commission upon application by the motor carrier. Tour bus operators may make payment to the Department of Tourism and Travel.

<b>Fiscal Year</b>	<b>PSC Fund</b>	<b>Motor Carrier Fund</b>	<b>Total<sup>44</sup></b>	<b>% Change</b>
2019	2,501,990	452,533	2,954,523	(10.61)
2018	2,795,252	509,983	3,305,235	25.15
2017	2,241,645	399,400	2,641,045	(22.86)
2016	2,891,630	532,129	3,423,759	31.24
2015	2,212,871	395,869	2,608,740	(21.91)

Source: Public Service Commission and "Comparative Summary of Revenues by Revenue Source" Report – Comptroller's Office. Beginning FY 2016, Public Service Commission and "Comparative Schedule of Revenues" Report – STAARS.

## **Distribution:**

\$1 of each registration fee and all application fees are deposited into the Motor Carrier Fund (a component of the Public Road and Bridge Fund). The remaining \$5 of the registration fee is deposited to the Public Service Commission's Operating Fund. The above revenues are federal funds as per the ICC Termination Act of 1995 and must be used exclusively for enforcement of safety and insurance programs.

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<sup>44</sup> Includes application fees and \$1 of the \$6 registration fees.

**Major Exemptions:**

A complete listing of exemptions is found in Section 37-3-4 *Code of Alabama* 1975.

**Legislative History:****Acts 1939, No. 669, p. 1064**

Established the following motor vehicle carrier fees: \$10 application for certificate of public convenience and necessity or permit; \$10 amendment to application; \$25 transfer of certificate of convenience and necessity or permit; \$10 application fee for approval of lease in excess of six months; and \$1 registration fee for every motor vehicle to be used by a motor carrier on a state highway.

**Acts 1969, No. 477, p. 933**

Changed fees as follows: \$100 application for certificate of necessity and convenience and \$100 application fee for amendment to certificate. The application fee for transfer of a certificate or permit remained at \$25; the application fee for approval of a lease of a certificate for more than six months at \$10; and the registration fee remained at \$1.

**Acts 1985, No. 653, p. 1022**

Increased the motor carrier registration fee to \$4 and further provided for the distribution of this fee.

**Acts 1985, No. 688, p. 1103**

Exempted wrecker services from PSC regulation.

**Acts 1991, No. 730, p. 1422**

Increased the motor carrier registration fee from \$4 to \$6 and further provided for the distribution of this fee.

**Acts 1992, 2<sup>nd</sup> Ex. Sess., No. 710, p. 205**

Provided that operators of tour buses may pay the fee to the Department of Tourism and Travel.

**Acts 2001, No. 370, p. 474**

Provided for the issuance of a certificate of authority to a household goods carrier, without the necessity of a hearing.

**Public Law 109-59, 119 stat. 1144, August 10, 2005**

Replaced the existing, outdated Single State Registration System for interstate motor carrier entities with the Uniform Carrier Registration (UCR) Act of 2005. Under the UCR Act, registration fees are capped at the amount received by the state in the 2004 registration year.

**Acts 2006, No. 517, p. 1191**

Designated the Public Service Commission as the agency responsible for the implementation and administration of the federal Unified Carrier Registration Act of 2005 which became effective January 1, 2007; repealed the federal Single State Registration system.

**Comparison with Neighboring States:****Florida**

Motor vehicles for hire: \$17 plus \$1.50 per 100 lbs. if less than nine passengers; \$17 plus \$2 per 100 lbs. if more than nine passengers.

**Georgia**

The application fee for a certificate of convenience and necessity varies from \$75 to \$215, depending on the service and number of vehicles operated.

**Mississippi**

The application fee for a certificate of convenience and necessity is \$50. The fee for transfer, sale, assignment, or lease of certificate is also \$50. The application fee for permit as a contract carrier is \$50. The fee for a duplicate certificate or permit is \$2. Carriers who have not paid the annual privilege taxes must secure a temporary trip permit for \$25 (plus extra for excess weight/size).

**Tennessee**

A \$50 application fee is required of common carriers and contract haulers applying for certificates of convenience and necessity. Every holder of a certificate or permit must pay a fee of \$8 per vehicle.

# Motor Vehicle Certificate of Title Fee

## **Statutory Authority:**

Sections 32-8-1 through 32-8-49, 32-8-64.2, 32-8-87, and 32-20-1 through 32-20-48 (Manufactured Homes), *Code of Alabama 1975*.

## **Tax Base:**

Registration fee required of owner(s) of a motor vehicle which is not more than 35 model years old; a trailer (to include semi-trailer, travel trailer, or moving collapsible and folding camper) not more than 20 model years old; and manufactured homes designated a 1990 model or later (and not more than 20 years old if manufactured home). If a manufactured home is affixed to a parcel of real property and the ownership of the manufactured home and real property are identical, the owner(s) may obtain a cancellation of title from the Department of Revenue.

## **Tax Rate:**

(1)	Each application for certificate of title.	\$15
(2)	Each application for replacement or corrected certificate.	\$15
(3)	Each application for certificate of title after transfer.	\$15
(4)	Each notice of security interest.	\$15
(5)	Each assignment by lienholder.	\$15
(6)	Each application for ordinary certificate of title upon surrender of a distinctive certificate. The fee is not applicable under the manufactured home chapter.	\$15
(7)	Each application for the title history on a vehicle.	\$15
(8)	Each application for a salvage certificate of title.	\$15
(9)	Each application for cancellation of a certificate of title or certificate of origin (applies to manufactured homes only).	\$15
(10)	Each application for information on the status of a title for manufactured homes only	\$15
(11)	Each application for any motor vehicle record provided electronically or a print out of an electronic record other than the title history.	\$5
(12)	The Department is authorized to charge an additional fee for up to \$5 for motor vehicle records obtained from the national motor vehicle title information system.	
(13)	Each electronically filed submittal verifying the status of a motor vehicle to be scrapped (or annual fee of \$500 per unlimited status verifications) paid by automotive dismantlers and parts and metals recyclers.	\$5



In addition to the above applicable fee(s), the probate judge, license commissioner or other authorized license agent collects and retains a processing fee of \$1.50 plus an additional commission fee of \$1.50, and for manufactured homes, for each transaction a fee of \$5 is added for the non-profit Alabama Housing Foundation.

**Collections:**

By the Department of Revenue, by probate judges and county license commissioners, and by motor vehicle dealers and financial institutions that are designated agents of the Department of Revenue.

<b>Fiscal Year</b>	<b>Collections (\$)<sup>45</sup></b>	<b>Percent Change</b>
2019	22,587,317	(5.66)
2018	23,942,359	3.57
2017	23,116,469	0.39%
2016	23,026,791	1.74
2015	22,634,034	0.65

Source: "State General Fund Receipts-Comparison of Net Receipts" Report – Comptroller's Office. Beginning FY 2016, "General Fund Net Receipts of Revenues" Report – STAARS.

**Distribution:**

All proceeds are deposited into the State General Fund, except title fees collected by the Department on salvage vehicles affected by Act 2010-748 which remain with the Department. One-half of the \$5 fee levied for any motor vehicle record other than title history will remain with the Department. The verification fees collected under Act 2011-633 are retained by the Department for training and technological and processing improvements (see Legislative History).

**Major Exemptions:**

- (1) Vehicles owned by a U.S. agency, a dealer, or a nonresident who is not required by law to register a vehicle in this state.
- (2) Vehicles for which the Alabama license plate official has verified that both the current owner and operator is recorded as the owner and operator on a current certificate of title issued by another state and the title is being held by a recorded lienholder.
- (3) Vehicles moved solely by animal power.
- (4) Implements of husbandry.
- (5) Special mobile equipment.

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<sup>45</sup> State General Fund receipts only.

- (6) Pole trailers.
- (7) Manufactured homes as defined in Section 32-20-2, *Code of Alabama 1975*, and trailers, semi-trailers, travel trailers, or moving collapsible and folding campers that are more than 20 model years old.
- (8) A new manufactured home placed on the owner's land when classified as real property.
- (9) Utility trailers other than moving collapsible and folding campers.
- (10) A motor vehicle more than 35 model years old.
- (11) Motor vehicles to be scrapped by the owner or the authorized agent of owner that do not have titles for vehicles to be scrapped may avoid obtaining a title by verifying the vehicle is worth \$1,000 or less and is at least 12 model years old. The verification may only be used to transfer the vehicle to an automotive dismantler and parts recycler.
- (12) A mini-truck as deferred by Section 40-12-240, *Code of Alabama 1975*.
- (13) Any other vehicles prescribed by the Department.

**Legislative History:**

**Acts 1973, No. 765, p. 1147**

Established original auto title law and fees.

**Acts 1988, 1<sup>st</sup> Ex. Sess., No. 730, p. 127**

Increased and standardized motor vehicle title transaction fee schedule and commissions and fees for services rendered by designated agents to current rates; and clarified inspection procedures for obtaining titles for rebuilt vehicles.

**Acts 1989, No. 918, p. 1817**

Provided for the titling of mobile homes and travel trailers designated a 1990 model or later, except for those mobile homes affixed to a parcel of property for whom a cancellation of title is obtained; and provided that \$5 from each mobile home title fee be credited to the Alabama Manufactured Housing Commission Fund for FY 1990.

**Acts 2003, No. 345, p. 870**

Exempted new manufactured homes that are placed on the owner's land and classified as real property from the requirement to be titled; and exempted utility trailers not exceeding 16 ft. in length from the requirement to be titled.

**Acts 2005, No. 322, p. 784**

Allowed for title-related fees to be collected "in a manner prescribed" by the Department of Revenue (DOR) (allowing for the possibility of title fees to be submitted to DOR electronically).

**Acts 2006, No. 213, p. 312**

Created the designation "flood vehicle" and required such designation to be placed on the title of flood vehicle-designated motor vehicles.

**Acts 2009, No. 281, p. 472**

Revised the exemption for vehicles transporting interstate persons or property; amended the exemption for certain travel trailers; and allowed the Department of Revenue to process titles electronically.

**Acts 2009, No. 746, p. 2236**

Moved the certificate of title statutes of manufactured homes to Chapter 20 under Title 32; established a new fee for cancellation of title of a manufactured home; added a new fee on each title transaction for manufactured homes earmarked for a non-profit housing foundation; allowed electronic filing of titles; and changed the exemption for interstate vehicles and utility trailers. Became effective January 1, 2010.

**Acts 2010, No. 579, p. 1283**

Allowed the Department to charge a fee of \$5 for any motor vehicle record requested, except a title history, which is either provided electronically or a printed version of an electronic record; the charge for a title history remained at \$15; one-half of the new \$5 fee is distributed to the State General Fund and one-half remains with the Department; allowed the Department to charge an additional fee up to \$5 retained by the Department for motor vehicle records obtained through the national motor vehicle title information system; and allowed the Department to prescribe other exempt vehicles from titling.

**Acts 2010, No. 748, p. 1892**

Exempted, under certain circumstances, owners of legally rebuilt motor vehicles from having to obtain a rebuilder's license before the Department's inspection prior to issuing a certificate of title; and allowed the Department to keep the titling fees in these circumstances rather than depositing the fees into the State General Fund.

**Acts 2011, No. 633, p. 1507**

Effective January 1, 2012, required automotive dismantlers, and parts and metals recyclers to file electronically the title cancellation notice required before crushing, dismantling or recycling a motor vehicle into scrap; allowed for the transfer of motor vehicles without a title to automotive dismantlers and parts and metals recyclers only, and only if the vehicle is worth \$1,000 or less and is at least 12 model years old; required the department to maintain an electronic lien verification system and to further verify whether the vehicle to be scrapped has been stolen; allowed the department to charge a

fee for use of the verification system; allowed sharing of system information to local law enforcement authorities; provided that any lien or security interest shall be satisfied and release shall not be required after five years from date of security agreement for vehicles which are 12 or more model years old except by application for a new certificate of title.

**Acts 2011, No. 645, p. 1643**

Provided for a title to be issued by the Department of Revenue in the name of an insurance company on a vehicle reported as stolen when a settlement has been reached between the insurer and the insured.

**Acts 2016, No. 358, p. 890**

Changes the certificate of title requirements for motor vehicles not otherwise defined to any other motor vehicle not more than 35 model years old. Also changes the title requirements for trailers to include any trailer, semi-trailer, travel trailer, or moving collapsible and folding camper not more than 20 model years old.

**Acts 2017, No. 242, p. 357**

Revised the code concerning license plate validation decals to include the year of expiration, allows the county licensing officials to offer registration receipts in an electronic format, and allows dealerships that are designated agents to issue a temporary registration certificate.

**Comparison with Neighboring States:**

**Florida**

\$77.25 for each original new title and \$85.25 for each original used title, \$75.25 for any transfer or duplicate title; motor vehicles for hire charged \$56.25; \$2 for each salvage title; and \$3 for each assignment by a lienholder. There are also various service charges and special fees.

**Georgia**

\$18 certificate of title (original or transfer) and \$8 for replacement. An additional fee not to exceed \$18 is charged for special handling of applications.

**Mississippi**

\$9 certificate of title and \$9 for replacement plus \$1 designated agent fee.

**Tennessee**

\$11 certificate of title and \$11 for replacement of lost title (additional county fees may apply).

# Motor Vehicle Dealers, Rebuilders and Wholesalers License

## **Statutory Authority:**

Sections 40-12-29 and 40-12-390 through 40-12-400, *Code of Alabama 1975*.

## **Tax Base:**

Privilege license on every person engaged in business as a new or used motor vehicle dealer, motor vehicle rebuilder, or motor vehicle wholesaler. This license is a prerequisite to licensing as an automobile dealer under Section 40-12-51.

## **Tax Rate:**

\$25 annually; \$5 annually for each additional place of business.

## **Collections:**

On October 1 by designated agents of the Department of Revenue after satisfactory proof of liability insurance on business and inventory vehicles is presented by the motor vehicle dealer, motor vehicle rebuilder, or motor vehicle wholesaler.

Fiscal Year	Collections (\$)	Percent Change
2019	159,631	9.97
2018	145,161	32.07
2017	109,915	(33.41)
2016	165,052	(5.24)
2015	174,177	57.38

Source: "Comparative Summary of Revenues by Revenue Source" Report – Comptroller's Office. Beginning FY 2016, "Comparative Schedule of Revenues" Report – STAARS.

## **Distribution:**

All proceeds are deposited into the State General Fund.

## **Major Exemptions:**

None.

## **Legislative History:**

### **Acts 1978, No. 539, p. 597**

Established privilege license at current rate of \$10.

**Acts 1991, No. 321, p. 595**

Provided an additional penalty of not less than \$500 nor more than \$1,000 be paid in addition to any criminal penalties for a person operating without a license.

**Acts 1995, No. 727, p. 1553**

Required new motor vehicle dealers franchised in other states and doing business in Alabama to be licensed in this state.

**Acts 2000, No. 554, p. 1005**

Required that effective January 1, 2001, proof of liability insurance for business and inventory vehicles must be filed with the application for license, and the application for license will be denied if such proof is not provided.

**Acts 2004, No. 534, p. 1126**

Provided that dealers of new and used motor vehicles may conduct sales from locations off-site of their permanent location if certain conditions are met; and increased fines for violations of this article.

**Acts 2010, No. 748, p. 1892**

Among other provisions relating to titling of rebuilt vehicles, exempted under certain circumstances owners of legally rebuilt motor vehicles from having to obtain a rebuilder's license before the department inspects the vehicle and issues a certificate of title.

**Acts 2012, No. 561, p. 1660**

Added credit unions and licensees of the State Banking Department to the list of entities exempted from the definition of "Used Motor Vehicle" dealers.

**Acts 2014, No. 158, p. 445**

Established uniform motor vehicle dealer licenses; removed the definition of "motor vehicle reconconditioner"; increased the annual license fee from \$10 to \$25; required licensees to be assessed a civil penalty of up to \$5,000 for failure to maintain a blanket motor vehicle liability insurance policy during the licensing period (may be assessed against the licensee's surety bond); and standardized the surety bond at \$25,000 for all licensees.

**Acts 2019, No. 244**

Created a master regulatory dealer license in lieu of the issuance of a separate license for the sale, wholesale, or rebuilding of motor vehicles; provided a civil fine for a person required to obtain a master regulatory dealer license who willfully fails to acquire the license; provided for a temporary seven-day dealer transit license plate to be used on motor vehicles being offered for sale to licensed motor vehicle dealers; provided for a seven-day auction transit license plate to be used to transport

vehicles to and from auction. Effective October 1, 2020, the application fee for the master regulatory dealer license will be equal to the average of the annual dealer license fees of the contiguous states to Alabama, as of January 1, 2020, rounded to the nearest \$25. Additionally, the act authorized the Department of Revenue to adjust those fees once every five years using the same calculation, subject to a statutory cap.

**Comparison with Neighboring States:**

**Florida**

\$300 license fee the first year and \$75 annual renewal; \$50 for additional locations and \$50 renewal.

**Georgia**

No comparable state license tax for dealers of new motor vehicles except new motor vehicle dealers at a temporary site pay a \$100 filing fee per site. A state license fee of \$170 renewable in even years for dealers of used motor vehicles.

**Mississippi**

\$100 permit fee annually.

**Tennessee**

\$400 license fee biennially for both franchise dealer (per line make) and used motor vehicle dealer.

## Motor Vehicle, LP, and Natural Gas Fueled Fees

### **Constitutional Provisions:**

Amendment No. 93 to the *Constitution of Alabama of 1901*, by Amendment No. 354, now appearing as Section 111.06 of the Official Recompilation of the *Constitution of Alabama of 1901*.

Amendment No. 93 (ratified November 19, 1952) provided that no monies derived from any fee, excise or license tax, levied by the state, relating to (1) registration, operation, or use of vehicles or (2) fuels used for propelling vehicles except pump taxes shall be expended for any purpose other than administration of said laws, cost of construction, reconstruction, maintenance and repair of public highways and bridges, costs of highway rights of way, payment of highway obligations, the cost of traffic regulation, and the expense of enforcing state traffic and motor vehicle laws. Amendment No. 354 (ratified November 10, 1976) provided that the Legislature may provide for the manufacture, distribution and use of personalized license plates and also require the payment of an additional fee to be used in such manner as prescribed by the Legislature.

**Note:** The above restriction does not apply to fees and taxes levied by counties and municipalities pursuant to authority granted by the state.

### **Statutory Authority:**

Sections 40-17-168 through 40-17-168.19, *Code of Alabama 1975*.

### **Tax Base:**

Excise tax on the sale or withdrawal for use in an amount equal to the excise tax in effect as prescribed for a Gasoline Gallon Equivalent (GGE) on compressed natural gas or per Diesel Gallon Equivalent (DGE) on liquefied natural gas upon the sale of the compressed natural gas or liquefied natural gas for use in a vehicle designed to be operated on the public roads and highways.

### **Tax Rate:**

A reduced rate excise tax on compressed natural gas (CNG) and liquefied natural gas (LNG) in an amount of \$.08 per GGE or DGE effective October 1, 2018. Additionally, there is an annual application fee of one hundred dollars (\$100) per vehicle for all personal producers or compressed natural gas in lieu of the excise tax, and a fifty-dollar (\$50) application fee for public sellers or fleet producers of CNG/LNG.



**Collections:**

By the Liquefied Petroleum Gas Board upon application by the owner/operator of the vehicle.

<b>Fiscal Year</b>	<b>Collections (\$) <sup>46</sup></b>	<b>Percent Change</b>
2019	50,854	(3.12)
2018	52,490	(5.96)
2017	55,819	(8.87)
2016	61,254	(1.35)
2015	62,093	(9.51)

Source: "Comparative Summary of Revenues by Revenue Source" Report - Comptroller's Office. Beginning FY 2016, "Comparative Schedule of Revenues" Report – STAARS.

**Distribution:**

Proceeds of the flat fee are deposited to the Public Road and Bridge Fund. Proceeds of the decal issuance fee are deposited to the Liquefied Petroleum Gas Board Fund.

**Major Exemptions:**

- (1) Any vehicles owned by the state, county, or any incorporated municipality or agency, or instrumentality thereof.
- (2) Any vehicle not requiring a license plate or motor vehicle license (including but not limited to forklift trucks and agricultural vehicles).
- (3) Owners of out-of-state vehicles who purchase fuel from a propane or natural gas dealer or supplier in Alabama may pay to the dealer, in lieu of this fee, an amount equal to the Alabama motor fuel (diesel) tax then in effect. Said payments are remitted to the Alabama Liquefied Petroleum Gas Board prior to the 20<sup>th</sup> day of the following month.

**Legislative History:****Acts 1980, No. 739, p. 1503**

Established a flat fee at present rate on certain vehicles using liquefied petroleum gas a fuel, in lieu of an excise tax on such fuel; provided for issuance of annual decal and established fee therefore at present rate; and provided exemption from annual permit and decal fees established by this act for

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<sup>46</sup> Includes only the flat fee deposited to the Public Road and Bridge Fund. The decal issuance fee (deposited to the LP Gas Board Fund) is not included. Under Act 2014-408, collections of the decal fee and motor fuel tax were suspended on April 9, 2014 until October 1, 2016. Act 2016-468 further extended the suspension of the collections of the decal fee and motor fuel tax until May 1, 2017. Act 2017-229 extended the suspension to October 1, 2018.

liquefied petroleum gas fueled vehicles owned and operated by the state or any incorporated municipality and vehicles not requiring a license plate or motor vehicle license.

**Acts 1981, 3<sup>rd</sup> Ex. Sess., No. 1136, p. 409**

Provided that owners of vehicles fueled by natural gas are liable for payment of the annual permit and decal fees and defined classes of vehicles subject to the fees; provided for purchase of decal and payment of permit fee by owners of newly converted vehicles; provided for decals to be placed on such vehicles to identify them as being "Powered by Liquefied Petroleum Gas"; and extended exemption from the permit and decal fees to counties and to agencies and instrumentalities of municipalities.

**Acts 2014, No. 408, p. 1506**

Suspended the requirement to obtain a decal from the Liquefied Petroleum Gas Board, as well as the requirement to collect the motor fuel tax prescribed in Article 3A of Chapter 14 of Title 40, *Code of Alabama 1975*, from April 9, 2014 until October 1, 2016. If no comprehensive approach for regulating and taxing natural gas used as fuel for motor vehicles has been established by October 1, 2016, beginning on that date, each 5.66 pounds of compressed natural gas that is taxable as motor fuel shall be taxed as one gallon of gasoline, and each 6.06 pounds of liquefied natural gas that is taxable as motor fuel shall be taxed as one gallon of diesel fuel (if standards are established for converting compressed natural gas to a gallon of gasoline and for converting liquefied natural gas to a gallon of diesel fuel, such standard conversions shall be used). Compressed natural gas and liquefied natural gas may be sold in gallon equivalents as established above until October 1, 2016. In the event that no comprehensive approach for regulating and taxing natural gas used as fuel for motor vehicles has been established at that time, compressed natural gas and liquefied natural gas shall be sold in gallon equivalents as established above.

**Acts 2016, 1<sup>st</sup> Ex. Sess., No. 468, p. 1248**

Extends the suspension of the requirement to obtain a decal from the liquefied petroleum gas board and the requirement to collect the motor fuel tax originally imposed by Act 2014-408 from October 1, 2016 to May 1, 2017.

**Acts 2017, No. 229, p. 325**

Further suspended the requirement to obtain a decal from the Liquefied Petroleum Gas Board until October 1, 2018. Additionally, it will levy an excise tax on compressed natural gas and liquefied natural gas at the rate of \$0.08 per gasoline gallon equivalent (GGE) or diesel gallon equivalent (DGE) respectively beginning October 1, 2018.

## **Comparison with Neighboring States:**

### **Florida**

Natural gas fuel retailers must have a retailer license. Effective January 1, 2019, the following taxes are imposed:

- Excise tax of \$0.04/gallon on each motor fuel equivalent gallon of natural gas fuel
- Additional tax of \$0.01/gallon on each motor fuel equivalent gallon of natural gas fuel, which is designated as the "ninth-cent fuel tax"
- Additional tax of \$0.01/gallon on each motor fuel equivalent gallon of natural gas fuel by each county, which is designated as the "local option fuel tax"
- Additional tax on each motor fuel equivalent gallon of natural gas fuel, which is designated as the "State Comprehensive Enhanced Transportation System Tax" (changes based on Consumer Price Index)
- Additional tax on each motor fuel equivalent gallon of natural gas fuel for the privilege of selling natural gas fuel (changes based on Consumer Price Index)

### **Georgia**

Distributors who sell or use motor fuel, including special fuels, are subject to an excise tax of \$0.263 per gallon.

### **Mississippi**

Distributors of compressed natural gas and liquefied natural gas for use in a motor vehicle: \$.18 per 100 cubic feet (\$.144 per 100 cubic feet beginning on the first day of the month following the date that specific highway programs have been completed). An annual privilege tax of \$195 for vehicles weighing 10,000 lbs. or less (\$165 after the completion of certain highway projects); \$.17 per gallon on compressed gas in vehicles weighing more than 10,000 lbs. (\$.134 per gallon after the completion of certain highway projects), except on compressed natural gas and liquefied natural gas, which is \$.18 per 100 cubic feet (\$.144 per 100 cubic feet after the completion of certain highway projects).

### **Tennessee**

As of July 1, 2019, \$.22 per gallon on liquefied gas used for the propulsion of motor vehicles on public highways. As of July 1, 2019, \$.21 per gallon on compressed natural gas for the propulsion of motor vehicles on public highways. A permit may be required for use. Dealers for both types of gas must have a permit issued by the Commissioner of Revenue.

# Motor Vehicle Registrations

## **Constitutional Provisions:**

Amendment No. 93 to the *Constitution of Alabama of 1901*, by Amendment No. 354, now appearing as Section 111.06 of the Official Recompilation of the *Constitution of Alabama of 1901*.

Amendment No. 93 (proclaimed ratified November 19, 1952) provided that no monies derived from any fee, excise or license tax, levied by the state, relating to (1) registration, operation, or use of vehicles or (2) fuels used for propelling vehicles except pump taxes shall be expended for any purpose other than administration of said laws, cost of construction, reconstruction, maintenance and repair of public highways and bridges, costs of highway rights of way, payment of highway obligations, the cost of traffic regulation, and the expense of enforcing state traffic and motor vehicle laws.

Amendment No. 354 (ratified November 10, 1976) provided that the Legislature may provide for the manufacture, distribution, and use of personalized license plates and also require the payment of an additional fee to be used in such manner as prescribed by the Legislature.

**Note:** The above restriction does not apply to fees and taxes levied by counties and municipalities pursuant to authority granted by the state.

## **Statutory Authority:**

Sections 32-6-51 through 32-6-700 and Sections 40-12-240 through 40-12-302, *Code of Alabama 1975*.

## **Tax Base:**

License tax or registration fee on each motor vehicle operated on the public highways of Alabama. Ad valorem taxes are assessed and collected forward on a current basis. Motor carriers operating in interstate commerce pay proportional registration fees derived from mileage traveled in member jurisdictions (registrants receive an apportioned license plate and a cab card), although motor carriers based outside Alabama may, in lieu of a full or apportioned registration, purchase a temporary trip permit for \$20 (valid for 7 days).

## **Tax Rate:**

\$13 annually for each private passenger car and pick-up truck plus \$10 additional annual fee. (See NOTE below regarding distinctive plates). \$7 annually for each motorcycle plus \$8 additional annual fee; \$47.50 to \$210 annually for each motor bus on basis of seating capacity; \$13 to \$890 annually for each commercial car, truck, or truck-tractor, dependent on weight. The registration of trucks includes the payment of a base amount ranging from \$10.70 to \$445.00, and additional amounts ranging from \$2.30 to \$445.00. For trucks and truck-tractors used for the purpose of agriculture there is a maximum fee of

\$250. A farmer is entitled to purchase up to four farm plates for truck tractors at the reduced annual registration fee. For motor homes the base amount ranges from \$10.70 to \$250, with additional amounts ranging from \$2.30 to \$250. Motor vehicle and motorcycle dealers and manufacturers can obtain dealer plates for the same fee as private passenger plates, plus an additional issuance fee of \$1.75 to be retained by the county for operations of the issuing officials' offices. Trucks and motor homes with a gross weight of 8,000 lbs. or less pay an additional fee of \$10; taxicabs \$21 to \$40 annually; hearses and ambulances \$15 to \$55 annually (based on city population); commercial trailers \$20 annually; private utility trailers \$12 annually; rental utility trailers \$15 annually; and permanent trailers \$60 per plate. The Rebuild Alabama Act (Act 2019-2) added an additional annual \$200 fee for electric vehicles and an additional \$100 for each plug-in hybrid electric vehicle, effective January 1, 2020. Beginning on July 1, 2023 and every fourth year thereafter, the additional license tax and registration fee for electric and plug-in hybrid vehicles shall increase by three dollars (\$3).

**Note Regarding Distinctive Plates Rates:**

The *Code of Alabama 1975*, provides for distinctive plates to be issued for various organizations upon the payment of the standard fee plus any required additional fees (see Section 32-6-68). The Department of Revenue's motor vehicle division website (<https://revenue.alabama.gov/motor-vehicle/license-plate-information/distinctive-license-plates-all-vehicles/>) contains a list of currently available distinctive plates.

**Collections:**

<b>Fiscal Year</b>	<b>IRP \$</b>	<b>M.V. Registration \$</b>	<b>Total \$<sup>47</sup></b>	<b>Percent Change</b>
2019	38,572,029	212,245,118	250,817,147	0.55
2018	36,377,183	213,077,864	249,455,047	7.04
2017	31,959,569	201,081,532	233,041,101	0.59
2016	33,093,219	198,591,606	231,684,825	1.23
2015	30,768,527	198,106,000	228,874,527	4.59

Source: Department of Revenue - Motor Vehicle Division, State Comptroller's Office

<sup>47</sup> Gross collections. Includes: probate judges, license commissioner or other authorized license agent fees; revenue department administrative share; local governments' shares; State General Fund and Public Road and Bridge Fund shares; college shares; and Environmental Fund shares (from personalized tags).

**Distribution:**

- (1) The \$10 additional fee paid on private passenger automobiles and trucks with a gross weight of 8,000 pounds or less (\$8 additional for motorcycles) is deposited in the General Fund to be used by the Alabama Law Enforcement Agency.
- (2) Additional amounts paid on the regular registration of heavy trucks are distributed as follows:
  - (a) 64.75% to the Public Road and Bridge Fund
  - (b) 35.25% to the counties (42.16% allocated equally, 57.84% allocated on the basis of population.)
- (3) Remaining proceeds ("base" fees) are distributed as follows, after deduction of (a) 2-1/2% for administrative costs of probate judge, license commissioner, or other authorized license agent (deposited to county general fund if probate judge, license commissioner, or other authorized license agent not on fee system) and (b) 5% (deposited to the Public Road and Bridge Fund with as much as required to be appropriated by the Legislature to the Department of Revenue for administrative expenses related to this tax and plate costs, and the remainder to be used for any purpose for which monies in the Fund may be lawfully used):
  - (a) 72% is deposited into the Public Road and Bridge Fund.
  - (b) 21% is remitted by each probate judge to the municipality wherein the owner of the vehicle resides or where the vehicle was registered. If not in an incorporated municipality, the proceeds go to the county wherein the license tax was paid.
  - (c) 7% is apportioned by the State Treasurer to the 67 counties on basis of vehicle registrations. 10% of each county's apportionment is subsequently distributed to the municipalities therein on a population basis.
- (4) All proceeds of the annual license taxes and registration fees for electric vehicles and plug-in hybrid electric vehicles, after deduction of a 2-1/2% for administrative costs of probate judge, license commissioner, or other authorized license agent (deposited to county general fund if probate judge, license commissioner, or other authorized license agent not on fee system) shall be distributed as follows:
  - (a) The first \$150 collected from the annual license tax and registration fee on each battery electric vehicle and the first \$75 collected from the annual license tax and registration fee on each plug-in hybrid electric vehicle shall be distributed 66.67% to the state, 25% to counties, and 8.33% the municipalities.
  - (b) The remainder shall be deposited in the Rebuild Alabama Fund and shall be used by ALDOT to fund electric vehicle transportation charging infrastructure through the Electric Transportation

Infrastructure Grant Program, until such time as the total annual registrations of battery electric vehicles plus plug-in hybrid electric vehicle exceed four percent (4%) of the total annual registrations of all motor vehicles within the state. Thereafter the annual license taxes and registration fees imposed shall be reduced to \$150 and \$75, respectively, and after such reduction the receipts shall be deposited into the Rebuild Alabama Fund and distributed 66.67% to the state, 25% to the counties, and 8.33% to the cities, to be used for any purpose for which moneys in the Rebuild Alabama Fund may be lawfully used.

**Major Exemptions:**

- (1) Active members of Alabama National Guard or retired member of Air National Guard with 20 years or more service - 1 free plate (ad valorem tax is paid), with additional plates available upon payment of the regular fee (Sections 40-12-244(1) and 31-2-12 of the *Code of Alabama 1975*. National Guard members may select a license plate other than the "National Guard" distinctive plate.
- (2) Active Military Reservists - 1 plate (Section 40-12-244(2) of the *Code of Alabama 1975*).
- (3) Service-connected disabled veterans. A disabled veteran may qualify for multiple exemptions resulting from three separate exemption laws - Section 40-12-244(1) of the *Code of Alabama 1975*, which allows veterans with a service-connected disability to get 1 plate which is exempt from payment of the \$23 fee, Section 32-6-130 of the *Code of Alabama 1975*, which allows a veteran who is 50% or more disabled to receive an unlimited number of plates for payment of \$5 rather than \$23, and Section 40-12-254 of the *Code of Alabama 1975*, which allows a disabled veteran a plate exempt from all fees and taxes for a vehicle purchased or specially equipped (all or partly) for the veteran by the U.S. Veterans' Administration (this is done only for veterans who are essentially 100% disabled). Disabled veterans may select a license plate other than the "Disabled Veterans" distinctive plate.
- (4) Members of volunteer rescue squads - 1 plate (Section 40-12-244(3) of the *Code of Alabama 1975*).
- (5) Members of the Civil Air Patrol - 1 plate and all vehicles owned by the Civil Air Patrol national headquarters and Alabama Wing of the Civil Air Patrol (Section 40-12-244(4) of the *Code of Alabama 1975*).
- (6) Medal of Honor or Purple Heart recipients, POWs, Legion of Valor members, and Bronze Star recipients (includes surviving spouses) - 1 permanent, tax and fee exempt distinctive plate (except that Purple Heart recipients or their surviving spouses must pay ad valorem taxes on vehicles for which such plates are issued and Bronze Star recipients must pay \$25) (Sections 32-6-250 through 32-6-255 of the *Code of Alabama 1975*).

- (7) Consuls and Honorary consuls of foreign countries - 1 distinctive plate (must pay an issuance fee of \$.50) (Section 40-12-243 of the *Code of Alabama 1975*).
- (8) Motor vehicles owned and used by the state, counties, municipalities or municipal corporations or boards, and volunteer fire departments (must pay an amount as determined by the Department of Revenue that does not exceed the fees for standard passenger plates) (Section 40-12-250 of the *Code of Alabama 1975*).
- (9) Motor vehicles owned by volunteer rescue squads (Section 32-11-2 of the *Code of Alabama 1975*).
- (10) Vintage vehicles – one-time registration fee of \$10 for permanent distinctive plate (Section 40-12-290 through 40-12-297 of the *Code of Alabama 1975*).
- (11) Vehicles owned by Industrial Development Boards (see Ad Valorem Tax - Major Exemptions for *Code of Alabama 1975*).
- (12) Vehicles owned by nonresident military servicemen in Alabama by virtue of military orders if the vehicle is registered in the home state (Soldiers and Sailors Relief Act).
- (13) Vehicles owned by various organizations as identified in Sections 40-9-1 through 40-9-39 of *the Code of Alabama 1975*.
- (14) Volunteer fire fighters – 1 distinctive plate (Section 40-12-244 (5) of the *Code of Alabama 1975*).
- (15) Alabama Gold Star Family distinctive plate recipients – 1 distinctive plate (also exempt from ad valorem tax) (Section 40-12-244(6) of the *Code of Alabama 1975*).

**Legislative History:**

**Acts 1911, No. 452, p. 634**

Provided for the registration, licensing, and identification of motor vehicles operated on the public highways of the state; established the license tax or registration fee based on horsepower; and required that 40% of said proceeds be distributed to the city (or county) where the owner or licensee resided.

**Acts 1926-27, No. 347, p. 353**

Required that the net revenue derived from the registration of motor vehicles, trailers, and tractors be used to finance the operations of the State Highway Department.

**Acts 1935, No. 194, p. 256**

Amended the provisions for the licensing and registration of private cars, buses, and motor trucks by basing such fees on vehicle weight.



**Acts 1971, No. 1206, p. 2092**

Provided for an increase in the license or registration fee above the established base amount for trucks and truck-tractors.

**Acts 1979, No. 797, p. 1455**

Established a staggered system for registering motor vehicles and provided for the annual issuance of motor vehicle plates. Also, provided that the amount charged by the Board of Corrections for the manufacture of revalidation devices would not be less than that charged for the manufacture of license plates. Effective October 1, 1980.

**Acts 1984, No. 186, p. 286**

Modified the registration weight ranges for trucks and truck-tractors; provided one schedule for heavy trucks; and provided various increases to truck plate fees.

**Acts 1984, No. 240, p. 363**

Provided for the payment of an additional \$10 on the registration of each passenger automobile, or truck with a gross weight of 8,000 pounds or less and \$8 additional fee for motorcycle. Said funds would be used by the Department of Public Safety for traffic regulation and expense of enforcing state traffic and motor vehicle laws.

**Acts 1986, 1<sup>st</sup> Ex. Sess., No. 687, p. 83**

Provided further for the weight classification and license cost of certain farm and forest product trucks and truck-tractors.

**Acts 1987, No. 763, p. 1484**

Amended Section 40-12-262, *Code of Alabama 1975*, relating to trip permits, by requiring cab cards of international registration plan vehicles to be present in the vehicle and provided for temporary trip permits.

**Acts 1987, No. 764, p. 1486**

Provided a limitation on the total cost of license plates, taxes and license fees for motorized recreational vehicles (to return the taxation of such vehicles to the rates, weights and amounts that existed prior to 1984); and exempted motorized recreational vehicles from the provisions of Section 40-12-248, *Code of Alabama 1975*.

**Acts 1988, 1<sup>st</sup> Ex. Sess., No. 824, p. 265**

Removed mobile homes from motor vehicle registration requirements and classified them as residences for ad valorem tax purposes.

**Acts 1988, No. 946, p. 1859**

Established a base and additional amount fee structure for motor homes distinct from that of trucks or truck tractors.

**Acts 1988, 2<sup>nd</sup> Ex. Sess., No. 980, p. 701**

Authorized a five-year registration option for truck trailers, tractor-trailers, and semitrailers.

**Acts 1991, No. 694, p. 1340**

Increased annual registration fee for privately owned utility trailers from \$3 to \$12 and included travel trailers; and increased annual registration fee for leased or rented utility trailers from \$8 to \$15.

**Acts 1994, No. 584, p. 1071**

Increased the fee for Dealer Plates to \$10 and provided for the number available; and created the Manufacturer's Plate for a fee of \$25.

**Acts 1996, No. 746, p. 1307**

Provided that license plates, except vintage, will follow the owner; required proof of ownership be retained in vehicle effective January 1, 1998; increased the penalty to \$10 for failure to register vehicle within 10 days; provided for two-year dealer plates; and increased the maximum dealer plates to three per full-time salesperson.

**Acts 1996, No. 818, p. 1520**

Replaced Alabama's antique plate with "vintage" plate category and clearly defined qualifications for obtaining the "vintage" plate. Owners were required to meet new requirements and exchange their antique plates for "vintage" plates between October 1, 1996, and September 30, 1997. On October 1, 1997, the antique plate expired and was no longer a valid plate.

**Acts 1997, No. 633, p. 1148**

Revised the process for the issuance of distinctive license plates to approval by the Legislative Oversight Committee instead of approval by the passage of legislation for each type of distinctive plate and placed specific restrictions on said approval.

**Acts 1997, 1<sup>st</sup> Ex. Sess., No. 916, p. 305**

Amended current annual license taxes and registration fees for trucks or truck-tractors used for agricultural purposes by establishing an additional class of trucks or truck-tractors with a maximum fee of \$250 where the gross weight of the vehicle is 80,001 pounds and over. A farmer is entitled to pay this reduced annual license tax and registration fee for only one truck-tractor.

**Acts 1997, No. 919, p. 310**

Provided a temporary plate for a maximum of 90 days for vehicles manufactured in Alabama but intended to be permanently licensed in some other jurisdiction than Alabama.

**Acts 2000, No. 565, p. 1041**

Established the process of converting from assessing and collecting ad valorem taxes in arrears to assessing and collecting ad valorem taxes forward on a current basis.

**Acts 2000, No. 699, p. 1421**

Provided for the issuance of permanent license plates for vehicles owned by volunteer fire departments and state and local governments upon the payment of an amount determined by the Department of Revenue and approved by the Legislative Council as sufficient to cover the cost of producing and issuing the plates.

**Acts 2002, No. 256, p. 537**

Deleted the fees for dealer and manufacturer plates and provided that the fee for a dealer plate would be the same as the fee for private passenger plates; allowed motorcycle dealers to obtain motorcycle dealer plates; and levied an additional issuance fee of \$1.75 on each dealer plate.

**Acts 2004, No. 292, p. 414**

Provided that anyone reregistering a vehicle (not including farm trucks, farm truck-tractors, motor homes, or vintage vehicles) would not be allowed to pay prorated registration fees, even if the owner or operator can document that the vehicle has not been used.

**Acts 2004, No. 520, p. 1051**

Established a new weight classification bracket and registration cost for trucks with a gross vehicle weight between 8,001 and 10,000 pounds; and increased from 8,000 to 10,000 pounds the maximum gross vehicle weight eligible for a distinctive and personalized license plate, with the exception of military and disability access plates.

**Acts 2004, No. 529, p. 1106**

Increased the number of days a person acquiring a new vehicle has to register that vehicle from 10 to 20; and increased the penalty for failing to register a vehicle within the timeframe granted by law from \$10 to \$15.

**Acts 2004, No. 554, p. 1192**

Provided that motor vehicle registrations become expired on the last day of the designated renewal month instead of the last day of the month preceding the designated renewal month.

**Acts 2006, No. 276, p. 482**

Provided for multi-year apportioned (IRP) plates to be issued every five years instead of annually, effective January 1, 2007; increased from \$780 and \$845 to \$815 and \$890 the annual registration fee for X8 (73,281 to 80,000 pounds) and X9 (80,000+ pounds) license plates; and also provided that truck trailers, tractor-trailers, and/or semitrailers may purchase a permanent trailer plate for a one-time registration fee of \$60 in lieu of an annual payment of \$20.

**Acts 2006, No. 356, p. 946**

Provided that the gross vehicle weight for pickup trucks used only for personal or agricultural purposes will be defined as the empty weight of the truck rather than the heaviest load carried and/or the weight of the truck when used in combination with another vehicle or portable equipment, which would still be the weight-defining standard for commercially used pickup trucks.

**Acts 2009, No. 618, p. 1790**

Allowed firefighters who qualify for distinctive plates under Section 32-6-272, *Code of Alabama*, to receive one free distinctive plate.

**Acts 2010, No. 689, p. 1674**

Provided that registration fees for governmental and volunteer fire department plates shall be determined by the Department of Revenue and may not exceed the fees for standard passenger plates, and also provided that the Department of Revenue shall retain the fees to cover costs of administration.

**Acts 2011, No. 205, p. 384**

Required qualified "mini-trucks" to have a plate and be registered.

**Acts 2011, No. 540, p. 984**

Provided that the registration fee for tow trucks will be determined only on the weight of the truck and will not include the weight of any vehicle being towed.

**Acts 2011, No. 554, p. 1032**

Placed limits on the amount of the dealer license plates that can be purchased by new and used motor vehicle dealers; and created a new dealer transit plate.

**Acts 2013, No. 251, p. 625**

Provided that the \$5 portion of the distinctive plate fee that was being distributed to the Penny Trust Fund will be distributed to the Senior Services Trust Fund.

**Acts 2013, No. 398, p. 1516**

Provided that plates may be issued for out-of-state colleges and universities; and provided with the extra fee be distributed to the State General Fund.

**Acts 2014, No. 158, p. 445**

Provided that a licensed new motor vehicle dealer may purchase a maximum combined total of 25 dealer and motorcycle dealer license plates, with exception. A licensed used motor vehicle dealer may purchase a maximum combined total of 10 dealer and motorcycle dealer license plates, with exception. A motor vehicle manufacturer who purchases license plates must pay the \$1.75 issuance fee, which is deposited into the county general fund for operation of the issuing official's office.

**Acts 2015, No. 362, p. 1109**

Provided for the creation of three additional categories of distinctive plates and fee schedules: (1) the "Bronze Star" license plate (annual fee \$25); (2) the "In Memory" license plate (annual fee \$50); and (3) the "Alabama Bicentennial" license plate (annual fee \$50). Also, adds a \$5 issuance fee for distinctive vehicle plates in the year of issuance, and raises the additional annual fee of for all personalized or distinctive plates except those specifically exempted as provided for within this act to \$50.

**Acts 2015, No. 499, p. 1801**

Provides that a farmer may purchase up to four farm plates for truck tractors at the reduced annual registration fee of \$250.

**Acts 2015, 1<sup>st</sup> Ex. Sess., No. 506, p. 1827**

Provides that a member of the National Guard may select a license plate other than the "National Guard" for their one exempt license plate.

**Acts 2016, No. 255, p. 620**

Creates the "Stop Domestic Violence" license plate with an annual fee \$50. After the distribution of administrative and production costs, the remainder of the annual fee is to be distributed to the county district attorney in which the plate was issued and designated for domestic violence prevention programs.

**Acts 2016, No. 339, p. 839**

Provides the same reductions and exemptions to disabled veterans while allowing them to transfer that reduction or exemption to other license plates they may be qualified to obtain.

**Act 2016, No. 408, p. 1096**

Creates the following two new distinctive license plates: 1) a state parks license plate with an annual fee of \$50 distributed to Department of Conservation and Natural Resources for the State Parks

system; and 2) a "Silver Star" distinctive license plate with an annual fee of \$25 and distributed to the Alabama Veteran's Assistance Fund; removes \$5.00 additional fee for all veteran/military license plates and the "Alabama Gold State Family" plate; excludes the "Alabama Bicentennial", "God Bless America", and "Alabama Gold Star Family" license plates from the \$50 annual fee for distinctive license plates; and clarifies the distribution of proceeds from the purchase of distinctive license plates.

**Act 2017, No. 400, p. 1308**

Creates the Distinguished Flying Cross distinctive license plate, deletes the requirement that a veteran must present a Department of Defense form DD-214 to prove eligibility for a veteran related distinctive license plate, and authorizes the Alabama Department of Veterans' Affairs to issue a certificate of eligibility.

**Act 2019, No. 2**

Created the Rebuild Alabama Act which levied an additional an annual license tax and registration fee of \$200.00 on each battery electric vehicle and of \$100.00 on each plug-in hybrid electric vehicle operated on the public highways of this state; and provided for the distribution of the proceeds of the additional taxes and fees.

**Comparison with Neighboring States:**

**Florida**

Generally, license plate fees are based on weight. For passenger cars and trucks, base license tax fees range from \$14.50 to \$32.50. (For heavy trucks, buses and wreckers, base license tax fees range from \$60.75 to \$1,322.00.) In addition, there are various additional charges added to all registration fees. (A fee of \$225 is imposed upon the initial registration of automobiles for private use, lightweight trucks, and motor homes.)

**Georgia**

A flat plate fee of \$20 is charged for passenger automobiles for hire. License plate fees for motor trucks, truck-tractors, and other commercial vehicles range from \$25 to \$725; motorbuses and vans used as common or contract carriers for hire are based on weight with fees ranging from \$190 to \$875; and private trucks and truck-tractor plate fees are also based on weight and range from \$25 to \$400. Amounts do not include ad valorem taxes. As of July 1, 2017, electric and hybrid-electric vehicles with an alternative fuel vehicle license plate pay an annual fee of \$208.13 for private vehicles and \$312.20 for commercial vehicles.

**Mississippi**

A base registration fee of \$14 for first time registration and \$12.75 for renewals, in addition to the following license tax fees (privilege tax): private passenger motor vehicles, \$15; motorcycles, \$8; hearses and ambulances, \$25; church and school buses, \$10; private carriers of property, \$7.20 to \$864; common and contract carriers of property and private commercial and noncommercial carriers of property, \$7.20 to \$1,512; trailers, \$10; taxicabs, \$35. An additional privilege tax based on vehicle weights of 80,000 pounds ranging from \$27.50 to \$1,350.00 depending on vehicle weights and the age of the vehicle. Ad valorem taxes also apply based upon assessed vehicle value-minimum of \$100 for gross vehicle weight of less than 10,000 lbs.

**Tennessee**

A flat fee of \$26.50 is charged for passenger vehicles while passenger vehicles for hire \$49.88 to \$330.38 dependent on the number of passengers; motorcycles, \$16.75; mobile homes, \$24 to \$36; private buses not for hire, \$205. Fees for freight motor vehicles are based on weight, classification and class, and range from \$68.50 to \$1,352.50. Electric car drivers are charged a \$100 registration fee in addition to the flat fee for passenger vehicles.

## Oil and Gas Drilling Permit, Filing and Application Fees

### **Statutory Authority:**

Section 9-17-24, *Code of Alabama* 1975.

### **Tax Base:**

Any person desiring or proposing to drill any well in search of oil or gas. Any person proposing to drill Class II injection well as defined by the Federal Safe Drinking Water Act, 42 USC 300f et seq. Any person filing a petition or notice of petition requesting a public hearing before the State Oil and Gas Board. Any person proposing to fracture a coal group or geologic formation. Any person proposing a surface mining operation to recover oil from oil sands.

### **Tax Rate:**

Drilling in search of oil or gas	\$300 per well
Drilling a Class 2 injection well	\$300 per well
Petition to have a public hearing	\$150
Fracturing a coal group or geologic formation	\$250 for each stage of a fracture stimulation operation in an individual well, not to exceed \$750 per well
Surface mining operation to recover oil from oil sands	Based on the acreage of the operation. Rate set by State Oil and Gas Board.

### **Collections:**

By the Oil and Gas Board. Deposits are made to the State Treasury.

Fiscal Year	Collections (\$)	Percent Change
2019	10,800	(28.0)
2018	15,000	(4.76)
2017	15,750	(32.40)
2016	23,300	(58.00)
2015	55,475	(48.27)

Source: "Comparative Summary of Revenues by Revenue Source" Report - Comptroller's Office. Beginning FY 2016, "Comparative Schedule of Revenues" Report – STAARS.



**Distribution:**

All proceeds are deposited to the State Oil and Gas Board Special Fund for the purpose of defraying expenses incurred by the State Oil and Gas Board in the performance of its duties.

**Exemptions:**

Any person who desires to file a petition without paying the filing fee may request a waiver from the Oil and Gas Board.

**Legislative History:****Acts 1945, No. 1, p. 1**

Established drilling permit fee of \$25 per well to be paid into the Oil and Gas Fund.

**Acts 1975, No. 1094, p. 2163**

Provided for \$250 drilling permit fee per well to be paid into the State General Fund for the use of the Oil and Gas Board as appropriated by the Legislature.

**Acts 1979, No. 425, p. 666**

Provided for \$250 drilling permit fee per well to be paid into the State General Fund; and abolished the Oil and Gas Fund after September 30, 1979.

**Acts 1988, No. 576, p. 893**

Provided for drilling permit fee per well, filing fee, and application fee per well status determination at current rates; and created the Oil and Gas Board Special Fund, into which all fees are deposited.

**Acts 2002, No. 425, p. 1092**

Provided a fee of up to \$250 for fracturing a coal group and the distribution of proceeds therefrom retroactive to September 1, 2001.

**Acts 2013, No. 203, p. 426**

Provided further for the fees to fracture a coal group or geologic formation by allowing a maximum fee of \$250 for each stage of a fracture stimulation operation in an individual well, not to exceed \$750 per well. Also, expanded the rulemaking authority of the Oil and Gas Board to include oil sands and allowed the Board to establish a per acre fee on surface mining operations to recover oil from oil sands.

**Comparison with Neighboring States:****Florida**

Initial application fee for 1-year drilling permit - \$2,000

Renewal fee for 1-year drilling permit - \$1,000

Initial application fee for 1-year geophysical exploration permit - \$500. (Additional fee of \$1,000 if explosives will be used.)

Renewal fee for geophysical exploration - \$250

### **Georgia**

Application fee - \$25

### **Mississippi**

Drilling permits, conversions, and dual completions - \$600

Workovers and change of operations - \$100

Temporary Abandonment of well - \$100

### **Tennessee**

Drilling permits - \$500.

Permit amendment and change of operator fees - \$100.

## Oil and Gas Privilege Tax

### **Statutory Authority:**

Sections 40-20-1 through 40-20-13 and 40-20-20 through 40-20-23; and Sections 33-2-210 through 33-2-213, *Code of Alabama 1975*.

### **Tax Base:**

An annual privilege tax on all persons engaged in the business of producing or severing oil or gas from the soil or water, or from beneath the soil or water. (See also Oil and Gas Production Tax).

### **Tax Rate:**

Well units are taxed at a percentage of the gross value of the oil or gas at the point of production. However, offshore well units producing at a depth greater than 8,000 feet below mean sea level are taxed at a percentage of gross proceeds attributable to the offshore production. The privilege tax rate varies. (See the following table and Legislative History). Information on local taxes follows Legislative History.

Well Type	Annual Tax Rate
Oil wells producing 25 barrels or less/day and gas wells producing 200 Mcf or less/day.	4%
Incremental production from enhanced recovery projects and supplemental enhanced recovery projects approved by the Oil and Gas Board.	4%
Offshore wells permitted on or after July 1, 1988 and producing at a depth less than 8,000 feet below mean sea level.	6%
Onshore wells permitted on or after July 1, 1988, except those qualifying for lower tax rates.	6%
All other taxable production.	8%
Offshore wells producing at a depth greater than 8,000 feet below mean sea level.	3.65%

### **Collections:**

By the Department of Revenue due by the 15th day of the second calendar month following the month of production.

<b>Fiscal Year</b>	<b>Collections (\$) <sup>48</sup></b>	<b>Percent Change</b>
2019	30,793,793	(10.41)
2018	34,371,531	3.55
2017	33,192,632	15.38
2016	28,768,244	(45.13)
2015	52,426,081	(38.42)

Source: Department of Revenue's "Revenue Abstract."

### **Distribution\*:**

After deducting the cost of collection, the proceeds from the annual tax are distributed as follows:

(1) Offshore Production:

- (a) 90% to the State General Fund.
- (b) 10% to the county in which the oil or gas was severed.

(2) Onshore Production:

- (a) 25% to the State General Fund.
- (b) 75% as follows:
  - (i) 66.67% to the following:
    - (a) 25% to the counties in which the oil or gas was severed.
    - (b) 10% to the municipalities in which the oil or gas was severed.
    - (c) Of the first \$150,000 remaining, or any part thereof, 50% to the State General Fund, 42.5% to the county in which the oil or gas was severed and 7.5% to the cities therein on a population basis.
    - (d) Of the balance, 84% to the State General Fund, 14% to the county in which the oil or gas was severed and 2% to cities therein on a population basis.
  - (ii) 16.67% to the State General Fund.
  - (iii) 16.67% to the county in which oil or gas was severed.

\*The first \$9.5 million of collections from this tax required to be deposited to the State General Fund during each quarter of each fiscal year is credited to the Alabama State Docks Facilities Contingency Trust Fund. Up to \$9.5 million annually may be used by the State Port Authority for operations and/or bond expenses, upon verification by the Director of Finance that such use of these funds is necessary. On the 30<sup>th</sup> day of each month of each fiscal year, any funds remaining in the Contingency Trust Fund which have

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<sup>48</sup> Gross Collections.

not been designated as required by the Port Authority are deposited to the State General Fund. As of the end of Fiscal Year 2019, the Port Authority had not required the use of any of the Contingency Trust Fund monies, so the \$9.5 million has been deposited to the State General Fund each year.

**Major Exemptions:**

- (1) Natural gas lawfully vented or flared in connection with the production, treatment, or processing of oil or gas.
- (2) Natural gas lawfully injected into oil or gas pools or reservoirs.
- (3) Natural gas lawfully injected into the earth for the purpose of lifting oil or gas. However, if any gas injected is sold or injected into underground storage facilities as defined in Section 9-17-150 et seq., Code of Alabama 1975, then the gas is not exempt.

**Note Regarding Local Taxes:**

A county or municipality may not establish, levy, impose, or collect, as a condition of doing business, any tax, fee, or license, on or with respect to the production, processing, or transportation on any oil or gas produced in Alabama and on which severance taxes have been paid to Alabama. The limitation imposed on counties and municipalities does not apply to any county or municipality which does not receive a share of the severance tax levied on onshore production.

**Legislative History:**

**Acts 1945, No. 2, p. 20**

Established the oil and privilege tax at 4% of the gross value; and provided exemptions from ad valorem taxation for all oil or gas produced, for leases in production, and for oil or gas beneath producing properties to a maximum of 40 acres.

**Acts 1971, No. 2057, p. 3317**

Increased the rate to 5% of the gross value until October 1, 1973; after which, the rate was reduced to 4%.

**Acts 1979, No. 434, p. 687**

Increased the rate to 6% for wells producing 26 barrels or more per day and allowed wells beginning production after September 1, 1979, to be taxed at 4% for the first 10 years of production; and provided that additional collections be distributed 50% to the State General Fund and 50% to the county.

**Acts 1980, No. 708, p. 1189**

Increased the rate to 6% for well units producing 40 or more barrels per day and allowed well units producing less than 40 barrels per day to be taxed at 4% of the gross value at the point of production.

**Acts 1983, 1<sup>st</sup> Ex. Sess., No. 39, p. 39**

Increased the rate to 8% for wells producing 10 or more barrels of oil per day; and allowed well units producing less than 10 barrels per day to be taxed at 4% of gross value at the point of production; changed distribution formula to allow additional 2% to be deposited into the State General Fund; and removed the 10-year exemption.

**Acts 1983, 4<sup>th</sup> Ex. Sess., No. 889, p. 116**

Provided that all oil or gas produced by offshore production would be taxed at a rate of 6% of gross value at point of production to be distributed 90% the State General Fund and 10% to the county; raised 10 barrel per day exemption (taxed at 4% rather than 8%) to 25 barrels per day; taxed all wells producing 25 barrels of oil per day or more would be at 8%; and provided that any gas well producing 200 cubic feet of gas per day or less would be taxed at 4% rather than 8%.

**Acts 1984, No. 328, p. 749**

Provided that all production from onshore discovery wells and onshore development wells on which drilling commenced within four years of the completion date of the discovery well and producing from a depth of 6,000 ft. or greater, as well as all production from onshore development wells on which drilling commenced within two years of the completion date of the discovery well and producing from a depth less than 6,000 ft., would be taxed at 6% rather than 8% for a period of five years.

**Acts 1984, No. 660, p. 1323**

Exempted natural gas lawfully injected into the earth for cycling, pressure maintenance, or lifting of oil, or lawfully vented or flared in connection with production from the tax.

**Acts 1984, No. 662, p. 1326**

Provided that cities would receive 10% of any 4% tax levied on wells within the corporate limits of the municipalities.

**Acts 1984, 1<sup>st</sup> Ex. Sess., No. 672, p. 5**

Provided that any well which began commercial production of occluded natural gas from coal seams after June 7, 1984, would be taxed at the rate of 2% for a period of five years. This act expired on June 7, 1994.

**Acts 1985, 2<sup>nd</sup> Ex. Sess., No. 911, p. 182**

Provided that incremental oil and gas production resulting from an "enhanced recovery project" would be taxed at 4% rather than 8%.

**Acts 1987, No. 551, p. 849**

Created the Alabama State Docks Facilities Contingency Trust Fund and provided that, beginning with FY 1987, the first \$9.5 million of collections from the Oil and Gas Privilege Tax required to be deposited to the State General Fund during each year would be credited to this Contingency Trust Fund, to be used by the Alabama State Docks Department for operations and/or bond expenses of the State Docks, upon verification by the Director of Finance that such use of these funds is necessary; also provided that, within 45 days after the close of the third quarter of each fiscal year, any funds remaining in the Contingency Trust Fund which have not been designated as required by the State Docks would be deposited to the State General Fund.

**Acts 1988, No. 601, p. 935**

Provided that the oil and gas produced from any well for which the initial permit issued by the Oil and Gas Board is dated on or after July 1, 1988, (except a replacement well for which the initial permit issued by the Oil and Gas Board is dated before July 1, 1988) would be taxed at a rate of 6% for onshore wells and 4% for offshore wells (a 2% reduction for both types).

**Acts 1990, No. 652, p. 1249**

Redefined offshore production as submerged lands, which means that if submerged lands are located within the police jurisdiction or corporate limits of any municipality, those submerged lands would be defined as onshore lands for the purpose of distributing the tax, therefore shifting the distribution of oil and gas privilege tax receipts from 90%-state, 10%-local to approximately 70%-state, 30%-local.

**Acts 1994, No. 367, p. 615**

Clarified that if any gas injected into the earth is sold for such purposes or injected into underground storage facilities, then the gas is not exempt from the tax. Also, exempted natural gas lawfully vented or flared in connection with production, treatment, or processing of oil or gas from the tax.

**Acts 1996, 2<sup>nd</sup> Ex. Sess., No. 877, p. 1688**

Reduced the privilege tax rate by one-half for a five-year period beginning with the date production began on oil or gas produced from wells permitted on or after July 1, 1996, but before July 1, 1999.

**Acts 1998, No. 503, p. 1120**

Required that monies in the State Docks Facilities Contingency Trust Fund be transferred monthly to the State General Fund if they are not needed to pay debt service on docks bonds.

**Acts 1999, No. 584, p. 1332**

Extended the reduced tax rate granted under Act 1996-877 that was scheduled to expire July 1, 1999. The extension was made through July 1, 2002.

**Acts 2000, No. 598, p. 1199**

In reference to the first \$9.5 million in receipts from this tax for State General Fund that is first used by the Port Authority, if needed by said Authority, changed the name from State Docks to Port Authority and restricted the Authority's use of these funds.

**Acts 2004, No. 635, p. 1451**

Levied a temporary oil and gas privilege tax at the rates of 1% on offshore production and 0.5% on onshore production for the period from July 1, 2004 through June 30, 2005 and distributed the proceeds to the State General Fund.

**Acts 2009, No. 147, p. 284**

Excluded deep water production of oil and natural gas from the privilege tax based on the gross value at the point of production and levied a new tax on deep water production computed at the rate of 3.65% of the gross proceeds attributable to the offshore production.

**Comparison with Neighboring States:****Florida**

For tertiary oil and mature field recovery oil, a tiered rate structure is in effect that is based on the sales or market price for a barrel of oil. The rate ranges from 1% of the gross value of oil on the value of oil \$60 and below to 9% of the gross value of oil on the value of oil \$80 and above. Ordinary oil production, 8% of gross value; small well oil, 5% of gross value; escaped oil is an additional 12.5%; gas, \$.225 per Mcf, effective July 1, 2019 (rate set annually, based on gas fuels producer price index); sulfur, \$5.79 per ton effective July 1, 2019 (rate set annually, based on sulfur producer price index).

**Georgia**

No comparable tax.

**Mississippi**

A severance tax is levied at the rate of 6% of the value at the point of production for both oil and gas. A reduced rate of 3% applies to oil and gas produced from enhanced recovery projects. The tax is levied at 1.3% of the value at the point of production on oil or gas produced from a horizontally drilled well from which production commences from and after July 1, 2013, for a period of 30 months. (Repealed effective July 1, 2018.)

**Tennessee**

A severance tax equal to 3% of the sales price of oil or gas removed is collected. No tax is imposed on the following: (1) free gas used by a property owner or tenant under terms of a lease, unless in lieu of cash payment; and (2) gas injected into the ground for storage and later withdrawn.



# Oil and Gas Production Tax

## **Statutory Authority:**

Sections 9-17-25 through 9-17-31, and 9-17-34 through 9-17-35, *Code of Alabama 1975*.

## **Tax Base:**

Tax on the production of oil or natural gas severed from any well or wells in Alabama. (See also Oil and Gas Privilege Tax).

## **Tax Rate:**

2% of the gross value of the oil or gas at the point of production. The tax on offshore production, produced from depths greater than 8,000 feet below mean sea level, is computed at the rate of 1.66% of the gross proceeds attributable to the offshore production. (See Major Exemptions).

## **Collections:**

By the Department of Revenue due by the 15th day of the second calendar month following the month of production.

Fiscal Year	Collections (\$) <sup>49</sup>	Percent Change
2019	10,223,603	(9.46)
2018	11,291,304	3.23
2017	10,938,465	17.27
2016	9,327,636	(47.65%)
2015	17,818,047	(37.33)

Source: Department of Revenue's "Revenue Abstract."

## **Distribution:**

The entire proceeds are deposited into the State General Fund.

## **Major Exemptions:**

- (1) Natural gas lawfully injected into oil or gas pools or reservoirs.
- (2) Natural gas lawfully injected into the earth for the purpose of lifting oil or gas. However, if any gas injected is sold or injected into underground storage facilities as defined in Section 9-17-150 et seq., *Code of Alabama 1975*, then the gas is not exempt. Natural gas lawfully vented or flared in connection with the production, treatment or processing of oil or gas.

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<sup>49</sup> Gross collections.

### **Legislative History:**

#### **Acts 1945, No. 1, p. 1**

Established production tax at current rate to defray the expenses of enforcing Title 9, Chapter 17, Article 1 of the *Code of Alabama 1975*, and provided that tax returns and payments are due on the 15<sup>th</sup> day of the month following the month of production.

#### **Acts 1961, 1<sup>st</sup> Ex. Sess., No. 95, p. 2008**

Provided that the receipts from the tax be deposited into the State General Fund and expended as appropriated by the Legislature.

#### **Acts 1984, No. 661, p. 1325**

Exempted natural gas lawfully injected into oil or gas pools or reservoirs in the soil or beneath the soil or waters of the State of Alabama from the tax.

#### **Acts 1994, No. 367, p. 615**

Exempted natural gas lawfully vented or flared in connection with the production, treatment, or processing of oil or gas from the tax.

#### **Acts 1996, 2<sup>nd</sup> Ex. Sess., No. 877, p. 1688**

Reduced the tax rate to 1% for a 5-year period beginning with the date production began on oil or gas produced from wells permitted on or after July 1, 1996, but before July 1, 1999.

#### **Acts 1999, No. 584, p. 1332**

Extended the reduced tax rate granted under Act 1996-877 that was scheduled to expire July 1, 1999. The extension was made through July 1, 2002.

#### **Acts 2009, No. 147, p. 284**

Excluded deep water production of oil and natural gas from the production tax based on the gross value at the point of production and levied a new tax on deep water production computed at the rate of 1.66% of the gross proceeds received from the sale of the oil or natural gas.

### **Comparison with Neighboring States:**

See the comparison for the Oil and Gas Privilege Tax.

## Oil and Gas Rights, Lease of

### **Constitutional Provisions:**

Amendment No. 450 to the *Constitution of Alabama of 1901*, now appearing as Section 219.02 of the Official Recompilation of the *Constitution of Alabama of 1901*, (proposed by Act 1985-79, 1<sup>st</sup> Ex. Sess., proclaimed ratified June 4, 1985).

Established the Alabama Trust Fund and provided that 99% of any proceeds received after August 14, 1984, from the lease of offshore lands become a part of the trust capital. 1% of proceeds are allocated to the State Lands Fund.

Amendment No. 666 to the *Constitution of Alabama of 1901*, now appearing as Section 219.04 of the Official Recompilation of the *Constitution of Alabama of 1901*, (proposed by Act 2000-491, proclaimed ratified December 13, 2000).

Established the County and Municipal Government Capital Improvement Trust Fund and the Alabama Capital Improvement Trust Fund; redistributed 35% of the oil and gas capital payments in the previous fiscal year to the County and Municipal Government Capital Improvement Trust Fund (7%) and the Alabama Capital Improvement Trust Fund (28%); and approved the issuance of general obligation bonds in an aggregate principal amount not exceeding \$350 million for the purposes of: (1) making capital improvements to the state dock facilities at the Port of Mobile; (2) promoting economic development and industrial recruitment in the state; (3) providing the local government match monies required to issue federal grant revenue bonds for road and bridge improvements; and (4) providing funds to municipal governments for infrastructure improvements. (See also "Alabama Trust Fund").

Amendment No. 796 to the *Constitution of Alabama of 1901*, now appearing as Section 219.041 of the Official Recompilation of the *Constitution of Alabama of 1901*, (proposed by Act 2007-05, proclaimed ratified June 28, 2007).

Increased the bonding authority under Amendment 666 to an amount not exceeding \$750 million. (See also "Deposits - Alabama Trust Fund").

Amendment No. 856 to the *Constitution of Alabama of 1901*, now appearing as Section 219.09 of the Official Recompilation of the *Constitution of Alabama of 1901*, (proposed by Act 2012-490, proclaimed ratified October 10, 2012).

Established a new annual spending policy for the Alabama Trust Fund, beginning with the state's 2013 fiscal year, to distribute 33% of the previous fiscal year's oil and gas capital payments and 5% of the

average value of the Alabama Trust Fund investment portfolio over the previous three fiscal years.

(See also "Deposits - Alabama Trust Fund").

Amendment No. 880 to the *Constitution of Alabama of 1901*, now appearing as Section 219.042 of the Official Recompilation of the *Constitution of Alabama of 1901*, (proposed by Act 2012-567, proclaimed ratified December 13, 2012).

Authorized the Bond Commission established by Amendment 666 to issue refunding bonds and provided that the principal amount of general obligation bonds for which provision for payment has been made would not be considered outstanding.

Amendment No. 887 to the *Constitution of Alabama of 1901*, now appearing as Section 219.043 of the Official Recompilation of the *Constitution of Alabama 1901*, (proposed by Act 2013-266, proclaimed ratified December 1, 2014).

Increased the bonding authority granted to the Bond Commission under Amendment 666, by \$50 million to issue bonds for construction and maintenance of National Guard armories and provided for an additional payment of oil and gas capital payments received by the Alabama Trust Fund to the Alabama Capital Improvement Trust Fund to pay the principal and interest on the bonds.

**Statutory Authority:**

Sections 9-17-60 through 9-17-69, *Code of Alabama 1975*.

**Tax Base:**

The Commissioner of Conservation and Natural Resources is authorized to lease any lands or interest therein under the Department's jurisdiction for exploration, development, and production of oil, gas, and other minerals. The Commissioner, on behalf of the state, is authorized to lease any lands or interest therein owned by a state department, institution, or agency upon written request of the head of the state department, institution, or agency. The Commissioner may also lease any land or interest therein under navigable streams or waterways for the same purposes.

**Tax Rate:**

Varies according to the provisions enumerated in the lease contract.

**Collections:**

By the Department of Conservation and Natural Resources.

Fiscal Year	Collections (\$)	Percent Change
2019	44,353,196	(9.82)
2018	49,182,002	(0.99)
2017	49,671,573	9.28
2016	45,452,868	(29.83)
2015	64,778,636	(31.24)

Source: "Comparative Summary of Revenues by Revenue Source" Report - Comptroller's Office. Beginning FY 2016, "Comparative Schedule of Revenues" Report – STAARS.

**Distribution:**

- (1) 10% of all revenue, except revenue from the lease of submerged lands in the Gulf of Mexico, is deposited to the credit of the State Lands Fund to cover the cost of administration for the Department of Conservation and Natural Resources. One percent of revenue from the lease of submerged lands in the Gulf of Mexico is deposited to the credit of the State Lands Fund.
- (2) All remaining revenue from properties of a department is deposited to the credit of that department.
- (3) All remaining revenue from the lease of streams or waterways is deposited into the State General Fund.
- (4) (1) 33% of the remaining revenue from the lease of submerged lands in the Gulf of Mexico is distributed to cities and counties (10% each), Forever Wild Land Trust (10% - not to exceed \$15 million annually), Senior Services Trust Fund (1% - not to exceed \$5 million annually), and to the State General Fund (remaining balance); (2) 32% becomes part of the trust capital of the Alabama Trust Fund; however, this amount will be reduced by the amount necessary to make an additional transfer to the Capital Improvement Trust Fund to pay debt service on the \$50 million bond issue to construct and renovate National Guard armories pursuant to Amendment 887 to the *Constitution of Alabama of 1901* (See also "Deposits – Alabama Trust Fund"); and (3) the remaining 35% is distributed to the Capital Improvement Trust Fund (28%) and to the County and Municipal Government Capital Improvement Fund (7%).

### **Legislative History:**

#### **Acts 1953, No. 825, p. 1111**

Authorized and provided for the manner in which the Director of Conservation may execute oil, gas, and mineral leases on all lands owned by a state department.

#### **Acts 1956, 1<sup>st</sup> Ex. Sess., No. 158, p. 224**

Repealed and rewrote Act 1953-825 and authorized leases to be made on the basis of competitive bids.

#### **Acts 1957, No. 611, p. 877**

Required invitations for bids to be published at least 25 days before the final date for submitting bids; and required the Commissioner of the Department of Conservation and Natural Resources to either accept the most advantageous offer or reject all bids within five days of the date bids are opened.

#### **Acts 1963, No. 529, p. 1141**

Authorized the Department of Conservation and Natural Resources to charge a fee for copies of oil and gas lease tract charts; and required that advertising costs be borne by the agency requesting the lease of state lands.

#### **Acts 1969, No. 479, p. 935**

Provided further for the execution of oil and gas leases; and provided for the current distribution of revenue, except revenue from the lease of submerged lands in the Gulf of Mexico.

### **Comparison with Neighboring States:**

#### **Florida**

Oil and gas leases are executed in accordance with the authority granted to the Division of State Lands of the Department of Environmental Protection.

#### **Georgia**

The State Properties Commission is authorized to lease the mineral resources located on state owned lands with the approval of the Department of Natural Resources and any agency that has current custody of the proposed leased premises.

#### **Mississippi**

Oil and gas leases are executed in accordance with the authority granted to the Mississippi Department of Environmental Quality. Royalties are distributed to an education trust fund; to a gulf and wildlife protection fund; and for administrative costs of the Department.

#### **Tennessee**

No comparable law.

# Oil Companies Wholesale License Fees

## **Statutory Authority:**

Section 40-17-174, *Code of Alabama* 1975.

## **Tax Base:**

A license fee on every person, firm, corporation, or agency selling diesel fuel, other than transmix, across the rack at a terminal in this state or importing diesel fuel, other than transmix, into this state, other than by a bulk transfer, for delivery to a destination in this state. The permissive supplier is required to collect this fee from the person who purchases the diesel fuel for import into Alabama.

## **Tax Rate:**

\$.0075 per gallon for each gallon of diesel fuel, other than transmix, sold across the rack at a terminal in this state or imported into this state during the preceding fiscal year. No county license may be charged under this section.

## **Collections:**

By Department of Revenue on or before October 14.

Fiscal Year	Collections (\$)	Percent Change
2019	8,995,085	5.65
2018	8,513,737	0.99
2017	8,430,294	4.94
2016	8,033,067	(30.37)
2015	11,537,166 <sup>50</sup>	(3.78)

Source: Department of Revenue's "Revenue Abstract."

## **Distribution:**

All proceeds are deposited into the State General Fund.

## **Major Exemptions:**

- (1) Sale of biodiesel fuel to a licensed supplier when delivered to a terminal.
- (2) Transmix.

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<sup>50</sup> Includes \$3,625,628 in one-time audit receipts.

- (3) Diesel fuel exported from the state for which proof of export is available in the form of a terminal issued shipping document.
- (4) Gallons for which a permissive supplier collected the fee from the importer.

**Legislative History:**

**Acts 1935, No. 194, p. 256**

Established tax at .5% preceding years gross sales less federal, state and local excise taxes.

**Acts 1996, No. 521, p. 669**

Allowed an exclusion from the tax base for sales between wholesalers and for federal, state, and local excise taxes included in the prices paid for taxable products.

**Acts 2011, No. 565, p. 1084**

Changed the rate from a percentage of gross sales to \$.0075 per gallon for each gallon of diesel fuel sold during the preceding fiscal years effective October 1, 2012. Also removed exclusion for quantities less than 25 gallons or less annually. For previous provisions, see the 2012 Tax Guide on our website ([www.lfo.alabama.gov](http://www.lfo.alabama.gov)).

**Acts 2013, No. 372, p. 1350**

Provided for exemption for transmix and for diesel fuel exported from the state for which proof of export is available in the form of a terminal issued shipping document.

**Comparison with Neighboring States:**

**Florida**

\$30 annual license.

**Georgia**

Requires a one-time filing fee of \$10.

**Mississippi and Tennessee**

No comparable taxes.



# Outdoor Advertising Permits

## **Statutory Authority:**

Sections 23-1-270 through 23-1-288, *Code of Alabama 1975*.

## **Tax Base:**

Fee for the erection of outdoor advertising signs which are visible from interstate or primary highways.

## **Tax Rate:**

- (1) \$25 initial fee for each outdoor advertising sign location covered in the permit.
- (2) \$10 annual renewal fee (permits are for a calendar year and are not prorated for a partial year).

See NOTE below for information about the "interstate logo" program.

## **Collections:**

By the State Department of Transportation upon receipt of a permit application and each year thereafter between January 1 and February 15. A 25% penalty is charged and collected for any delinquent permit issued after February 15.

<b>Fiscal Year</b>	<b>Outdoor Advertising Permit Fee</b>	<b>Interstate Logo Program</b>	<b>Total Collections (\$)</b>	<b>Percent Change</b>
2019	62,343	1,729,075	1,791,418	0.40
2018	63,595	1,720,760	1,784,355	0.36
2017	63,493	1,714,510	1,778,003	3.01
2016	65,137	1,660,830	1,725,967	5.66
2015	61,481	1,572,020	1,633,501	1.85

Source: "Comparative Summary of Revenues by Revenue Source" Report - Comptroller's Office. Beginning FY 2016, "Comparative Schedule of Revenues" Report - STAARS.

## **Note:**

The Alabama Department of Transportation operates an "interstate logo" program that displays specific service signs at various points along interstates in Alabama. These signs provide location information for sponsoring restaurants, gas stations, camp grounds, and other area attractions. The annual operating fee for these service signs is an amount administratively set by the Department of Transportation. Depending upon the type and size of the service signs, the annual operating fee currently ranges from \$100 to \$450. Revenue collected by the Department from the logo signs is deposited into the Airports Development Fund and is earmarked by the Department of Transportation for the state Aeronautics program to be used for airport development.

**Distribution:**

Permit fees for outdoor advertising signs are deposited to the Public Road and Bridge Fund, and fees from "interstate logos" are deposited to the Airports Development Fund.

**Major Exemptions:**

Signs of less than one square foot in area, excluding the support, that are erected by a public utility to mark the location of underground public utility facilities.

**Legislative History:****Acts 1971, 3<sup>rd</sup> Ex. Sess., No. 276, p. 4544**

Provided for the issuance of permits and the collection of permit fees at rates of \$5 for initial permit and \$3.50 for renewal.

**Acts 1978, No. 383, p. 347**

Increased outdoor advertising permit fees to current rates.

**Acts 2016, No. 301, p. 760**

Adopts the Federal Highway Administration's definition of "primary highways" that extends the boundaries of highway right-of-ways which increases the number of outdoor advertising signs regulated by the Alabama Department of Transportation.

**Comparison with Neighboring States:****Florida**

\$71 per year permit fee. Persons engaged in the outdoor advertising business pay an annual license fee of \$300.

**Georgia**

Application fee for an outdoor advertising permit is \$300; annual renewal fee of \$85.

**Mississippi**

An initial permit fee of \$85 per location; annual renewal fee of \$20, and \$50 per site for each Vegetation Removal Permit request.

**Tennessee**

Application fee of \$200 per permit and tag; renewal fee of \$70.

## Oversize/Overweight Permit Fees

### **Constitutional Provision:**

Amendment No. 93 to the *Constitution of Alabama of 1901*, by Amendment No. 354, now appearing as Section 111.06 of the Official Recompilation of the *Constitution of Alabama of 1901*.

Amendment No. 93 (ratified November 19, 1952) provided that no monies derived from any fee, excise or license tax, levied by the state, relating to (1) registration, operation, or use of vehicles; or (2) fuels used for propelling vehicles except pump taxes shall be expended for any purpose other than administration of said laws, cost of construction, reconstruction, maintenance, and repair of public highways and bridges, costs of highway rights-of-way, payment of highway obligations, the cost of traffic regulation, and the expense of enforcing state traffic and motor vehicle laws. Amendment No. 354 (ratified November 10, 1976) provided that the Legislature may provide for the manufacture, distribution, and use of personalized license plates and also required the payment of an additional fee to be used in such manner as prescribed by the Legislature.

**Note:** The above restriction does not apply to fees and taxes levied by counties and municipalities pursuant to authority granted by the state.

### **Statutory Authority:**

Section 32-9-29, *Code of Alabama 1975*.

### **Tax Base:**

Fee for the operation and/or movement of vehicles upon the public roads of this state whose weight, width, length or height, or combination thereof, exceeds the maximum limit(s) specified by law.

### **Tax Rate:**

- (1) Annual permits - \$100 annual permit.
- (2) Single trip permits:
  - (a) Mobile homes, modular homes, sectional homes, portable buildings, and boats:
    - (i) \$10 - up to and including 12 ft. wide and 75 ft. long.
    - (ii) \$20 - boats in excess of 12 ft. wide; and mobile homes, modular homes, sectional houses, and portable buildings in excess of 12 ft. wide and/or 75 ft. long.
  - (b) Heavy commodities or equipment:
    - (i) \$10 - over on any limitations as to length, height, or width.
    - (ii) \$10 - over on weight from 80,001 lbs. up to 100,000 lbs.
    - (iii) \$30 - over on weight from 100,001 lbs. up to 125,000 lbs.

- (iv) \$60 - over on weight from 125,001 lbs. up to 150,000 lbs.
- (v) \$100 - over on weight from 150,001 lbs. and over.
- (c) Miscellaneous:
  - (i) \$20 for houses.
  - (ii) \$10 for off-road equipment.
  - (iii) \$20 for other oversized vehicles, loads, and equipment not otherwise specified.
  - (iv) \$10 for other overheight loads not otherwise specified.

**Collections:**

By the State Department of Transportation due upon receipt of a permit application.

<b>Fiscal Year</b>	<b>Collections (\$)</b>	<b>Percent Change</b>
2019	4,928,757	15.51
2018	4,266,820	3.60
2017	4,118,636	10.34
2016	3,732,690	(0.63)
2015	3,756,180	(0.79)

Source: "Comparative Summary of Revenues by Revenue Source" Report - Comptroller's Office. Beginning FY 2016, "Comparative Schedule of Revenues" Report – STAARS.

**Distribution:**

All permit fees are deposited to the Public Road and Bridge Fund.

**Major Exemptions:**

Farm and/or agricultural commodities and equipment.

**Legislative History:**

**Acts 1932, Ex. Sess., No. 58, p. 68**

Provided that the State Highway Commission prescribe rules and regulations for issuance (at no cost to applicant) of special permits for the transportation of oversize, overweight, or overlength commodities and for the operation of super heavy or oversize motor trucks, semitrailer trucks, and trailers.

**Acts 1977, No. 775, p. 1332**

Provided further for the issuance of special permits for movement of certain oversized and overweight vehicles and loads on the state highway system; and authorized the Highway Director to collect fees for the issuance of such permits at current rate.

**Acts 1977, 1<sup>st</sup> Ex. Sess., No. 78, p. 1506**

A Senate Joint Resolution expressing that the intent of the Legislature, relative to Act 1977-775, was to exempt farm equipment and agricultural commodities and equipment from the provisions of said act related to oversize, overweight permits.

**Acts 1978, No. 837, p. 1241**

Specifically, exempted farm and agricultural commodities and equipment from the requirement of obtaining permits for movement on the state highway system of heavy commodities or equipment.

**Acts 1998, No. 321, p. 562**

Provided for an annual \$100 permit fee for the operation of oversized rubber-tired equipment used solely for mining refractory grade bauxite.

**Comparison with Neighboring States:****Florida**

Overdimension trip permits (10-day) from \$5-\$25. Overweight trip permits (10-day) from \$0.27-\$0.47 per mile to \$.003 per 1,000 lbs. per mile, based upon weight. Blanket (annual) permits for overdimension loads from \$20-\$500 for 12 months. Blanket (annual) permits for overweight and overdimension loads from \$240-\$500 for 12 months. Overweight overall wheel base permit is \$10 for a trip permit and \$35 for an annual permit. Overweight implement of husbandry/farm/forestry equipment permits are \$5 for a trip permit and \$17 for an annual permit (local moves only). Some restrictions/exemptions apply.

**Georgia**

Single trip permit fees from \$30-\$500, depending upon dimensions and weight. Annual permit fees from \$150-\$500, based on dimensions and weight. Annual commercial wrecker emergency tow permits are \$500.

**Mississippi**

Trip permit fee for overweight loads over 80,000 lbs. of \$.05 for each thousand pounds over 80,000 times the number of miles traveled in Mississippi (no permit for less than \$10). Annual self-issued permit is \$500 (preapproved vehicles and loads can travel predesignated routes). Oversize load trip permit fee of \$10 for a single trip. Fee for extended oversize permit is annual fee of \$100 per carrier.

**Tennessee**

- (1) Single trip permits (overdimensional loads):
  - (a) up to 14 ft. wide - \$20.
  - (b) over 14 ft. and up to 16 ft. - \$30.

- (c) over 16 ft. - \$30 plus \$5 for each additional foot or fraction thereof over 16 ft.
  - (d) for excessive height or length - \$20.
  - (e) for excessive weight up to 165,000 pounds - \$20 plus \$.06/ton mile.
  - (f) for excessive weight over 165,000 pounds - \$20 plus \$.12/ton mile.
  - (g) for houseboats over 17 ft. - \$2,500 plus \$100 for each additional inch or fraction thereof over 17 ft.
- (2) Annual permits:
- (a) for weight up to 100,000 lbs. - \$750.
  - (b) for weight 100,000 lbs to 120,000 lbs. - \$1,500.
  - (c) for weight 120,000 lbs to 140,000 lbs. - \$2,250.
  - (d) for weight 140,000 lbs to 155,000 lbs. - \$3,000.
  - (e) for weight 155,000 lbs to 165,000 lbs. - \$3,500.
  - (f) Sealed containerized cargo not to exceed 100,000 pounds - \$750.
- (3) Evaluation of bridges and similar structures:
- (a) for weight greater than 200,000 lbs. but less than 300,000 lbs. - \$100.
  - (b) greater than 300,000 lbs. but less than 500,000 lbs. - \$300.
  - (c) greater than 500,000 lbs. but less than 1 million lbs. - \$500.
  - (d) 1 million lbs. or more – actual cost.

## Pari-Mutuel Pool Taxes

### (A) Dog Track Tax

### (B) Horse Wagering Fee

#### Statutory Authority:

(A) Sections 40-26A-1 through 40-26A-17, *Code of Alabama 1975*.

(B) Sections 11-65-28 through 11-65-30.1, *Code of Alabama 1975*.

#### Tax Base:

A tax levied on persons engaged in the business of operating a dog or horse track, based upon the total amount wagered (pool) on all pari-mutuel races (both live and simulcast). A pari-mutuel race is a race wherein individuals who wager on winners divide the total amount wagered in proportion to their individual wagers, after deduction of authorized taxes, fees, and management expenses.

#### Tax Rate:

(A) State tax of 1% of the pari-mutuel pool on all pari-mutuel races, plus 1% of the pari-mutuel pool on all pari-mutuel races requiring the selection of three or more racers. Local tax rates for facilities located in counties designated are as provided by the following acts:

(1) Greene Co. (4%) - Act 1975-376, p. 926; Act 1985-936, 2<sup>nd</sup> Ex. Sess., p. 238.

(2) Jefferson Co. (2%/4%/6%) - Act 1991-187, p. 246.

(3) Macon Co. (4%) - Act 1983-575, p. 882; Act 1987-207, p. 295.

(4) Mobile Co. (7%) - Act 1971-2431, p. 3880; Act 1975-1095, p. 2164; Act 1981-745, p. 1272; Act 1989-696, p. 1376; Act 1992-105, p. 169.

(B) State tax of 1% of the pari-mutuel pool on all horse races. A local tax rate is also provided for facilities located in Jefferson County (2%/4%) by Act 1984-131, p. 159.

#### Collections:

By the Department of Revenue due by the 20<sup>th</sup> day of the month following the month in which the wagers were made.

Fiscal Year	State Only Collections (\$)	Percent Change
2019	1,297,972	13.23
2018	1,146,282	(6.50)
2017	1,226,025	(12.47)

<b>Fiscal Year</b>	<b>State Only Collections (\$)</b>	<b>Percent Change</b>
2016	1,400,662	(7.51)
2015	1,514,449	(2.08)

Source: Department of Revenue's "Revenue Abstract."

**Distribution:**

After the cost of collection is deducted, all proceeds are deposited into the State General Fund.

**Major Exemptions:**

None.

**Legislative History:**

**Acts 1984, No. 131, p. 159**

Established state horse wagering fee of 1% to be effective after the fifth anniversary of the date on which horse racing was first conducted.

**Acts 1988, 2<sup>nd</sup> Ex. Sess., No. 952, p. 575**

Established the state dog racetrack pari-mutuel pool tax.

**Acts 1989, No. 696, p. 1376**

Clarified the non-payment of the additional 1% tax by the Mobile County dog track on races requiring the selection of three or more racers.

**Acts 1991, No. 187, p. 246**

Authorized greyhound racing in Jefferson County (in addition to horse racing) and provided for tax rates listed above.

**Acts 1998, No. 128, p. 188**

Provided further for the take-out from pari-mutuel pools for the Jefferson County racetrack.

**Acts 1998, No. 130, p. 190**

Provided further for the take-out from pari-mutuel pools for the Macon County racetrack.

**Comparison with Neighboring States:**

**Florida**

Tax on handle levied as follows:

**Dog Racing:** Live and intertrack wagering tax of 5.5% of handle. On intertrack wages the tax may be lower depending upon the location of the tracks and the type of permit held. Also, rate is lower if total tax on intertrack handle paid by permit holder during current state fiscal year exceeds the total tax on intertrack handle paid by permit holder during the 1993 fiscal year. Live and intertrack charity



performances tax of 7.6% of handle. Dog racing in connection with wagering will be phased out by 2020.

**Horse Racing:** Tax for quarter horse racing is 1% of handle. Intertrack tax on handle is 2% for a horse track and 3.3% for a harness track. Intertrack wagering is 0.5% if the host track and the guest track are thoroughbred permitholders or if the guest track is located outside the market of the host track and within the market area of a thoroughbred permitholder currently conducting a live race meet. Intertrack wagering on rebroadcast of simulcast is 2.4% for thoroughbred races and 1.5% for harness races.

**Georgia, Mississippi, and Tennessee**

No dog or horse tracks.

# Petroleum Commodities Fees

## **Statutory Authority:**

Sections 8-17-80 through 8-17-102, *Code of Alabama 1975*.

## **Tax Base:**

- (1) A permit fee paid by everyone selling, offering for sale, storing or using petroleum products in Alabama.
- (2) An inspection fee on the person first selling, storing or using any petroleum product in the state.

## **Tax Rate:**

### **(1) Inspection Fee:**

- (a) Gasoline, \$.02 per gallon (included in \$.06 excise tax).
- (b) Undyed diesel fuel, \$.02 per gallon.
- (c) Dyed diesel fuel, \$.02 per gallon.
- (d) Dyed kerosene, \$.01 per gallon.
- (e) Dyed kerosene, dyed diesel fuel, or undyed diesel fuel that is used to operate boats, yachts, ships or other maritime vehicles, 1/40 of \$.01 per gallon.
- (f) Dyed kerosene, dyed diesel fuel, or undyed diesel fuel used to operate tractors used exclusively for agricultural purposes, 1/40 of \$.01 per gallon.
- (g) Dyed kerosene, dyed diesel fuel, or undyed diesel fuel that is of the type customarily used to propel railroad locomotives, 1/40 of \$.01 per gallon.
- (h) Dyed kerosene, dyed diesel fuel, or undyed diesel fuel used in the treatment of wood products, 1/40 of \$.01 per gallon.
- (i) Lubricating oil, \$.15 per gallon.

- (2) Permit Fee:** Each person desiring to sell, offer for sale, store or use petroleum products in Alabama must pay an annual permit fee of \$10 for each different brand specified in the permit application.

## **Collections:**

Annual permit fees are due to the Department of Revenue and are due by October 1 of each year.

Inspection fees are collected by the Departments and are due by the 20<sup>th</sup> of each month for the preceding month.

Fiscal Year	Collections (\$)	Percent Change
2019	61,952,205	(6.12)
2018	65,991,792	15.92
2017	56,927,202	(5.66)
2016	60,341,161	(1.35)
2015	61,168,060	6.00

Source: "Comparative Summary of Revenues by Revenue Source" Report - Comptroller's Office. Beginning FY 2016, "Comparative Schedule of Revenues" Report – STAARS.

**Distribution:**

- (1) 5% or no less than \$175,000, whichever is greater, of the proceeds received each month accrues to the Agricultural Fund, Department of Agriculture and Industries.
- (2) The balance of the proceeds are distributed as follows:
  - (a) 13.87% distributed monthly and allocated equally among each of the 67 counties.
  - (b) \$408,981 allocated monthly to the Public Road and Bridge Fund, Department of Transportation, to be used to match federal funds.
  - (c) 2.76% of the balance allocated among the municipalities as follows:
    - (i) 45.45% of the municipalities' share is allocated equally among the 67 counties.
    - (ii) 54.55% of the municipalities' share is allocated among the 67 counties on the basis of population.
    - (iii) The amount allocated to each county is distributed among the municipalities within the county on the basis of population.
  - (d) Pursuant to Act 2012-400, an additional 5% distributed monthly to the Agricultural Fund after proceeds from (a) and (c) have been distributed.
  - (e) Pursuant to Act 2015-54, \$500,000 in FY 2016 was distributed to the Department of Revenue (DOR) for implementation and administration costs. Each fiscal year thereafter, 2.5% of remaining proceeds or \$87,500 monthly, whichever is greater, will be distributed to DOR.
  - (f) The balance of the proceeds after all other proceeds have been distributed monthly is distributed to the Public Road and Bridge Fund.

**Major Exemptions:**

- (1) A permit is not required from any person selling, offering for sale, storing, or using petroleum products obtained from a person that has already paid the fee. The inspection fee is paid only once on the same product.

- (2) Any petroleum product used in a steam boiler.
- (3) Any petroleum product used in combustion generating turbines by compression (generating own power).
- (4) Aviation gasoline and aviation jet fuel.
- (5) Petroleum products unloaded in any port of the state for shipment into any other state or to any shipment of petroleum products through the state from any other state to a destination outside the state.
- (6) Diesel fuel subject to the excise taxes on motor fuel.
- (7) Petroleum products sold to U.S. Government agencies. Petroleum products sold to city, county and state agencies are not exempt.

**Legislative History:**

**Acts 1971, No. 1403, p. 2363**

Provided for the inspection of petroleum products by the Department of Agriculture and Industries and inspection fees paid to the Department as follows: (1) gasoline, 1/40 of \$.01 per gallon; (2) diesel fuel, \$.01 per gallon; (3) kerosene, \$.01 per gallon; (4) lubricating oil, \$.15 per gallon; (5) kerosene or diesel fuel for jet aircraft, 1/40 of \$.01 per gallon; (6) kerosene or diesel fuel for maritime vehicles, 1/40 of \$.01 per gallon; (7) kerosene or diesel fuel for tractors, 1/40 of \$.01 per gallon; and (8) diesel fuel for railroad locomotives, 1/40 of \$.01 per gallon. Provided that the first \$55,000 of all proceeds received each month would be deposited in the Agricultural Fund and the balance remaining thereafter in the Public Road and Bridge Fund.

**Acts 1971, 3<sup>rd</sup> Ex. Sess., No. 339, p. 4643**

Further restricted application of the fees to the first person selling petroleum products in Alabama; and exempted diesel fuel and kerosene used in firing steam boilers or combustion generating turbines by compression.

**Acts 1973, No. 641, p. 949**

Provided an inspection fee of 1/40 of \$.01 per gallon for kerosene or diesel fuel used in the treatment of wood products.

**Acts 1979, No. 307, p. 460**

Provided that 10% of the proceeds collected each month or no less than \$55,000 monthly would be deposited in the Agricultural Fund and the balance remaining thereafter in the Public Road and Bridge Fund.

**Acts 1981, No. 793, p. 1395**

Increased annual permit fee to current rate.

**Acts 1984, No. 185, p. 279**

Increased inspection fees; increased the monthly amount deposited in the Agricultural Fund to \$175,000; and provided current distribution for the remaining monthly balance.

**Acts 1986, 1<sup>st</sup> Ex. Sess., No. 716, p. 132**

Provided that the State Treasurer distribute the proceeds from petroleum permit and inspection fees and penalties.

**Acts 2004, No. 546, p. 1164**

Exempted diesel fuel subject to excise taxes from the \$.02 per gallon inspection fee; levied an additional \$.02 per gallon excise tax on motor fuel; and further provided for the distribution of revenues from the inspection fees and excise taxes on motor fuel.

**Acts 2012, No. 400, p. 1092**

Provided for additional 5% monthly distribution to Agricultural Fund.

**Acts 2015, No. 54, p. 198**

Transferred the collection of petroleum permit fees and inspection fees from the Alabama Department of Agriculture and Industries to the Alabama Department of Revenue (ADOR); required importers of motor fuel from a bulk plant or other non-terminal storage location to pay the previously levied tax by the 22<sup>nd</sup> day of each month for the preceding month; changed the disposition of petroleum permit fees, inspection fees, and penalties to include an appropriation to ADOR for costs of administration and collection of fees; required that a new and separate Terminal Excise Tax return to report the inspection fee on dyed diesel fuel, dyed kerosene, and lubricated oil sold by a supplier or permissive supplier. Effective October 1, 2016, transfers the administration of petroleum product permits and inspection fees to ADOR from the department.

## Privilege License Tax

### **Statutory Authority:**

Sections 40-12-1 through 40-12-180, *Code of Alabama 1975*.

### **Tax Base:**

Privilege tax on persons, firms, corporations, companies, associations, receivers, or trustees engaged in certain businesses, vocations, or professions.

### **Tax Rate:**

Rates vary according to the nature of the enterprise; and may also vary according to the population of the municipality in which the business is located, volume of business, capital invested, or certain other conditions as specified in the *Code of Alabama 1975*. A \$1 license issuance fee is also required. For each state business, vocation, or occupational license levied by Title 40, Article 2 of Chapter 12, an additional amount equal to one-half the state levy (except as otherwise specifically provided) is levied and collected as a county tax. Businesses, vocations, and occupations may also be subject to municipal licensing requirements which vary from city to city. Municipal licenses are issued and administered by the municipalities.

### **Collections:**

By probate judges, license commissioners, or the Department of Revenue on October 1, unless otherwise specified.

<b>Fiscal Year</b>	<b>Collections (\$) <sup>51</sup></b>	<b>Percent Change</b>
2019	4,779,709	(19.21)
2018	5,915,884	19.39
2017	4,955,113	(2.23)
2016	5,067,963	0.33
2015	5,051,242	0.76

Source: "General Fund – Summary Comparison of Net Receipts" Report - Comptroller's Office. Beginning FY 2016, "General Fund Net Receipts of Revenues" Report - STAARS.

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<sup>51</sup> General Fund collections only.

**Distribution:**

After deducting the cost of collection (5%), privilege license taxes are distributed to the State General Fund unless otherwise specified or unless there is a corresponding county license tax. When both a state and county license tax are levied, the total collections for that tax are distributed 50% to the State General Fund and 50% to the County General Fund of the county where the tax is collected (even though the state tax may be greater than the county tax).

**Legislative History:****Acts 1935, No. 194, p. 256**

Established privilege license tax and distribution.

**Acts 1943, No. 546, p. 535**

Established issuance fee at \$.50 and provided for the levy of county tax equal to one-half of state tax.

**Acts 1955, No. 572, p. 1248**

Provided for the current distribution of tax proceeds when both state and county license taxes are levied.

**Acts 1984, No. 446, p. 1040**

Increased issuance fee to current amount.

**Acts 2015, No. 70, p. 258**

Repealed privilege license tax for various types of businesses.

**Comparison with Neighboring States:****Florida**

The state imposes miscellaneous license and inspection fees that are generally regulatory. Counties and incorporated municipalities may levy local business taxes for the privilege of engaging in or managing any business, profession, or occupation within their jurisdictions.

**Georgia**

Annual licenses are issued at varying rates for persons engaging in certain businesses or occupations. The fees are generally regulatory rather than revenue producing and, in most instances, the fees are paid to the state rather than county or municipal authorities. With certain exceptions, counties and incorporated municipalities may levy occupational license taxes for engaging in a business, profession, or occupation within their jurisdictions.

**Mississippi**

Miscellaneous license taxes are levied for regulatory purposes. State law provides for a local privilege tax based upon number of employees, as well as annual license fees on specific businesses, which are for the benefit of counties or municipalities, depending upon the location of business.

**Tennessee**

There is a \$400 annual professional privilege tax for various occupations. Business tax rates vary, depending on the classification and whether the business is a retailer or a wholesaler. Every taxpayer must pay at least a minimum tax of \$20.



## Public Utilities License Tax

### **Statutory Authority:**

Sections 40-21-50, 40-21-51, 40-21-53 through 40-21-55, and 40-21-62 through 40-21-64, *Code of Alabama 1975*.

### **Tax Base:**

License tax imposed for operating a public utility (hydroelectric, electric, gas, other public utility, or privately owned and operated wastewater facility) except railroads or sleeping car companies, express companies, telephone, and telegraph companies. (See Note following Distribution).

### **Tax Rate:**

2.2% on each dollar of gross receipts for the preceding year. (See Note following Distribution).

### **Collections:**

By the Department of Revenue (Sales and Use Tax Division), quarterly on October 1, January 1, April 1 and July 1. (See Note following Distribution)

Fiscal Year	Collections (\$) <sup>52</sup>	Percent Change
2019	162,094,704	5.54
2018	153,582,807	1.59
2017	151,180,642	(3.96)
2016	157,415,543	0.98
2015	155,884,283	6.45

Source: Department of Revenue's "Revenue Abstract."

### **Distribution:**

After deducting the cost of collection, 15% is deposited to the State General Fund and 85% is deposited to the Special Mental Health Fund.

### **Note:**

This tax is paid by utility companies in four equal increments. The companies, in turn, add 2.2% to their customers' bills for as long as necessary during the year to collect from their customers the amount paid by the utility companies. The tax is paid on total gross receipts, including the minimum monthly (base) charge. The overall base of this tax is larger than that of the 4% Utility Gross Receipts tax for utilities

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<sup>52</sup> Gross collections.

subject to both taxes because the base of this tax includes receipts to utility companies from federal entities. Utility companies vary as to how (and whether) they show this tax on customers' bills: it may be identified separately and totally (a separate 2.2% charge); it may be partially separately identified (typically when this is the case, the 1.8% will be separately identified and the 0.4% will not, although the full 2.2% is charged); it may be separately identified in two parts (1.8% and 0.4%); or it may be combined with the 4% Utility Gross Receipts Tax (appearing as a 6.2% total charge). Although this is a tax on the utility company, the company treats it as a cost of doing business which it passes directly on to the customer. The October 1 payment is the first payment of each year, based on the twelve months preceding the closing of the company's books, which is usually in September for most utility companies.

### **Major Exemptions:**

- (1) Gross receipts from the sale of electricity for resale and from the sale of electricity to disabled persons and persons who are 62 years of age or older and who meet certain criteria are exempt.
- (2) Municipal utility companies (electric, gas, and water) are exempt by virtue of the "natural immunity" of municipalities from state taxes unless specifically included. Rural Electric Associations are subject to the tax.
- (3) The Alabama Municipal Electric Authority (AMEA) makes a "payment in-lieu-of-taxes" of 2.2% of the gross receipts from all power sold by AMEA to member cities, deposited to the State General Fund (Section 11-50A-7 of the *Code of Alabama 1975*).
- (4) County water, sewer, and fire protection authorities organized pursuant to Title 11, Chapter 88 are exempt per Section 11-88-16 of the *Code of Alabama 1975*.
- (5) Water authorities organized pursuant to Title 10A, Chapter 20, Article 9 are exempt pursuant to Section 10A-20-9.04 of the *Code of Alabama 1975*.
- (6) Cellular telecommunication services and providers are exempt pursuant to Section 40-21-120 of the *Code of Alabama 1975*.

### **Legislative History:**

#### **Acts 1935, No. 194, p. 256**

Established the tax at .2% of gross receipts for public utilities except electric, hydroelectric, telephone or telegraph companies, railroads (or sleeping car), and express companies; and established the tax at .4% of gross receipts for electric and hydroelectric companies.

#### **Acts 1971, No. 1412, p. 2406**

Increased the tax rate to present rate for electric and hydroelectric companies.

**Acts 1971, No. 1417, p. 2420**

Increased the tax rate to present rate for public utilities except electric, hydroelectric, telephone or telegraph companies, railroad (or sleeping car), and express companies.

**Acts 1981, No. 867, p. 1659**

Provided an exemption from this tax (credit equal to the amount of the tax) levied on electricity sold to disabled persons and persons who are 62 years of age or older and meet certain other specific criteria.

**Acts 2009, No. 773, p. 2388**

Repealed law regulating onsite wastewater entities using decentralized cluster wastewater systems and replaced it with a new law regulating privately owned wastewater systems. As a result of this act, the gross receipts of wastewater management entities operating as public utilities became subject to the utilities license tax.

**Comparison with Neighboring States:**

See "Utility Gross Receipts Tax and Utility Service Use Tax."

## Restored (Salvaged) Vehicle Inspection Fee

### **Statutory Authority:**

Section 32-8-87 (k)-(l), *Code of Alabama 1975*.

### **Tax Base:**

Application fee charged to an owner of a salvage motor vehicle designated a 1975 model or later which has been restored to the operating condition that existed prior to the event which caused the salvage certificate of title to be issued. The fee is charged for the inspection of the vehicle by the Department of Revenue to ensure compliance with the Uniform Certificate of Title and Anti-Theft Act.

### **Tax Rate:**

\$75 per application for each inspection.

### **Collections:**

By Department of Revenue upon receipt of application for inspection.

Fiscal Year	Collections (\$)	Percent Change
2019	1,404,436	80.65
2018	777,436	(42.83)
2017	1,359,770	8.72
2016	1,250,662	28.37
2015	974,283	14.87

Source: Department of Revenue's "Revenue Abstract."

### **Distribution:**

Proceeds are retained by the Department of Revenue and applied toward personnel and maintenance costs of the vehicle inspection program.

### **Legislative History:**

#### **Acts 1985, No. 650, p. 1010**

Established inspection fee at current rate.

### **Comparison with Neighboring States:**

#### **Florida**

\$40 inspection fee.

#### **Georgia**

\$100 inspection fee.

**Mississippi**

\$75 inspection fee.

**Tennessee**

\$75 inspection/rebuilt title fee.

# Sales Tax

## **Statutory Authority:**

Sections 40-23-1 through 40-23-39; 40-23-100 through 40-23-190; and 40-23-200 through 40-23-244, *Code of Alabama 1975*.

## **Tax Base:**

Tax imposed on the gross proceeds from the sale of all taxable items to individuals and/or corporations within the state and on the gross proceeds from conducting or operating public places of amusement or entertainment.

## **Tax Rates:**

Item	Percent Rate
General rate – covers sales of all tangible personal property (excluding items below) and gross receipts from amusement or entertainment businesses	4%
Machinery used in mining, quarrying, compounding, processing, and manufacturing tangible personal property	1.5%
Farm machinery and equipment when used for agricultural purposes (when a trade is involved, the tax is on the net difference)	1.5%
Mobile home set-up materials and related supplies	2%
Automotive vehicles, motorboats, truck trailers, semitrailers, or house trailers (when a trade is involved, the tax is on the net difference)	2%
Casual sales (purchase, other than at wholesale, from someone who is not a licensed dealer) of automotive vehicles, truck trailers, trailers, semitrailers, travel trailers, motorboats, or mobile homes	2%
Food products sold through vending machines	3%

## **Collections:**

By the Department of Revenue on the 20<sup>th</sup> of each month for previous month's sales. Vendors who file tax returns on time are entitled to a discount of 5% on the first \$100 of tax and 2% on all tax over \$100, but the discount is limited to a total maximum discount of \$400 per month to any license holder regardless of the number of retail locations. Vendors whose average monthly tax liability exceeds \$2,500 must make estimated payments on or before the 20<sup>th</sup> day of the month in which the liability occurs. Vendors whose average monthly liability is less than \$200 may make an election to file quarterly rather than monthly.

Fiscal Year	Gross Collections (\$)	Percent Change
2019	2,478,017,125	4.19
2018	2,378,289,132	4.47
2017	2,276,628,035	1.83
2016	2,235,671,769	3.86
2015	2,152,518,609	3.51

Source: Department of Revenue's "Revenue Abstract."

**Distribution (after the deduction of collection costs):**

Education Trust Fund, except as follows:

- (1) 42% of the 2% tax on mobile home set-up materials and related supplies, automotive vehicles, truck trailers, semitrailers, or house trailers is deposited into the State General Fund;
- (2) 50% of the 2% tax on motorboats is deposited into the State General Fund;
- (3) \$378,000 is distributed to the 67 counties (half on the basis of population and half equally) to be used exclusively for full-time health service in cooperation with the State Board of Health or the federal government and for extension services in cooperation with the Alabama Agriculture Extension Service or the federal government at the discretion of the county commissions;
- (4) \$1,322,000 is distributed to the Department of Human Resources for general welfare purposes;
- (5) an amount equal to 5% of the value of food stamp benefits issued statewide in excess of the amount paid by recipients for administration of the Food Stamp Program is distributed to the Department of Human Resources;
- (6) the amount collected on consumable vapor products is deposited into the State General Fund;
- (7) an amount for debt service is distributed to the Alabama Public School and College Authority; and
- (8) the additional revenue generated as a result of the Governor setting a cap on the sales tax discount allowed to retailers (Executive Order 53, dated May 22, 2001) is deposited into the State General Fund. A portion of such deposit is to pay debt service for the then current fiscal year on bonds issued by the Alabama State Parks System Improvement Corporation and/or the Alabama Public Historical Sites and Parks Improvement Corporation; and the greater of \$5 million or \$5 million adjusted by a percentage growth in receipts from the cap is allocated to the Department of Conservation and Natural Resources (DCNR) for capital outlay, repairs and maintenance of the state parks system. Any additional funds remain in the State General Fund.

**Major Exemptions:**

A listing of exemptions is found in Chapter 9, Article 1 of Title 40 and Sections 40-23-4 through 40-23-5 *Code of Alabama 1975*. Examples of additional exemptions are found in Sections 11-92A-18 (county industrial development authorities), 11-54-96 (industrial development boards), and 11-58-14 (medical clinic boards) *Code of Alabama 1975*.

**Legislative History:****Acts 1939, No. 18, p. 16**

Established the general sales tax rate at 2% on retail sales of tangible personal property and an amusement or entertainment enterprise and at .5 of 1% for automotive vehicles; provided for the distribution of portions of the proceeds depending on amount of collections to the 67 counties, the several funds to replace the homestead exemption, and the remaining balance to the Special Educational Trust Fund.

**Acts 1959, 2<sup>nd</sup> Ex. Sess., No. 100, p. 298**

Re-established sales tax rate at 3% on retail sale of tangible personal property and on amusement or entertainment enterprises; and established a rate at 1.5% for retail sales of machines used in mining quarrying, compounding, processing, and manufacturing of tangible personal property and sales of automotive vehicles or truck trailers and semitrailers.

**Acts 1963, 2<sup>nd</sup> Ex. Sess., No. 106, p. 286**

Increased sales tax to 4% on tangible personal property and entertainment enterprises.

**Acts 1973, No. 1135, p. 1916**

Allowed for distribution of funds to counties for the administration of the Food Stamp Act of 1964, PL 88-525.

**Acts 1978, No. 359, p. 300**

Allowed for distribution of funds to the Department of Human Resources for administration of the Food Stamp Program.

**Acts 1981, No. 663, p. 1084**

Exempted the sale of prescription drugs from sales tax.

**Acts 1981, No. 665, p. 1086**

Provided a 1.5% sales tax on the purchase of motor vehicles not bought at wholesale or from a licensed dealer ("casual sales").



**PL. 99-198 (Food Security Act of 1985)**

Provided that state and local sales taxes could no longer be collected on food stamp purchases beginning October 1, 1987.

**Acts 1987, No. 580, p. 927**

Provided that all food stamp purchases be exempt from taxation beginning October 1, 1987. This exemption is contingent upon the continued requirement of federal law that conditions the state's participation in the food stamp program upon exempting from state and local taxes purchases made with food stamps. Provided that the provisions of this act shall become inoperative, null and void if the food stamp sales tax amendment is either ruled unconstitutional or unenforceable by a federal court or is repealed by Congress.

**Acts 1987, No. 662, p. 1170**

Provided that any over-collection of sales tax by a retailer from the customer is to be paid to the state and not retained by the retailer to increase the net profits of the business.

**Acts 1988, 1<sup>st</sup> Ex. Sess., No. 867, p. 372**

Increased the retail and "casual" sales tax rate on automotive vehicles, truck trailers, semitrailers, and housetrailers from 1.5% to 2% effective October 1, 1988; and provided that the additional \$.005 was to be deposited to the credit of the State General Fund.

**Acts 1989, No. 691, p. 1358**

Provided for collection of local gross receipts or sales taxes which may exist in the local taxing jurisdiction in which the purchaser resides on sales of automotive vehicles, truck trailers, trailers, semitrailers, or housetrailers when such sales are made by a person or firm other than a licensed dealer, out-of-state dealers, or licensed Alabama dealers (where such local taxes were not collected at the time of purchase).

**Acts 1989, No. 752, p. 1526**

Amended the state "casual" sales and use taxes to include any mobile home purchased, other than at wholesale, from any person, firm, or corporation which is not a licensed dealer engaged in selling mobile homes, effective October 1, 1989.

**Acts 1989, No. 920, p. 1823**

Provided for a sales tax rate of 2% on materials and supplies to be used for mobile home set-up.

**Acts 1992, No. 343, p. 720**

Clarified that the state sales tax base is to include consumer excise taxes included in the purchase price of products (applies to alcoholic beverages and tobacco products); restricted the exemptions for

fertilizer, insecticides, fungicides, and seedlings to "agricultural purposes"; and provided for exemption certification for fertilizer, insecticides, fungicides, and seedlings.

**Acts 1993, No. 711, p. 1384**

Provided for the collection of state and local sales and use tax from the purchaser of a boat prior to registration.

**Acts 1994, No. 622, p. 1162**

Consolidated the motorboat sales and use tax with the provisions of motor vehicle sales and use tax.

**Acts 1996, No. 785, p. 1459**

Allowed Governor to cap the sales tax discount allowed to retailers who collect sales tax; and provided for the distribution of any additional revenue generated as a result of the cap.

**Acts 1996, No. 887, p. 1713**

Made sales of eyeglasses and related items by optometrists subject to the state sales tax. Previously, these items were taxed at the wholesale level.

**Acts 1997, No. 648, p. 1201**

Provided that the sale to or use by a manufacturer or compounder of property that becomes an ingredient or component part of a finished product made by the manufacturer or compounder is excluded from taxes as a wholesale sale.

**Acts 1997, 1<sup>st</sup> Ex. Sess., No. 867, p. 208**

Provided that the sale of prepaid telephone calling cards and prepaid authorization numbers be treated as the sale of tangible personal property.

**Acts 1998, No. 192, p. 310**

Provided that county and municipal sales and use taxes must generally conform to the corresponding state levies, except for the rate of tax.

**Acts 1999, No. 570, p. 1122**

Clarified that refinery, residue, or fuel gas generated by a petroleum-refining process and then utilized in the distillation or refining of petroleum products is exempt from sales and use tax.

**Acts 1999, 2<sup>nd</sup> Ex. Sess., No. 650, p. 96**

Changed the distribution of revenue generated from the 2% sales and use tax on automobiles and related items from 25% to the State General Fund and 75% to the Education Trust Fund to 42% to the State General Fund and 58% to the Education Trust Fund, effective January 1, 2001.

**Acts 2000, No. 731, p. 1578**

Reaffirmed the Governor's authority to cap sales tax discounts; and provided for the distribution of any additional revenue generated from the sales tax discount cap.

**Acts 2001, 3<sup>rd</sup> Ex. Sess., No. 975, p. 908**

Exempted sales tax on tangible personal property purchased by a company actively engaged in a film production project approved by the Alabama Film Office. Effective until September 30, 2005.

**Acts 2001, 4<sup>th</sup> Ex. Sess., No. 1122, p. 1190**

Provided for the distribution of sales and use taxes generated from remote sellers when the U.S. Congress enacts legislation allowing states to collect sales and use taxes on remote sellers: (1) into the Education Trust Fund Rainy Day Account until the fund reaches and maintains a balance of 6% of the previous year's Education Trust Fund appropriations; (2) into the State General Fund Rainy Day Fund until the fund reaches and maintains a balance of 6% of the previous year's State General Fund appropriations; and (3) any remaining collections would be deposited into the Education Trust Fund.

**Acts 2004, No. 638, p. 1461**

Changed the distribution of revenue generated from the 2% sales tax on automobiles and related items from 42% to the State General Fund and 58% to the Education Trust Fund to the following:

- (1) From July 1, 2004 through the fiscal year ending September 30, 2005, 48.7% would be deposited into the Education Trust Fund and 51.3% shall be deposited into the State General Fund.
- (2) From October 1, 2005 through the fiscal year ending September 30, 2006, 39.4% would be deposited into the Education Trust Fund and 60.6% shall be deposited into the State General Fund.

**Acts 2005, 1<sup>st</sup> Ex. Sess., No. 305, p. 643**

Extended the sunset date for the sales and use tax exemption allowed for film companies approved by the Alabama Film Commission until September 30, 2006.

**Acts 2006, No. 574, p. 1507**

Established an annual sales and use tax holiday for the first full weekend in August of each year.

**Acts 2006, No. 583, p. 1537**

Exempted withdrawals from inventory by retailers from sales and use taxes if made for the purpose of making a gift to an entity that qualifies under federal law to receive tax exempt donations.

**Acts 2006, No. 602, p. 1653**

Provided that athletic events held by nonpublic schools are exempt from state sales tax.

**Acts 2009, No. 144, p. 268**

Established the Entertainment Industry Incentive Act of 2009. Exempted qualified production companies from the state's portion of sales and use taxes and from all state and local lodgings taxes if a production company spends in the aggregate at least \$150,000 in the state within a 12-consecutive month period.

**Acts 2010, No. 514, p. 848**

Exempted certain items related to commercial fishing vessels from sales and use taxes, including personal floatation devices and lifeboats.

**Acts 2011, No. 642, p. 1633**

Redistributed revenues, not to exceed \$5 million, that would otherwise be distributed to the Department of Conservation and Natural Resources for capital outlay, repairs, and maintenance of the state parks system to the State General Fund for fiscal years 2012 and 2013.

**Acts 2012, No. 185, p. 298**

Exempted from sales tax the parts, components, and systems that become part of a fixed rotary wing military aircraft or certified transport category aircraft which undergoes conversion or general maintenance in Alabama so long as the address of the aircraft is not in the state.

**Acts 2012, No. 256, p. 492**

Established an annual sales tax holiday for certain disaster preparedness supplies for the first full weekend in July 2012 and the last full weekend in February each subsequent year.

**Acts 2012, No. 279, p. 563**

Required the Department of Revenue to develop and make available before September 30, 2013, a system that will allow a taxpayer to voluntarily file and remit state and local sales or use, leasing, and retail taxes through an electronic single-point filing program.

**Acts 2012, No. 309, p. 680**

Exempted from sales tax any item used for the treatment of diabetes with a valid prescription.

**Acts 2012, No. 395, p. 1056**

Exempted the sale of metal, other than gold or silver, purchased for the purpose of transferring the metal to an investment trust in exchange for shares or other units.

**Acts 2012, 1<sup>st</sup> Ex. Sess., No. 599, p. 1924**

Repealed Acts 2001, 4<sup>th</sup> Ex. Sess., No. 1122 and provided for the distribution of taxes generated from remote sellers.

**Acts 2013, No. 200, p. 391**

Exempted from sales tax purchases of aviation jet fuel made by carriers conducting scheduled all-cargo operations engaged in international flights.

**Acts 2013, No. 205, p. 439**

Required the Department of Revenue to grant contractors and subcontractors, licensed by the State Licensing Board for General Contractors, a certificate of exemption from state and local sales tax for the purchase of building materials, construction materials and supplies, and other tangible personal property that becomes part of a structure that is the subject of a written contract for the construction of a building or other project for the State of Alabama, counties, municipalities, local boards of education, industrial development boards, and other governmental entities.

**Acts 2013, No. 333, p. 1165**

Required licensed ophthalmologists or licensed optometrists to collect state sales tax when dispensing or transferring ophthalmic materials and other therapeutic optic devices to a patient as part of their professional service.

**Acts 2013, No. 443, p. 1761**

Exempted any item used for the treatment of illness or injury or to replace all or part of a limb or internal body part.

**Acts 2014, No. 316, p. 1120**

Established the Small Business Tax Relief Act of 2014. Increased the average monthly state sales tax liability for estimated payments from \$1,000 to \$2,500.

**Acts 2014, No. 325, p. 1189**

Codified a regulation of the Alabama Department of Revenue exempting private educational institutions operating in the state from state and local sales and use taxes on tangible personal property and lunches provided to K-12 students that are not sold for a profit.

**Acts 2014, No. 336, p. 1240**

Defined "prepaid wireless service" and clarified that prepaid wireless services evidenced by a physical card and not evidenced by a physical card, which is considered a prepaid authorization number, are subject to sales tax.

**Acts 2014, No. 453, p. 1685**

Repealed Acts 2013, No. 443 and established an exemption for a durable medical equipment, prosthetics, or orthotic devices and medical supplies paid for by Medicare, Medicaid, or a health benefit plan from all state and local sales and use and rental taxes.

**Acts 2015, 1<sup>st</sup> Ex. Sess., No. 503, p. 1816**

Provided for the collection of sales tax from out-of-state residents who purchase a vehicle in Alabama and whose resident state does not allow Alabama residents to purchase vehicles in their state for “first titling and registration” in Alabama without the payment of tax to that state. Excluded vehicle campers and motor homes from the “drive-out” provisions.

**Acts 2015, 2<sup>nd</sup> Ex. Sess., No. 535, p. 1901**

Changed the distribution of sales tax collected on consumable vapor products from the Education Trust Fund to the State General Fund.

**Acts 2015, 2<sup>nd</sup> Ex. Sess., No. 551, p. 2068**

Clarified that the automobile sales tax paid by out-of-state residents who purchase a vehicle in Alabama, pursuant to the provisions of Act 2015-503, shall not be levied at a rate higher than the automobile sales tax of the resident state.

**Acts 2017, No. 120, p. 161**

The annual sales tax holiday on school items from the first full weekend of August to the third full weekend in July.

**Acts 2017, No. 397, p. 1288**

Provides a sales and use tax exemption on the gross proceeds from services provided by photographers even when provided as a part of a transaction ultimately involving the sale of photograph(s), as long as such services are separately stated to the customer on a bill of sale, invoice, or like memorialization of the transaction; and provides that any sales on such transactions prior to October 1, 2017, is not subject to sales or use tax and any parties that paid sales or use tax shall not be eligible for a refund.

**Acts 2018, No. 164**

Exempted the gross proceeds of sales of bullion or money for five years, unless extended by an act of the Legislature.

**Acts 2019, No. 444**

Exempted adaptive equipment used on motor vehicles for persons without normal mobility.

**Acts 2019, No. 253**

Provided that tax filings for sales, use, and lodgings taxes may be made quarterly, semi-annually, or annually dependent upon total sales, use, or transient occupancy tax liability. Additionally, provided amount limits for the filing of sales, use, and lodging tax reports.

### **Note Regarding Local Levies:**

**Municipalities** may levy, by ordinance, a sales tax, per Sections 11-51-200 through 11-51-211 of the *Code of Alabama 1975*. One-half the amount levied in the municipality may be levied in the police jurisdiction.

**Counties** may, per Section 40-12-4 of the *Code of Alabama 1975*, levy a sales or use tax (referendum is optional) to be used exclusively for public school purposes. A local act may be established by the legislature authorizing counties to levy a sales tax for other purposes. A county's sales and use tax rate may vary depending upon whether the sale occurs within or outside of a municipality's corporate limits. All local sales and use taxes are subject to the same exemptions as the state sales and use tax and must generally conform to the corresponding state levies except for the rate of the tax. Municipalities and counties may collect their own sales and use tax. Section 40-23-2.1 provides that only one county and only one municipal tax may be collected on the same sale. A county or municipality may have more than one sales or use tax rate depending on the type of tangible personal property purchased. For example, an automobile rate may differ from the vending machine rate and the general rate.

### **Comparison with Neighboring States:**

#### **Florida**

6% basic rate on all taxable transactions with the following exceptions: 4% on amusement machine receipts, 5.7% on the lease or license of commercial real property, and 6.95% on electricity.

Food is exempt from sales tax. A discount of 2.5% of the first \$1,200 of taxes paid (\$30 max per report) is allowed to dealers, sellers, lessors, and remitters. Counties may impose a local sales surtax, subjective to only the first \$5,000 of the taxable sale.

#### **Georgia**

4% sales tax rate with a discount of 3% of the first \$3,000 and 0.5% of the amount over \$3,000 of total state and local sales and use taxes due. Counties may levy a special 1% sales tax. County school boards of education may levy a 1% sales tax. Counties and municipalities may levy an additional joint 1% sales tax. Certain counties may levy a special 1% sales for rapid transit contracts. Cities and/or municipalities may collect up to 1.5% in city sales tax. The cap on total sales and use tax is 9%.

Grocery food is exempt from the state sales tax but is still subject to local sales taxes.

#### **Mississippi**

7% basic rate on tangible personal property with various other sales transaction rates of between 1% and 8%; 1.5% on machinery, equipment, and farm implements and tractors. Certain counties and cities

impose convention and tourism taxes. A discount rate of 2% of the first \$2,500 of taxes paid (\$50/month max) is allowed.

### **Tennessee**

7% basic rate on all tangible personal property. 4.0% on food and food ingredients. An additional 2.75% state tax is imposed on the amount in excess of \$1,600, but less than or equal to \$3,200, on the sale of a single article of personal property. Counties and incorporated cities may levy a tax on the same privileges subject to the state sales and use tax but at a rate not to exceed 2.75% and must be a multiple of 0.25. Lower caps for certain transactions.



# Saltwater Fishing Licenses

## **Statutory Authority:**

Sections 9-11-32 through 9-11-43, 9-11-53.1, 9-11-53.3, 9-11-53.5, 9-11-54, 9-11-55.2 through 9-11-55.3, 9-11-56.3, 9-11-56.5, 9-11-65.2, and 9-11-69, *Code of Alabama 1975*.

## **Tax Base:**

A fee paid by persons desiring to fish in Alabama salt waters. Annual licenses are valid from September 1 or the date of issuance to the next August 31.

**Tax Rate:** The following rates are valid from September 1, 2019 through August 31, 2020. For previous rates, see Legislative History and [www.eregulations.com/alabama](http://www.eregulations.com/alabama).

<b>Resident Licenses</b>	<b>License Fee<sup>1</sup></b>
Annual Saltwater	\$23.80
Lifetime Saltwater Fishing	\$285.20 to \$398.90 (based on age)
Lifetime Combination Freshwater/Saltwater Fishing	\$455.75 to \$683.15 (based on age)
Lifetime Combination Hunting/Saltwater Fishing	\$626.25 to \$967.45 (based on age)
Lifetime Combination Hunting/Freshwater and Saltwater Fishing	\$796.85 to \$1,194.85 (based on age)
Lifetime Combination Saltwater Fishing/State Duck Stamp <sup>1</sup>	\$435.20 to \$628.90 (based on age)
Lifetime Combination Hunting/State Duck Stamp/Saltwater Fishing <sup>1</sup>	\$776.25 to \$1,197.45 (based on age)
Lifetime Combination Freshwater Fishing/Saltwater Fishing/State Duck Stamp <sup>1</sup>	\$605.75 to \$913.15 (based on age)
Lifetime Combination Hunting/State Duck Stamp/Freshwater & Saltwater Fishing <sup>1</sup>	\$946.85 to \$1,424.85 (based on age)
Lifetime Combination Saltwater Fishing/Wildlife Heritage	\$512.40 to \$626.10 (based on age)
64 Lifetime License <sup>3</sup>	See Notes
Annual Saltwater Pier	\$6.30
Totally Disabled Person Special License	\$3.00
7-Day Saltwater	\$9.95
<b>Non-Resident Licenses</b>	<b>License Fee<sup>2</sup></b>
Annual Saltwater	\$50.95/LA-\$90.10/FL-\$48.10
7-Day Saltwater	\$28.20/FL-\$30.10
Annual Saltwater Pier	\$11.60

- <sup>1</sup> Includes issuance fees. Issuance fees are retained by the probate judge, license commissioner, or other authorized license agent. All fees collected by a probate judge or license commissioner, who is paid a salary for performance of his or her duties, are deposited in the county treasury.
- <sup>2</sup> Nonresident license fees for residents of Florida, Georgia, Louisiana, Mississippi, and Tennessee are the same as license fees charged Alabama residents for similar licenses in those states, if the other state charges Alabama residents more than Alabama charges that state's residents.
- <sup>3</sup> A person 64 years of age when procuring an annual freshwater or saltwater license will be issued the license on a lifetime basis for the same fees that would have been paid for the annual license.

**Note:** The license and accompanying issuance fees for annual, lifetime, and trip licenses are subject to possible annual adjustment based on the percentage increase in the Consumer Price Index (CPI) if recommended by the Commissioner and approved by the Department's Advisory Board.

### **Collections:**

By the probate judges, license commissioners, or other person authorized and designated to issue fishing licenses due to the Department of Conservation and Natural Resources on the 1<sup>st</sup> of each month.

<b>Fiscal Year</b>	<b>Annual License Collections (\$) <sup>53</sup></b>	<b>Lifetime License Collections (\$) <sup>54</sup></b>	<b>Totals (\$)</b>	<b>Percent Change</b>
2019	2,908,520	210,014	3,118,534	8.52
2018	2,695,718	177,861	2,873,579	(7.70)
2017	2,915,898	197,466	3,113,364	32.97
2016	2,195,827	145,565	2,341,392	(9.13)
2015	2,403,351	173,423	2,576,774	9.26

Source: "Comparative Summary of Revenues by Revenue Source" Report – Comptroller's Office. Beginning FY 2016, "Comparative Schedule of Revenues" Report – STAARS.

### **Distribution:**

- (1) Resident saltwater fishing license (annual and trip) fees - 100% to Marine Resources (Seafoods) Fund.
- (2) Resident lifetime saltwater license fees – 100% to the Alabama Marine Resources Endowment Fund.
- (3) Resident lifetime combination freshwater/saltwater, hunting/saltwater, and hunting/freshwater and saltwater – the portion of the license fee representing the amount of lifetime resident freshwater or hunting license to the Alabama Game and Fish Endowment Fund and the balance of the fees charged for each license to the Alabama Marine Resources Endowment Fund.

<sup>53</sup> Includes collections from annual saltwater and trip licenses.

<sup>54</sup> Includes receipts from lifetime saltwater and combination licenses only.

- (4) 64 lifetime saltwater license - 100% to the Alabama Marine Resources Endowment Fund.
- (5) Annual resident and nonresident saltwater pier fishing license fees - 100% Marine Resources (Seafoods) Fund.
- (6) Nonresident saltwater fishing license (annual and trip) fees - 100% to Marine Resources (Seafoods) Fund.

**Major Exemptions:**

- (1) All persons under the age of 16.
- (2) Any resident of this state over 65 years of age, provided that said resident has on his person while fishing, a driver's license (or, in the case of nondrivers, proof of permanent Alabama residence and age).
- (3) Florida residents over 65 years of age.
- (4) Members of the U.S. armed forces when the U.S. is engaged in a war.
- (5) Residents who have purchased a lifetime fishing license or combination fishing/hunting license are exempt from purchase of saltwater fishing license if the lifetime license was purchased prior to April 1, 1992 on any valid lifetime saltwater fishing license.
- (6) Residents on leave from active military duty who have proof of his or her status in his or her possession.
- (7) A member of the U.S. military and his or her spouse and their dependents who reside with them stationed in Alabama on active duty are deemed residents for hunting and fishing license purposes.

**Legislative History:**

**Acts 1977, No. 351, p. 468**

Increased the nonresident fishing license fee to \$10 and expanded it to include salt and brackish water (as well as freshwater) and provided for issuance fee of \$.25; provided that of the new \$10 fee, \$7 be deposited to Game and Fish Fund and \$3 to Marine Resources (Seafoods) Fund; increased nonresident trip fishing license to \$4 and expanded it to include salt and brackish water; and provided that of the new \$4 fee, \$3 be deposited to Game and Fish Fund and \$1 to Marine Resources (Seafoods) Fund.

**Acts 1986, 1<sup>st</sup> Ex. Sess., No. 649. p. 31**

Exempted nonresidents under the age of 16 from fishing license requirements; increased nonresident fishing license fee to \$15, except that license fee for residents of Florida, Georgia, Louisiana, Mississippi, and Tennessee, to be that charged to Alabama residents by those states; increased nonresident 7-day trip license fee to \$7 and provided for same reciprocal arrangement with certain

other states as the annual license; provided for the distribution of nonresident fishing license fees; and provided 90% of the above license fees be deposited into Game and Fish Fund and 10% be deposited into Marine Resources (Seafoods) Fund.

**Acts 1992, No. 344, p. 736**

Provided for annual resident saltwater fishing license at \$15 and a combination annual resident saltwater/freshwater license for a fee of \$25; provided for the distribution of annual resident saltwater fishing license fees to the Marine Resources (Seafoods) Fund; provided for the distribution of the combination license fees with \$15 going to the Marine Resources (Seafoods) Fund and \$10 going to the Game and Fish Fund; repealed the requirement that 10% of resident freshwater fishing licenses be deposited to the credit of the Marine Resources (Seafoods) Fund; and expressed legislative intent that the Department of Conservation and Natural Resources enter into a reciprocal agreement with the State of Florida exempting persons 65 years of age or older from state fishing and hunting license requirements.

**Acts 1993, No. 322, p. 486**

Provided for the following new license fees: resident 7-day saltwater trip license at \$15, annual public fishing pier operator license at \$1,000, resident annual saltwater pier fishing license at \$5, nonresident annual saltwater fishing license at \$30, nonresident 7-day trip saltwater fishing license at \$10, and nonresident annual combination saltwater/freshwater license at \$60; and decreased the resident annual combination saltwater/freshwater license to \$23.50; and changed distribution to \$15 to the Marine Resources Fund and \$8.50 to the Game and Fish Fund.

**Acts 1999, 2<sup>nd</sup> Ex. Sess., No. 660, p. 117**

Established the resident lifetime saltwater license at \$250, saltwater combination freshwater/saltwater license at \$400, lifetime combination saltwater/hunting license at \$550, and lifetime combination freshwater/saltwater and hunting license at \$700. Established the Alabama Marine Resources Endowment Fund.

**Acts 2000, No. 735, p. 1604**

Established the 64 lifetime licenses at the current rates and distribution. Changed the effective date of Act 1999-660, 2<sup>nd</sup> Ex. Sess. from November 29, 2000 to June 1, 2000.

**Acts 2000, No. 742, p. 1647**

Established the annual resident sportsman's license at \$58.50 and provided distribution. (See also Hunting Licenses, Legislative History, Acts 2000, No. 742 for hunting provisions).

**Acts 2004, No. 449, p. 794**

Authorized U.S. military personnel stationed in Alabama on active duty to be deemed residents for hunting and fishing license purposes; clarified that hunting and fishing licenses are not transferable; and authorized residents of the state on leave from active military duty to hunt or fish without obtaining a license.

**Acts 2007, No. 418, p.874**

Established the Wildlife Heritage Act of 2007. In addition to hunting and freshwater fishing provisions, increased the fees for lifetime saltwater and combination saltwater/freshwater and hunting license fees; and made fees subject to possible annual adjustment beginning in FY 2011 based on the percentage increase in the Consumer Price Index (CPI). Repealed laws providing resident annual combination saltwater/freshwater license, resident annual combination hunting/fishing license, public pier license, and sportsman license.

**Acts 2007, No. 419, p. 897**

Increased the fees for saltwater fishing licenses to the following base amounts before CPI adjustments: annual resident to \$20; resident 7-day trip to \$8; annual nonresident to \$44; and nonresident 7-day trip to \$24. Also, made the above fees subject to possible annual increase beginning in FY 2011 based on the percentage increase in the Consumer Price Index (CPI). Repealed law providing for public pier license.

**Acts 2008, No. 384, p. 714**

Increased fines for various violations of game and fish laws. Reestablished the public pier fishing license at current rate.

**Acts 2008, No. 467, p. 1022**

Required the Department to promulgate rules and establish and administer a voluntary program to acquire and retire commercial gill net permits of saltwater commercial fishermen and to provide economic relief to qualified resident and nonresident saltwater commercial fishermen who surrendered their license on or before March 1, 2009. Levied a temporary \$8 surcharge on each resident and nonresident saltwater fishing license issued for a period of five years. Deposited receipts from the surcharge into the Marine Resources Restoration Fund established by this act and used to offset the cost of providing the economic relief to the commercial saltwater fishermen and for research and development. (**NOTE:** The surcharge is no longer collected by the Department.)

**Acts 2010, No. 513, p.846**

Established a nonresident saltwater pier fishing license for \$10, plus a \$1 issuance fee. Changed the expiration date of public pier fishing licenses and resident saltwater pier fishing licenses from July 31 to August 31.

**Acts 2014, No. 340, p. 1262**

Subjected the public fishing pier license, resident and nonresident annual saltwater pier fishing license, and applicable issuance fees to possible annual adjustment based on the percentage increase in the Consumer Price Index if recommended by the Commissioner and approved by the Department's Advisory Board.

**Acts 2015, No. 455, p. 1491**

Established an annual special disabled hunting and saltwater fishing license, in addition to the special disabled fishing license already established. Provided the following license fees, in addition to the \$1 issuance fee: hunting license: \$5; freshwater fishing license: \$2, fishing license: \$2. Provided that the annual license and issuance fee are subject to adjustment based on the Consumer Price Index upon approval of the Commissioner of the Department of Conservation and Natural Resources, Advisory Board of Conservation and Natural Resources, and Legislative Council.

**Acts 2019, No. 134**

Authorized the Department of Conservation and Natural Resources to issue military veterans' appreciation saltwater fishing licenses to veterans who are 20 percent or more disable for \$2 plus a \$1 issuance fee. This act also authorized a check-off option for persons obtaining any saltwater fishing license to donate an additional \$1 to the Division of Marine Resources and established a disabled three-day saltwater fishing event license for events sanctioned by the Commissioner. The three-day saltwater fishing event license will cost \$100 for up to 20 residents or nonresidents and any licenses issued over the 20-person limit will require an additional \$5 fee.

# Scrap Tire Environmental Fees

## **Statutory Authority:**

Sections 22-40A-1 through 22-40A-24, *Code of Alabama 1975*.

## **Tax Base:**

A fee on replacement tires, whether or not the tires are mounted on a rim or wheel.

## **Tax Rate:**

\$1 per replacement and retreaded casing replacement tire when sold to a consumer.

## **Collections:**

By the tire dealer from the consumer and paid monthly to the Department of Revenue by the 20<sup>th</sup> day of the following month. The tire dealers may retain 7% of the fees collected for each timely report filed.

Fiscal Year	Collections (\$) <sup>55</sup>	Percent Change
2019	4,361,233	3.10
2018	4,230,069	2.59
2017	4,123,213	0.70
2016	4,094,404	3.89
2015	3,941,135	(2.36)

Source: Department of Revenue's "Revenue Abstract."

## **Distribution:**

Proceeds are deposited into the Scrap Tire Fund and distributed as follows:

- (1) Between 45% to 75% of monies deposited to the Scrap Tire Fund during the previous budget year to pay the costs of remediation, abatement, removal, or other remedial action related to tire stockpiles throughout the state.
- (2) Up to 20% of monies deposited to the Scrap Tire Fund during the previous budget year to pay the Department of Environmental Management for the costs associated with the development and enforcement of regulation.
- (3) From zero to 20% of monies deposited to the Scrap Tire Fund during the previous budget year to administer a program, managed by the Department of Environmental Management, directed at

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<sup>55</sup> Gross collections.

promoting and developing markets as an alternative to the landfill disposal of scrap tires or processed tire material as an end use.

- (4) Up to 10% of monies deposited to the Scrap Tire Fund during the previous budget year to fund programs delegated to counties for enforcement of regulations.
- (5) Up to 7% to pay the tire dealer for collection and accounting costs associated with collection of the fee.
- (6) Up to 2% to pay the costs of administration of the Department of Revenue.

The actual distribution percentages are established by the Scrap Tire Commission.

**Major Exemptions:**

All government organizations, whether federal, state or other local governing bodies are exempt from the payment of fees.

**Legislative History:**

**Acts 2003, No. 332, p. 823**

Established the Alabama Scrap Tire Environmental Quality Act. Levied a \$1 scrap tire environmental fee on each replacement tire sold in the state and provided for the distribution of revenues; authorized the Department of Environmental Management to administer and enforce the program and establish permit fees for processors; reestablished the Scrap Tire Commission; and repealed the scrap tire license statute effective October 1, 2004.

**Acts 2006, No. 559, p. 1285**

Made technical changes regarding the permitting requirements for processors and transporters of scrap tires; and authorized the Department of Revenue to share information related to the collection and administration of the fee with the Department of Environmental Management.

**Acts 2009, No. 779, p. 2433**

Clarified that scrap tire dealers that collect and remit the scrap tire disposal fee are not also subject to the solid waste disposal fee established under the Solid Waste and Recyclable Materials Act; increased the amount of tire disposal fees retained by tire dealers from 5% to 7%; and transferred responsibilities associated with the development and management of an end use market development program for alternatives to landfill disposal of scrap tires from the Department of Economic and Community Affairs to the Department of Environmental Management.



### **Comparison with Neighboring States:**

#### **Florida**

\$1 per new tire sold for use on a motor vehicle including those sold to government entities, if the sale is made within the state of Florida. The fee excludes tires sold for resale and tires for use on vehicles track driven or used on a farm.

#### **Georgia**

\$1 per new tire sold (expires June 30, 2020) for use on a motor vehicle. Effective July 1, 2020 until June 30, 2022, a fee of \$0.38 imposed upon the retail sale of all new replacement tires.

#### **Mississippi**

\$1 for each new motor vehicle tire with a diameter of less than 24 inches and \$2 for each tire with a diameter of 24 inches or more.

#### **Tennessee**

\$1.35 fee on new tires sold at retail. The fee includes all tires for vehicles that travel on the roads and those from farm tractors and equipment.

# Simplified Sellers Use Tax

## **Statutory Authority:**

Sections 40-23-190 through 40-23-199.3, *Code of Alabama 1975*.

## **Tax Base:**

Tax authorized in lieu of sales and use taxes otherwise due by or on behalf of Alabama customers who have purchased items from an eligible seller who participates in The Simplified Sellers Use Tax Remittance Program that were shipped or otherwise delivered into Alabama by the eligible seller.

## **Tax Rates:**

8% of the sales price on any tangible personal property sold or delivered into Alabama by an eligible seller participating in the program.

## **Collections:**

By the Department of Revenue due on the 20<sup>th</sup> of each month for the previous month's sales. Eligible sellers who file tax returns on time are entitled to a 2% discount.

Fiscal Year	Gross Collections (\$)	Percent Change
2019	203,303,335	141.18
2018	84,296,188	62.10
2017	52,004,128	1,091.32

Source: Department of Revenue's "Revenue Abstract."

## **Distribution:**

After deducting the cost of collection, 50% to State Treasury allocated (1) 75% to the State General Fund and (2) 25% to the Education Trust Fund; and 50% to local governments allocated (1) 40% to each county on a population basis and (2) 60% to each municipality on a population basis. (Prior to January 1, 2019, collections were distributed as follows: (1) 50% to State Treasury, (2) 25% to counties, and (3) 25% to municipalities.)

## **Legislative History:**

### **Acts 2015, No. 448, p. 1443**

Created "The Simplified Seller Use Tax Remittance Act" to allow eligible sellers to voluntarily collect, report, and remit Simplified Sellers Use Tax in fiscal year 2016 at an 8% tax rate; provided for a 2% timely filing discount; and provided for distribution of collections.

**Acts 2016, No. 110, p. 172**

Allowed eligible sellers to remain in the voluntary Simplified Seller Use Tax Remittance Program unless (1) a presence through a physical business address for making in state retail sales is established or (2) collection is required through an affiliate.

**Acts 2017, No. 82, p. 110**

Changes the simplified sellers use tax distribution to counties and municipalities to monthly rather than quarterly; requires reporting from sellers not currently collecting sales, use, or simplified sellers use taxes; removes the six month wait provision for establishing a distribution center; removes the requirement to include account number on a statement or invoice; and allows the Department to disclose certain information regarding eligible sellers in the Simplified Sellers Use Tax Remittance Program.

**Acts 2018, No. 539**

Includes marketplace facilitators as eligible sellers for any sales made by or on behalf of a marketplace seller; provides that the amount allowed for the 2% discount to not apply to any taxes collected and remitted in excess of \$400,000 beginning January 1, 2019; changes the municipality and county distribution of SSUT from equal portions of one-half of the total receipts to 40% and 60%, respectively, of one-half of the total receipts, beginning on or after January 1, 2019; and requires marketplace facilitators with at least \$250,000 in retail sales in Alabama for the preceding 12 months to either be eligible sellers in the SSUT remittance program for marketplace sellers or report retail sales and provide customer notifications by January 1, 2019.

**Acts 2019, No. 382**

Extended the amnesty period of uncollected remote use taxes for eligible sellers participating in the simplified sellers use program to October 1, 2019. Disallowed class action lawsuits against an eligible seller on behalf of customers for an overpayment of simplified sellers use tax collected and remitted.

***South Dakota v. Wayfair, Inc.*, 138 S. Ct. 2080 (2018)**

On June 21, 2018, the United States Supreme Court issued a decision in *South Dakota v. Wayfair* that struck down the requirement that a vendor must have “physical presence” in a state to be subject to state tax registration and collection requirements.

The Department of Revenues “economic nexus” rule 810-6-2-.90.03, was applied prospectively to sales made on or after October 1, 2018. Remote sellers with annual Alabama sales in excess of the rule’s in excess of \$250,000 are required to register with the Department and collect and pay tax.

Sellers may satisfy the reporting requirement in one of the following methods; collecting, reporting,

and remitting sales and use tax, collecting, reporting, and remitting simplified sellers use tax, or having simplified sellers use tax collected by a marketplace facilitator.

**Comparison with Neighboring States:**

**Florida, Georgia, Mississippi, and Tennessee**

No comparable taxes.

## Solid Waste Disposal Fees

### **Statutory Authority:**

Sections 22-27-1 through 22-27-18 and Section 22-40A-6, *Code of Alabama 1975*.

### **Tax Base:**

A solid waste disposal fee levied on generators of solid waste who dispose of solid waste at solid waste management facilities permitted by the Department of Environmental Management.

### **Tax Rate:**

- (1) \$1 per ton for all waste disposed of in a municipal solid waste landfill; regulated solid wastes that may be approved by the Department of Environmental Management as alternate cover materials in landfills; and regulated solid waste received from out-of-state for disposal at permitted public solid waste facilities.
- (2) \$1 per ton or \$.25 per cubic yard for waste disposed of in public industrial landfills, construction and demolition landfills, non-municipal solid waste incinerators, or composting facilities which receive waste not generated by the permittee; and regulated solid wastes that may be approved by the Department of Environmental Management as alternate cover materials in landfills.
- (3) \$.25 per cubic yard for all waste disposed of in a private solid waste management facility, not to exceed \$1,000 per calendar year.

### **Collections:**

The disposal fee is collected by the operator of the permitted solid waste disposal facility and remitted to the Department of Revenue on a quarterly basis not later than the 20<sup>th</sup> day of January, April, July, and October. Owners and operators collecting the solid waste fees may retain 4% of the total solid waste fees collected at their facility as an administrative collection allowance. The Department of Revenue may retain 1% of the solid waste fees collected as an administrative collection allowance.

Fiscal Year	Collections (\$) <sup>56</sup>	Percent Change
2019		
2018	6,896,066	5.52
2017	6,535,200	2.89
2016	6,351,830	1.80
2015	6,239,748	1.28

<sup>56</sup> Excludes the administrative allowance retained by the owners and operators of solid waste facilities. Gross collections.

**Distribution:**

- (1) 1% as an administrative collection allowance to the Department of Revenue.
- (2) 4% as an administrative collection allowance to owners and operators of solid waste disposal facilities collecting the solid waste disposal fees.
- (3) 25% to the Alabama Recycling Fund and used by the Department of Environmental Management exclusively to provide grants to local governments, authorities, and nonprofit organizations for use in developing, implementing, and enhancing local recycling, reuse and waste minimization projects and programs.
- (4) 25% to the Solid Waste Fund and used by the Department of Environmental Management to pay the cost of remediation, abatement, removal, or other actions related to the closure of unauthorized dumps and landfills, including, but not limited to, equipment, labor, supplies, materials, and professional services.
- (5) 45% to the Department of Environmental Management and used exclusively to pay the costs of performing its duties under the Solid Wastes and Recyclable Materials Management Act and to fund educational programs administered by the Department on solid waste management, waste minimization, and recycling.

**Major Exemptions:**

- (1) Operators of industrial boilers, furnaces, and other processing equipment that burn solid waste generated on-site for the purpose of fuel replacement or energy recovery and which are permitted by the Department of Environmental Management or by a local air pollution control agency.
- (2) Operators of composting facilities which are owned by the Department of Corrections and which receive only waste generated by Department of Corrections facilities and institutions or those composting facilities otherwise exempt from permitting as provided in rules promulgated by the Department of Environmental Management.
- (3) Operators of industrial boilers, furnaces, and other processing equipment that burn scrap tires for the purpose of fuel replacement or energy recovery and are registered with the Department of Environmental Management as provided in rules promulgated by the Department.
- (4) Scrap tire processors who receive and process scrap tires and who are permitted by or registered with the Department of Environmental Management as provided in rules promulgated by the

Department, except that a solid waste disposal facility permitted as a scrap tire processor shall collect the fee on all waste disposed of in its landfill.

- (5) Retail tire dealers, retreaders, and used tire dealers registered with the Department of Environmental Management and collecting and remitting scrap tire environmental fees are not subject to the solid waste disposal fees for only scrap tires delivered to permitted landfills for disposal (Per Section 22-40A-6, *Code of Alabama 1975*).

### **Legislative History:**

#### **Acts 2008, No. 151, p. 244**

Established the Solid Wastes and Recyclable Materials Management Act. Levied statewide solid waste disposal fees on generators of solid waste who dispose of solid waste at a solid waste management facility at the current rates and provided for the distribution of revenues.

### **Comparison with Neighboring States:**

#### **Florida and Tennessee**

No comparable tax.

#### **Georgia**

Effective until June 30, 2020, owners and operators of any solid waste disposal facility other than an inert waste landfill or private industry solid waste disposal facility must assess and collect from each disposer a surcharge of \$0.75 per ton. Effective from July 1, 2020, until June 30, 2022, owner and operators of any solid waste disposal facility other than an inert waste landfill or private industry solid waste disposal facility must assess and collect from each disposer a surcharge of \$0.51. Owners and operators may retain 2% to pay for costs associated with collecting the surcharge.

#### **Mississippi**

Owners and operators of every nonhazardous solid waste facility in the state pay an amount equal to the greater of the per ton fee imposed on the management of out-of-state nonhazardous solid waste by the state from which it originated or the \$1 per ton fee imposed on the management of in-state nonhazardous solid waste.

# State Securities Commission Fees

## **Statutory Authority:**

Sections 8-6-1 through 8-6-60, *Code of Alabama 1975*.

## **Tax Base:**

Registration fee required of all dealers and agents of securities, all investment advisers and investment adviser representatives, and for all security issues offered for sale in the state. A fee is also required for certain applications for exemption from registration of security issues and interpretative opinions or no-action letters from the Securities Commission.

## **Tax Rate:**

The initial or annual renewal registration fee is \$250 for a broker/dealer or an investment adviser and \$70 for an agent or investment adviser representative. The filing fee for the registration of a security is a minimum of \$100 and a maximum of \$1,500. The filing fee for an issue for open-ended management companies, face amount certificate companies and unit investment trust companies that register an indefinite amount of securities is \$100. Open-end management investment companies who qualify for security registration exemption must file a notice of intent to sell with the Commission, accompanied by a filing fee of \$350 (net assets of \$25 million or less), \$700 (net assets of more than \$25 million but less than \$100 million), or \$1,200 (net assets of \$100 million but less than \$250 million), \$2,000 (net assets of \$250 million or more); and the fee must be paid each year prior to any offer or sale of a security is made. Unit investment trusts that qualify for the security registration exemption must file a notice of intent to sell, accompanied by a filing fee of \$200. Other entities that apply for an exemption from registration based upon certain specified criteria pay a fee of \$300. An application to the Commission for an interpretative opinion or no-action letter or for a notice of exemption for certain intrastate transactions must be accompanied by a fee of \$150.

## **Collections:**

State General Fund deposits (Securities Commission recording and assessment fees):

Fiscal Year	Collections (\$)	Percent Change
2019	11,793,513	14.83
2018	10,270,085	8.60
2017	9,457,109	0.39
2016	9,420,790	4.10



2015	9,049,585	5.17
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Source: "State General Fund - Comparison of Net Receipts" Report – Comptroller's Office. Beginning FY 2016, "General Fund Net Receipts of Revenues" Reports – STAARS.

Securities Commission Fund deposits (includes fees from the securities exemption permits, registration of investment advisers and investment adviser representatives, filing and recording documents, and investigation charges):

Fiscal Year	Collections (\$)	Percent Change
2019	11,975,245	22.60
2018	9,768,098	12.67
2017	8,669,762	1.44
2016	8,796,216	(6.08)
2015	9,365,396	13.08

Source: "Comparative Summary of Revenue Sources by Fund" Report - Comptroller's Office. Beginning FY 2016, "Comparative Schedule of Revenues" Report – STAARS.

#### **Distribution:**

The fee for initial or renewal registration of an investment adviser or investment adviser representative, the \$300 filing fee for application for an exemption from registration, the filing fees for the exemption of open-end management investment companies, and the \$150 application fee for an interpretative opinion or no-action letter or for a notice of exemption for certain interstate transactions from the Commission are deposited into the Alabama Securities Commission Fund for the use of the Commission. All other proceeds are deposited into the State General Fund.

#### **Major Exemptions:**

Any security, including a revenue obligation, issued or guaranteed by the U.S. or any state government (or political subdivision thereof). A listing of exemptions is found in Sections 8-6-10 and 8-6-11, *Code of Alabama 1975*.

#### **Legislative History:**

##### **Acts 1959, No. 542, p. 1318**

Established the Office of Securities Commission and required the registration of dealers, salesmen, and securities.

**Acts 1969, No. 740, p. 1315**

Abolished the Office of the Securities Commission and established the Alabama Securities Commission.

**Acts 1979, No. 462, p. 827**

Increased the filing fee from \$40 to \$150 on applications for exemption from registration in certain non-public security offerings.

**Acts 1988, 1<sup>st</sup> Ex. Sess., No. 722, p. 112**

Increased the registration fees for dealers from \$100 to \$200 and agents from \$20 to \$50.

**Acts 1990, No. 527, p. 772**

Substantial revision of the Securities Act, including: provision for registration and regulation of investment advisers and investment adviser representatives; elimination of the \$10 filing fee formerly required with the quarterly report of issuers who registered securities; Securities Commission retention of filing and registration fees when a security's registration statement is withdrawn before the effective date or a pre-effective order is entered (formerly the Commission retained the filing fee and one-half of the registration fee); modification of the registration fee requirements applicable to investment company distributions, so that they may register an indefinite amount of securities for a \$40 filing fee and a \$1,000 registration fee at the time of filing and thereafter report the amount of securities sold and remit the same \$1,000 registration fee for any additional year during which the registration statement remains in effect; exemption from registration of securities sold by certain open-end management investment companies and unit investment trusts with a requirement that those companies file a notice of intent to sell securities and pay specified filing fees; requirement that a \$150 fee accompany an application for an interpretative opinion or no-action letter from the Commission; and eliminated \$10 examination fee charged agents and dealers (fee had not been collected by Commission in several years because it does not give examinations).

**Acts 1991, No. 320, p. 584**

Changed distribution of the filing fees for the exemption of open-end management investment companies from the State General Fund to the Alabama Securities Commission Fund; and increased filing fee for an exemption from full registration from \$150 to \$250.

**Acts 2009, No. 774, p. 2401**

Increased initial and renewal registration fees for dealers and investment advisors, filing fees for open-ended management companies, face amount certificate companies, and unit investment trust companies; and the filing fees for an exemption from full registration to the current amounts.

**Acts 2014, No. 376, p. 1401**

Eliminated an exemption for certain investments with an aggregate amount of not more than \$500,000 from various regulations; created a new intrastate crowd funding exemption that will allow Alabama entrepreneurs to raise up to \$1,000,000 from Alabama investors; and required a \$150 nonrefundable filing fee for every notice of exemption filed with the Commission.

**Acts 2018, No. 275**

Increased the annual registration or renewal fee for agents and investment adviser representatives from \$60 to \$70; and expanded the filing fee tier structure by adding a new bracket for and requiring a nonrefundable filing fee of \$2,000 for open-end management companies with total net assets equal to or greater than \$250 million.

**Comparison with Neighboring States:****Florida**

Annual registration fees are: dealer or investment adviser, \$200 annually; branch office fee, \$100; and registration fee for agents and investment adviser representatives, \$50. The notice filing fee for Canadian dealers and federally covered advisers is \$200 annually. A nonrefundable application fee of \$1,000 is required to register an issue of securities.

**Georgia**

Initial registration fees are: broker-dealers, investment advisers, and investment adviser representatives, \$250, with annual renewal fees, \$100, with change of registration as an investment adviser representative, \$50; and agents \$50, with annual renewal fees, \$40, with change of registration as an agent, \$30. The filing fee for a security is .0005% of the maximum aggregate offerings price, but not less than \$250 and the annual renewal fee is \$100. The notice filing fee for federally covered securities and other types of securities is \$250, and a fee of \$100, for renewal.

**Mississippi**

Annual and renewal registration fees are: security broker/dealers and investment advisers, \$200; and agents and investment adviser representatives, \$50. A registration fee of .001% of the dollar amount of securities registered and collected, with a minimum fee of \$300 (definite amount of securities) and a maximum fee of \$1,000 (indefinite amount of securities). Additional fees include an opinion letter fee of \$300, a name change fee of \$150 per filing, and a minimum fee of \$300 and a maximum fee of \$1,000 for federal covered securities issued in the state.

**Tennessee**

Annual renewal registration fees are: broker/dealers and investment advisers, \$200 and agents and investment adviser representatives, \$50. The registration fee for securities is equal to 1/10 of 1% of the maximum aggregate amount registered with a minimum fee of \$300 and a maximum fee of \$1,000. The annual filing fee for federally covered securities is \$500 and the renewal fee is \$100.

## Store Licenses Tax

### **Statutory Authority:**

Sections 40-1-31 and 40-12-310 through 40-12-319, *Code of Alabama 1975*.

### **Tax Base:**

Annual license fee levied on every person, firm, corporation, association, or copartnership (foreign or domestic) for the privilege of opening, establishing, operating, or maintaining stores or mercantile establishments.

### **Tax Rate:**

Number of stores	Annual Fees
1	\$1.00
2 to 5	\$15.00 for each additional store
6 to 10	\$22.50 for each additional store
11 to 20	\$37.50 for each additional store
21 or more	\$112.50 for each additional store

New businesses beginning on or after April 1 may pay one-half the full rate for the then current year. In addition to the above fees, each application for a store license must be accompanied by an issuance fee of \$.50 for each store, to be retained by the probate judge or license commissioner for the issuance of such license, if compensated on a salary basis and deposited into the county treasury.

### **Collections:**

By the probate judge or license commissioner at the courthouse in the county where the principal store is located, due on or before October 31 of each year or before opening any store.

Fiscal Year	Collections (\$) <sup>57</sup>	Percent Change
2019	579,891	(3.28)
2018	599,581	4.68
2017	572,794	(1.38)
2016	580,833	(7.46)
2015	627,680	14.97

Source: Department of Revenue's "Revenue Abstract."

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<sup>57</sup> Gross collections.

**Distribution:**

After the Department of Revenue deducts the cost of collections, net proceeds are deposited into the Education Trust Fund.

**Legislative History:****Acts 1935, No. 194, p. 256**

Established the Stores License Tax at the present rates.

**Comparison with Neighboring States:****Florida, Georgia, Mississippi and Tennessee**

No comparable state taxes.

## Telecommunications Services Tax, Mobile

### **Constitutional Provisions:**

Amendment No. 616 to the *Constitution of Alabama of 1901* (proposed by Act 1997-356, proclaimed ratified January 6, 1999), now appearing as Section 213.37 of the Official Recompilation of the *Constitution of Alabama of 1901*.

Authorized the Legislature to appropriate funds collected pursuant to any cellular radio telecommunication service tax to pay the principal and interest on bonds issued by the Alabama Revolving Loan Fund Authority (ARLFA).

### **Statutory Authority:**

Sections 40-21-120 through 40-21-126 and 11-85-100 through 11-85-111, *Code of Alabama 1975*.

### **Tax Base:**

A gross receipts tax levied on the furnishing of mobile telecommunications services to customers with a place of primary use in Alabama. The home service provider furnishing the mobile telecommunications services may deduct and retain .25% of the tax billed.

### **Tax Rate:**

6% on the monthly recurring access charges and all airtime charges.

### **Collections:**

By the home service provider of mobile telecommunications services, due to be remitted to the Department of Revenue on or before the 20<sup>th</sup> of each month, for the preceding month's receipts. However, taxpayers with an average monthly tax liability of \$10,000 or greater during the preceding calendar year are due to pay, on or before the 20<sup>th</sup> of the month in which the tax liability occurs, an estimated amount not less than the actual tax liability for the same calendar month of the preceding year.

Collections (\$)					
Fiscal Year	GF	ARLFA	ETF	Total	Percent Change
2019	19,348,781	1,830,290	11,924,391	33,103,462	15.97
2018	16,305,089	1,837,590	10,402,545	28,545,224	(36.64)
2017	27,308,041	1,839,277	15,904,023	45,051,341	(10.70)
2016	30,900,967	1,845,878	17,700,484	50,447,329	(11.99)
2015	35,482,706	1,845,698	19,991,675	57,320,079	(18.25)

Source: "Comparative Summary of Revenue by Revenue Source" Report – Comptroller's Office. Beginning FY 2016, "Comparative Schedule of Revenues" Report – STAARS.

**Distribution:**

Proceeds are deposited into the State Treasury. The amount necessary to pay the principal and interest on any outstanding bonds issued by the Alabama Revolving Loan Fund Authority (ARLFA) is distributed to the Authority. One-third of the remaining proceeds plus \$1.5 million are deposited into the Education Trust Fund and the remainder is deposited into the State General Fund.

**Major Exemptions:**

- (1) Cellular services which the state is prohibited from taxing under the U.S. Constitution, Alabama Constitution, or U.S. law.
- (2) Cellular services which are otherwise taxed under Alabama's sales tax provisions.
- (3) Wholesale sales.
- (4) Cellular services provided through the use of a prepaid telephone calling card, a prepaid authorization number, or both.

**Legislative History:****Acts 1990, No. 97, p. 104**

Exempted cellular radio telecommunications companies from the Utility Gross Receipts Tax, the Telephone Privilege Tax, the Public Utilities Tax, and from payment of ad valorem taxes at the Class I assessment rate (30%); levied a tax on cellular customers, based on gross receipts derived by providers from recurring access and local airtime charges for cellular radio telecommunications services, at the rate of 4% or, if less, the rate imposed by Section 40-21-82 (Utility Gross Receipts Tax). The effect was a tax at the rate of 4% on first \$40,000, 3% on next \$20,000 and 2% on any additional (over \$60,000) monthly charges. Provided that receipts be deposited into the State Treasury.

**Acts 1992, No. 623, p. 1466**

Provided for a separate (from electricity, water, and gas utilities) telephone gross receipts tax at an increased rate and amended Section 40-21-121 to provide that the cellular telephone tax rate is tied to the telephone gross receipts tax rate (if that rate is lower than 4%) rather than to the gross receipts tax rate of other utilities. The effect of this provision was to maintain at 4% the tax rate on the first \$40,000 of monthly charges, increase from 3% to 4% the tax rate on the next \$20,000 of monthly charges, and increase from 2% to 3.7% the tax rate on any additional (over \$60,000) monthly charges.

**Acts 1997, 1<sup>st</sup> Ex. Sess., No. 867, p. 208**

Made the sale of prepaid telephone calling cards subject to the sales and use tax and exempted the usage of those cards from the utility gross receipts tax and the cellular telecommunications services tax.



**Acts 1998, No. 195, p. 338**

Provided for the incorporation of the Alabama Revolving Loan Fund Authority to issue up to \$12 million in bonds for the purpose of making grants to the 12 regional planning commissions. This act pledged for the repayment of the bonds as much as necessary of the cellular radio telecommunication services tax, subject to ratification of the constitutional amendment proposed in Act 1997-356. The proposed amendment was ratified and became Amendment No. 616 to the *Constitution of Alabama of 1901*, now appearing as Section 213.37 of the Official Recompilation of the *Constitution of Alabama of 1901*.

**Acts 1999, No. 399, p. 663**

Provided that broadband personal communications services would be taxed under the cellular telecommunications tax, rather than the utility gross receipts tax, and included commercial mobile radio services in the definition of cellular services to which the cellular telecommunications tax applies; and provided that any cellular telecommunication services provider who accepts, in good faith from a purchaser, a cellular telecommunication services tax exemption form provided or approved for use by the Department of Revenue would not subsequently be liable to the Department of Revenue or others for the tax on sales to that purchaser.

**Acts 2001, 4<sup>th</sup> Ex. Sess., No. 1090, p. 1120**

Brought Alabama's Cellular Telecommunications (Mobile Telecommunications) Tax provisions into alignment with the federal Mobile Telecommunications Sourcing Act. The provisions of the act which relate to alignment with that federal act were effective for customer bills issued on or after August 2, 2002 (pursuant to federal law); amended the definition of "monthly charges" upon which the tax is based to expand the tax base to include all airtime charges, including toll and roaming charges (formerly local airtime charges only), effective for all customer bills dated on or after February 1, 2002, regardless of when the services being billed were provided; increased the tax rate from 4% on monthly charges less than \$60,000 and \$4,020 plus 3.7% of excess over \$60,000 on monthly charges over \$60,000 to 6% beginning with bills dated February 1, 2002; authorized home service providers furnishing mobile telecommunications services to deduct and retain .9% from the tax billed on or after February 1, 2002 and until October 1, 2002, at which time the amount retained and deducted decreased to .25% of the tax billed; changed the distribution of the remaining tax receipts, after payment of principal and interest on Alabama Revolving Loan Fund Authority bonds, from the State General Fund to current distribution; and levied a tax on mobile radio communication services at the same rate as the Mobile Telecommunications Tax, effective February 1, 2002.

**Acts 2007, No. 279, p.378**

Increased the aggregate amount of bonds that may be issued by the Alabama Revolving Loan Authority for the purpose of making grants to the 12-regional planning and development commissions from \$12 million to \$24 million.

**Comparison with Neighboring States:****Florida**

4.92% special state communications services tax rate is applied to the following:

- Local, long distance, and toll telephone
- Video service, whether provided by a cable, telephone, or other communications provider
- Direct to home satellite
- Mobile communications
- Private line services
- Pager and beeper
- Faxes

There is, in addition, a 2.52% state utility gross receipts tax on the total amount of gross receipts derived from business done within the state, for a total rate of 7.44%. There is also a local surtax that varies by jurisdiction. All taxes are paid by the customer.

**Georgia**

State sales tax rate of 4% plus additional county surtax of up to 4% is applied to cellular telephone (1) monthly access fees and set monthly fees; (2) vertical services (call-waiting, call-forwarding, etc.) charges; or (3) daily access portion of the "roaming" charge. The tax is not applied to separately stated airtime charges or voicemail services.

**Mississippi**

State sales tax of 7% is applied to the gross receipts of the following:

- All telecommunication services: including mobile and cellular telephone
- Ancillary services
- Products delivered electronically: including, but not limited to, software, music, games, reading materials, or ringtones

**Tennessee**

State sales and use tax is applied to cellular telephone services. Residential interstate and international calls are taxed at the state rate of 7% plus 2.5% local surtax.

# Tennessee Valley Authority In-Lieu-of-Taxes Payments

## **Statutory Authority:**

16 USC, Section 831 and Sections 40-28-1 through 40-28-5 and 41-10-570, *Code of Alabama 1975*.

## **Tax Base:**

The Tennessee Valley Authority (TVA) is a federal agency which makes in-lieu-of-taxes payments to the states in which its power properties and operations are located.

## **Tax Rate:**

The TVA pays 5% of its gross revenues from the sale of power in the preceding fiscal year to the states in which TVA carries on power operations and in which TVA has acquired properties previously subject to state and local taxation. Revenue from power sold to federal agencies is excluded from taxation. The formula used to determine each state's share is: one-half of the annual payment is divided proportionately among the states according to the value of the TVA's power property within each state, and the remaining half is divided proportionately on the basis of the TVA's power revenues from each state to the TVA's total power revenues.

## **Collections:**

The Department of Revenue annually receives equal monthly installment payments from the TVA and a year-end adjustment payment added to the last installment.

<b>Fiscal Year</b>	<b>Collections<sup>58</sup></b>	<b>Percent Change</b>
2019	85,937,891	(1.72)
2018	87,444,277	(0.30)
2017	87,705,706	(7.69)
2016	95,014,161	(7.77)
2015	103,016,171	(3.34)

Source: Department of Revenue's "Revenue Abstract."

## **Distribution:**

The total TVA payment is shared by the State of Alabama and the counties served by the TVA. The amount of the TVA payment retained by the State of Alabama is credited to the State General Fund and/or to the Incentives Financing Authority Debt Service Fund. The payment is distributed as follows: to the counties served by TVA, 83%; to the Incentives Financing Authority the amount necessary to pay the

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<sup>58</sup> Gross collections.

debt service on its bonds; and the remainder to the State General Fund. The county share is allocated based on each served county's respective share of: total TVA residential and industrial power sales for all counties and total book value of TVA property for all served counties. Distributions for fiscal years 2018 and 2019 were as follows:

<b>Counties served by TVA:</b>	<b>FY 2018</b>	<b>FY 2019</b>
Calhoun	110,213	108,240
Cherokee	904,684	889,033
Colbert	4,960,912	4,893,016
Cullman	3,991,750	3,927,519
DeKalb	2,688,403	2,646,185
Etowah	156,530	153,469
Franklin	1,822,047	1,759,801
Jackson	6,337,741	5,090,924
Jefferson	1,998,286	1,962,058
Lauderdale	4,762,968	4,670,898
Lawrence	1,377,054	1,363,421
Limestone	7,537,272	8,280,652
Madison	16,220,526	15,918,092
Marshall	5,471,865	5,374,302
Morgan	14,085,179	13,954,688
Winston	193,297	190,128
<b>Totals</b>	<b>72,618,728</b>	<b>71,182,426</b>
TVA Exhibit Commission Debt	0	0
Incentives Financing Authority Debt	14,873,715	14,579,533
<b>Total Distributed</b>	<b>87,492,443</b>	<b>85,761,959</b>

Source: Department of Revenue.

### **Legislative History:**

#### **Public Law 48, Statute 68, Section 13**

Initial federal legislation which established the Tennessee Valley Authority in 1933 and authorized payments to the states served by TVA.

#### **Acts 1978, 2<sup>nd</sup> Ex. Sess., No. 92, p. 1786**

Provided for the sharing of the TVA payments between the State of Alabama and certain counties, including dry non-TVA counties; and amended Section 28-3-74, *Code of Alabama 1975*, to eliminate the distribution of alcoholic beverage revenues to dry counties.

#### **Acts 1979, No. 306, p. 458**

Amended Act 1978-92, to tie distribution of 5% of total state TVA money going to each dry non-TVA county and to municipalities within those counties to their respective shares of total ABC distribution to dry non-TVA counties and municipalities within those counties in FY 1979, rather than to a

proportionate share of ABC total distribution to all dry counties that same fiscal year; and provided that dry counties would not receive less revenue from TVA receipts than they would have received from ABC distributions in the previous fiscal year.

**Acts 1979, No. 786, p. 1425**

Added definitions of terms and clarified the manner and procedures for distributing portions of the TVA payments and the procedures by which portions of the payments received by dry counties not served by the TVA would be shared with the cities within such counties.

**Acts 1987, No. 586, p. 957**

Provided that all of the TVA in-lieu-of-taxes revenue retained by the State of Alabama (following the distribution of the counties' portion of TVA payments) be deposited to the credit of the Tennessee Valley Exhibit Commission Trust Fund, until the balance in the Fund equals the amount of debt service on any bonds issued by the Tennessee Valley Exhibit Commission for the next succeeding fiscal year. All other TVA in-lieu-of-taxes revenue retained by the state would be credited to the State General Fund.

**Acts 1990, No. 531, p. 823**

Amended Sections 41-9-782 and 41-9-783, *Code of Alabama 1975*, relating to the Tennessee Valley Exhibit Commission to authorize the Commission to issue and sell revenue bonds in a principal amount not to exceed \$1.5 million in order to pay certain costs of completing an information and exhibit center; and appropriated and pledged such amounts as may be necessary to pay principal and interest on the bond issue from monies retained by the state from in-lieu-of-tax payments made by the Tennessee Valley Authority. Required the Commission to, at the end of each fiscal year, transfer any surplus funds in its account to the Tennessee Valley Exhibit Commission Trust Fund for reimbursement of monies previously withdrawn with interest. After repayment to the trust fund, any surplus monies remaining are to be transferred to the State General Fund.

**Acts 1995, No. 372, p. 746 and No. 373, p. 747**

Pledged and appropriated the portion of the TVA payments remaining after distribution of the county shares and the payment of the debt service on bonds issued by the Tennessee Valley Exhibit Commission to pay the debt service on bonds issued by the Incentives Financing Authority. Act 1995-373 created the Alabama Incentives Financing Authority and authorized it to issue bonds to finance industrial projects in the state.

**Acts 2006, No. 655, p. 1792**

Increased the annual amount of TVA payments distributed to served counties from 75% to 78% beginning in FY 2006. Required additional amounts received by the counties from the 3% to be allocated by local legislation. The additional 3% comes from amounts previously retained by the state.

**Acts 2007, No. 417, p. 869**

Provided that any county in which a community development district is located would participate in the distribution of the state beer tax. A dry county that receives alcoholic beverage taxes or fees because of this act would have its share of TVA payments reduced by the amount equal to the alcoholic beverage taxes or fees received by such county.

**Acts 2010, No. 135, p. 190**

Limited the amount of revenue distributed from the state liquor taxes to the State General Fund, the Public Welfare Trust Fund, and the Special Mental Health Fund at the amount received for fiscal year 2009 until the annual growth in liquor tax receipts above the fiscal year 2009 amount equals the amount of Tennessee Valley Authority (TVA) in-lieu-of-taxes payments distributed in FY 2009 to the dry counties not served by the TVA. Beginning with the fiscal year ending September 30, 2010, distributed to the dry counties not served by the TVA from the growth in state liquor taxes up to the amount of TVA payments distributed to dry counties for fiscal year 2009 plus an amount equal to the percentage growth in TVA payments received by the state; and reduced the amount of TVA payments distributed to the dry counties not served by TVA by an amount equal to the amounts allocated to those counties from the state liquor taxes and distributed to the counties served by the TVA.

**Comparison with Neighboring States:****Florida**

No payment is received from TVA.

**Georgia**

The total payment received from TVA is redistributed to counties, county school districts and municipalities according to the relative book value of TVA property therein. The TVA payment distributed to Georgia in fiscal year 2018 was \$8 million.

**Mississippi**

The first 12.5% is retained by Tishomingo County, the next 10% is retained by the state, and the remainder is distributed to the TVA served counties and municipalities, based on a ratio of power sales (of this amount, 25% is distributed to school districts within TVA served counties based on a teacher to pupil ratio). The TVA payment distributed to Mississippi in fiscal year 2018 was \$39 million.

**Tennessee**

The state retains \$55.2 million; \$4.1 million is distributed to the counties and municipalities; and any payments received in excess of this amount are split 48.5% to the state and 51.5% to the counties and cities. The TVA payment distributed to Tennessee in fiscal year 2018 was \$347 million.

## Tobacco Tax (Excluding Cigarettes)

### **Statutory Authority:**

Sections 40-25-1 through 40-25-29, 40-25-40 through 40-25-47, and 40-25-70 *Code of Alabama 1975*.

### **Tax Base:**

Tax on sale, storage or distribution of tobacco or tobacco products by wholesalers and retailers and use by consumers. The tax is a levy on the ultimate consumer or user. Section 40-25-2, *Code of Alabama 1975*, authorizes the taxes to be paid at the wholesale level by affixing stamps and adding to the price of the tobacco product or, if the Commissioner of Revenue determines that it is not economical to have stamps prepared, with the use of a monthly report. Department of Revenue-Tobacco Tax Section Rule 810-7-1-.08 currently provides for the tax to be paid through a monthly report. (See also Cigarette Tax).

### **Tax Rates:**

- |  |   |
|--|---|
| (1) Little cigars and filtered cigars, not weighing more than 3 lbs. per 1,000 | \$ .04 per 10                               |
| (2) Filtered cigars, weighing more than 3 lbs. per 1,000                       | \$.015 for each cigar                       |
| (3) All cigars (other than those shown above)                                  | \$40.50 per 1,000, or<br>\$.0405 each cigar |
| (4) Smoking tobacco, weighing:   |   |
| 1-1/8 oz. or less  | \$.04/package                               |
| Over 1-1/8 but not exceeding 2 oz.   | \$.10/package                               |
| Over 2 but not exceeding 3 oz.   | \$.16/package                               |
| Over 3 but not exceeding 4 oz.   | \$.21/package                               |
| Over 4 oz. (each additional ounce over 4 oz. or fractional part thereof)       | \$.06                                       |
| (5) Chewing tobacco  | \$.015 per ounce                            |
| (6) Snuff weighing:  |   |
| 5/8 oz. or less  | \$.01/package                               |
| Over 5/8 but not exceeding 1-5/8 oz.   | \$.02/package                               |
| Over 1-5/8 but not exceeding 2-1/2 oz.   | \$.04/package                               |
| Over 2-1/2 but not exceeding 5 oz.<br>(cans, packages, gullets)                | \$.06/package                               |



Over 3 but not exceeding 5 oz.  
(glasses, tumblers, bottles) \$.07/package

Over 5 but not exceeding 6 oz. \$.08/package

Over 6 oz. (each additional ounce over  
6 ounces or fractional part thereof) \$.12

(7) Cigar wrapper made from tobacco, weighing:

1-1/8 oz. or less \$.04/package

Over 1-1/8 oz. but not exceeding 2 oz. \$.10/package

Over 2 oz. but not exceeding 3 oz. \$.16/package

Over 3 oz. but not exceeding 4 oz. \$.21/package

Over 4 oz. (each additional ounce over 4 ounces or  
fractional part thereof) \$.06

Information on local rates follows in Legislative History.

**Collections:**

By the Department of Revenue monthly. Privilege tax due by the 20<sup>th</sup> of each month. Wholesalers and jobbers are allowed a 4.75% discount if the tax is collected by affixing stamps. Prior to October 1, 2015, the discount was 7.5%.

Fiscal Year	Collections (\$)	Percent Change
2019	10,607,083	1.36
2018	10,465,017	8.31
2017	9,661,689	5.24
2016	9,180,304	5.13
2015	8,732,446	(6.63)

Source: Department of Revenue's "Revenue Abstract." Collection amount represents total tobacco collections after refunds.

**Distribution:**

After deduction of the cost of collection, the remaining proceeds are deposited into the State General Fund.

**Major Exemptions:**

A qualified wholesaler or jobber in Alabama may sell tobacco products to:

- (i) A person who is outside of the state without affixing Alabama revenue stamps, provided the criteria defined in Section 40-25-15, *Code of Alabama 1975*, is met.
- (ii) The United States or to any instrumentality thereof for resale to or for use or consumption by members of the Armed Services of the United States.
- (iii) Ships regularly engaged in foreign commerce or coastwise shipping between points in this state and points outside this state for resale to or for use or consumption upon such ship or in foreign commerce.

**Note Regarding Local Levies:**

The state tax is in lieu of any other or additional local taxes and/or license fees other than those imposed by an act of the Legislature or an ordinance or resolution by a taxing authority passed or established prior to May 2004. The Department of Revenue maintains a current list of local tax rates on its website.

**Legislative History:****Acts 1935, No. 194, p. 256**

Established the tobacco stamp sales tax; outlined ten categories of tobacco products other than cigarettes; and set rates for little cigars according to weight, while the rates on the remaining tobacco product categories were based on retail price. See act for tobacco tax rate schedule.

**Acts 1939, No. 409, p. 538**

Established the tobacco use tax; set rates and definitions same as tobacco stamp sales tax.

**Acts 1945, No. 326, p. 528**

Changed the rate schedule for most tobacco product categories to a schedule based on retail price. See act for tobacco tax rate schedule.

**Acts 1947, No. 288, p. 143**

Changed the rate schedule for several tobacco product categories and effectively increased the tobacco tax rate on smoking tobacco by the adoption of rates based on weight per package, rather than on retail price. See act for tobacco tax rate schedule.

**Acts 1959, 2<sup>nd</sup> Ex. Sess., No. 101, p. 318**

Reduced the tobacco tax rates on most categories of cigars and smoking tobacco. See act for tobacco tax rate schedule.

**Acts 1959, No. 637, p. 1550**

Increased tobacco tax rates on several categories of tobacco products. See act for tobacco rate schedule.

**Acts 1999, 2<sup>nd</sup> Ex. Sess., No. 650, p. 96**

Effective January 1, 2001, changed distribution of remaining proceeds, after deduction of the cost of collection, from the Education Trust Fund to the State General Fund.

**Acts 2004, No. 545, p. 1157**

Increased the state cigarette and other tobacco product taxes; provided for the distribution of proceeds; and provided that no additional local taxes may be levied after the date of passage.

**Acts 2012, No. 425, p. 1146**

Established the cigar wrapper tax and provided for the distribution of proceeds.

**Acts 2014, No. 262, p. 827**

Separated little cigars from certain filtered cigars and eliminated the retail selling price requirement to determine the tax rate on cigars; and required all wholesalers, jobbers, semijobbers or any other person selling, receiving or distributing tobacco products in Alabama for resale to file a report of its activity with the Department.

**Acts 2015, 2<sup>nd</sup> Ex. Sess., No. 535, p. 1901**

Effective October 1, 2015, reduced the discount allowed to wholesalers and jobbers of tobacco products to 4.75%; provided that all sales of tobacco products to a reservation tobacco vendor are taxable; and allowed a reservation tobacco vendor to get a refund of tobacco taxes paid on products sold to tribal members.

**Comparison with Neighboring States:****Florida**

There is not a tax on cigars, however, there is a tobacco products tax for distributors, at 60% of the wholesale sales price on all tobacco products. Distributors are allowed a collection discount of 1% of the amount of tax due.

**Georgia**

Cigars are taxed at 23% of wholesaler's cost. The rate for loose or smokeless tobacco is 10% of the wholesale price. Licensed distributors may be allowed discounts ranging from not less than 2% nor more than 8% of the face value thereof, depending on the volume of cigars handled.

**Mississippi**

On cigars, cheroots, stogies, snuff, chewing and smoking tobacco and all other tobacco products, except cigarettes, the tax rate is 15% of the manufacturer's list price.

**Tennessee**

Manufactured tobacco, snuff, and all other tobacco products including cigars, cheroots, and stogies are taxed at 6.6% of the wholesale cost price. Dealers or distributors of tobacco products, other than cigarettes, are allowed 2% of the tax as compensation for remitting the tax, risk of loss, and miscellaneous expenses.

# Transportation Company Inspection and Supervision Fee

## **Statutory Authority:**

Section 37-2-41, *Code of Alabama 1975*.

## **Tax Base:**

An inspection and supervision fee on transportation companies (including telephone companies) doing business in the state as a common carrier and subject to the control and jurisdiction of the Commission with respect to its rates and service regulations.

## **Tax Rate:**

Fees are based on gross intrastate receipts for the preceding fiscal year:

<b>Gross Receipts</b>	<b>Rate per \$1,000</b>
First \$100,000 or less	\$2.85
\$100,001 to \$1,000,000	\$2.35
In excess of \$1,000,000	\$1.85

Minimum rate - \$25; Maximum rate for railroad companies - \$5,000/yr.

Providers of pay telephone service over instruments owned and/or operated by local exchange companies, interexchange companies, and customer-owned, coin-operated telephone service providers may elect to pay a fee, in lieu of the fees above, in the amount of \$10 per instrument.

## **Collections:**

By the Public Service Commission on a quarterly basis (November 1, February 1, May 1 and August 1), or annually (on November 1) if the company elects to pay annually.

<b>Fiscal Year</b>	<b>Collections (\$)</b>	<b>Percent Change</b>
2019	2,203,011	(15.48)
2018	2,606,412	(18.81)
2017	3,210,275	(2.89)
2016	3,305,892	(3.36)
2015	3,421,003	0.27

Source: "Comparative Summary of Revenues by Revenue Source" Report - Comptroller's Office. Beginning FY 2016, "Comparative Schedule of Revenues" Report – STAARS.

## **Distribution:**

All proceeds are held in the Commission's operating fund to be used for expenses of the Commission.

**Legislative History:****Acts 1920, No. 37, p. 38**

Established the following annual inspection and supervision fees for public utilities (as defined in the act):

<b>Gross Receipts</b>	<b>Rate per \$1,000</b>
First \$10,000 or less	\$2.50
Up to and including \$100,000	\$2.00
Up to and including \$350,000	\$1.50
Up to and including \$700,000	\$1.25
Up to and including \$1,000,000	\$1.00
Up to and including \$2,000,000	\$.75
Up to and including \$3,000,000	\$.25
In excess of \$3,000,000	\$.10
Minimum rate - \$25	
Maximum rate - \$3,000	

Provided for fees to be paid annually.

**Acts 1920, No. 42, p. 92**

Provided that the fees established in Act 1920-37 also apply to transportation companies (as defined in this act).

**Acts 1981, No. 718, p. 1210**

Amended inspection and supervision fees paid by transportation companies to the following rates (based on gross intrastate receipts) and provided for quarterly payment:

<b>Gross Receipts</b>	<b>Rate per \$1,000</b>
First \$100,000 or less	\$2.50
\$100,001 to \$1,000,000	\$2.00
In excess of \$1,000,000	\$1.50

Minimum rate - \$25; Maximum rate for railroad companies - \$5,000/yr.

**Acts 1985, No. 756, p. 1256**

Provided that transportation companies with gross intrastate receipts in excess of \$60 million per calendar quarter be required to pay inspection and supervision fees based on the quarter rather than the preceding fiscal year.

**Acts 1989, No. 943, p. 1852**

Provided fee payment option of \$10 per instrument annually in lieu of existing fees for providers of pay telephone service; and authorized the Commission to deposit transportation company inspection and supervision fees into the Commission's operating fund to be used for any expenses incurred by the Commission under Title 37.

**Acts 1991, No. 586, p. 1075**

Established the current rate schedule.

**Comparison with Neighboring States:****Florida**

Each regulated telecommunications company pays an annual regulatory assessment fee. The amount of the fee is determined by deducting any amount paid to another telecommunications company for the use of any telecommunications network to provide service to its customers and then multiplying the remainder by a factor of 0.0016. Regardless of this formula, the minimum regulatory assessment fee is \$600 for a local telephone service provider and \$100 for a pay telephone service provider.

**Georgia**

Public service corporations and utilities subject to Public Service Commission jurisdiction must pay an annual fee set by the Revenue Commissioner according to the gross revenues of each public service corporation or utility resulting from intrastate service regulated by the Commission. The fee is apportioned among such public service corporations or utilities so as to produce \$1.05 million per year.

**Mississippi**

Railroads pay a regulatory tax that ranges from \$5 to \$90 per mile of track, depending upon the average earnings of the railroad. To produce the amount required to meet the administrative expenses of the PSC in regulating and supervising railroad companies operating in Mississippi, the State Tax Commission prorates a tax of \$201,000 among taxable railroad companies according to track miles operated during the calendar year preceding the assessment. Pipeline companies pay from \$15 to \$125 on each mile of pipe, depending on the diameter of the pipe. Telephone companies pay a fee of \$0.04 per telephone in service at the end of the year or \$25.00, whichever is greater.

## Tennessee

The following fees are based on the previous calendar year's gross receipts over \$5,000 and must be paid by every public utility company subject to control and jurisdiction of the Tennessee Public Utility Commission (TPUC):

<b>Excess over \$5,000</b>	<b>Rate per \$1,000</b>
First \$1,000,000	\$4.25
Over \$1,000,000	\$3.25
Minimum fee - \$100	

Telecommunications public utilities, subject to control and jurisdiction of the TRA, with over 1,000,000 telephone access lines in Tennessee and operating under the market regulation statute pay a fee in accordance with the calculation above with a minimum fee of 49% of the inspection fee due on April 1, 2012 or \$100, whichever is greater.



# Underground and Aboveground Storage Tank Regulatory Fees

## **Statutory Authority:**

Sections 22-35-1 through 22-35-13 and 22-36-1 through 22-36-10, *Code of Alabama 1975*.

## **Tax Base:**

- (1) An Underground and Aboveground Storage Tank Trust Fund fee levied on certain defined owners of underground or aboveground storage tanks (including pipes connected thereto) used for the storage, use or dispensing of motor fuels. (See Tax Rate).
- (2) An Underground and Aboveground Storage Tank Trust Fund fuel fee on those ordering the first withdrawal from bulk.
- (3) A tank regulation fee levied on certain defined owners or operators of underground storage tanks.

## **Tax Rate:**

- (1) The tank fee of up to \$150 per year per regulated tank. (Note: This fee has not been collected since 1993 due to sufficient funds to operate the program being provided by the other fees.)
- (2) The Underground and Aboveground Storage Tank Trust Fund fuel fee is imposed on the first withdrawal from bulk in this state and is an amount based on invoiced gallons of no less than \$.003 per gallon and no more than \$.02 per gallon as annually recommended by the Underground and Aboveground Storage Tank Trust Fund Management Board beginning October 1, 2009. Currently, the fee is \$.01 per gallon.
- (3) The underground tank registration fee is \$30 per tank.

## **Collections:**

The \$150 tank fee (if charged) and the \$30 tank registration fee are collected by the Alabama Department of Environmental Management. The fuel fee is collected by the operator of the bulk facility and remitted by the 20<sup>th</sup> of the month, following the month for which fees are due, to the Department of Revenue.

<b>Fiscal Year</b>	<b>Collections (\$) <sup>59</sup></b>	<b>Percent Change</b>
2019	39,147,746	1.25
2018	38,663,549	0.20
2017	38,584,736	1.74
2016	37,923,162	2.31
2015	37,066,046	2.16

<sup>59</sup> Includes collections from both the tank fuel fee and regulatory fee.

**Distribution:**

- (1) As a first charge against revenues collected from the per gallon tank fuel fee, there is appropriated to the Department of Revenue the amount of money necessary to pay its cost of administration, not to exceed \$150,000 annually. The remaining receipts are deposited into the Alabama Underground and Aboveground Storage Tank Trust Fund and the unobligated balance of the Fund is invested by the Retirement Systems of Alabama for the benefit of the Fund. Monies in the Fund are used for the following purposes:
  - (a) To pay the administration costs of all the provisions of the program, including the expenses certified by the Board as proper and necessary incurred in the discharge of its duties. The Department of Environmental Management's actual cost of administering the program may not exceed 8% of the total fees and charges collected annually or a maximum of \$705,000 per year, whichever is less. In no event will the Department's allocation for this purpose be less than \$400,000 in any given year. Provided, however, the Legislature may make additional appropriations to the Department from the Fund upon showing of need for such additional amounts in the administration of the Fund. Any additional appropriations may not exceed in any year 5% of the total fees and charges collected annually.
  - (b) To pay third parties who bring suit and obtain final judgment against the Fund and the owner or operator of an underground or aboveground motor fuel storage tank who is in substantial compliance with the Fund.
  - (c) To pay response action contractors as approved by the Department for remedial action or clean-up work.
- (2) The tank regulation fee is used by the Alabama Department of Environmental Management for administrative costs in the underground tank regulatory program and to provide the 10% state match required by the federal Leaking Underground Storage Tank Program.

**Major Exemptions:**

- (1) Farm or residential tank of 1,100 gallons or less capacity used for storing motor fuel for noncommercial purposes.
- (2) Tank used for storing heating oil for consumptive use on the premises where stored.
- (3) Septic tank.
- (4) Pipeline facility (including gathering lines) regulated under:

- (a) The Natural Gas Pipeline Safety Act of 1968;
  - (b) The Hazardous Liquid Pipeline Safety Act of 1979; and
  - (c) An intrastate pipeline facility regulated under state laws comparable to provisions (a) or (b) above.
- (5) Surface impoundment, pit, pond, or lagoon.
  - (6) Stormwater or wastewater collection system.
  - (7) Flow-through process tank.
  - (8) Liquid trap or associated gathering lines directly related to oil or gas production and gathering operations.
  - (9) Storage tank situated in an underground area (such as a basement, cellar, mineworking, drift, shaft, or tunnel) if the storage tank is situated upon or above the surface of the floor.
  - (10) Other underground tanks exempted by the administrator of the federal Environmental Protection Agency.
  - (11) Piping connected to any of the above exemptions.
  - (12) Pipeline terminals, refinery terminals, rail and barge terminals and tanks associated with each.
  - (13) The Underground and Aboveground Storage Tank Trust Fund charge does not apply to any withdrawal from bulk of fuel oil to be used in the generation of electricity.

**Legislative History:**

**Acts 1988, No. 378, p. 557**

Created the Alabama Underground Storage Tank Trust Fund; provided for the tank fee to be credited to the Underground Storage Tank Trust Fund; and provided for third party claims and disbursements to be paid from the Fund.

**Acts 1988, No. 537, p. 823**

Provided for the regulatory program for underground storage tanks and a tank regulation fee to be used by the Department of Environmental Management.

**Acts 1993, No. 628, p. 1062**

Made the tank fee applicable to underground and aboveground storage tanks; authorized the assessment of an Underground and Aboveground Storage Tank Trust Fund charge and renamed the existing Trust Fund accordingly; provided that this charge would be the primary funding mechanism for the Alabama Underground and Aboveground Storage Tank Trust Fund; and included certain aboveground motor fuels storage tanks in the provisions of the statute.

**Acts 1993, 1<sup>st</sup> Ex. Sess., No. 891, p. 165**

Established the Underground and Aboveground Tank Trust Fund charge as a flat fee based on invoiced gallons ranging from \$1.50 to \$27. A portion of the Underground and Aboveground Storage Tank Trust Fund was appropriated retroactively for the fiscal year ending September 30, 1994 and each subsequent fiscal year to the Department of Environmental Management for administrative costs related to the provisions of this act.

**Acts 2003, 2<sup>nd</sup> Ex. Sess., No. 483, p. 1486**

Created the new nine member Underground and Aboveground Storage Tank Trust Fund Management Board to, among other things, annually recommend to the Environmental Management Commission a fuel fee based on invoiced gallons of not less than \$.003 per gallon nor more than \$.01 to replace the flat fee schedule; established the initial fuel fee of \$.005 per gallon beginning January 1, 2004; authorized the Legislature to make additional appropriations above statutory limits from the Fund to the Department of Environmental Management for administrative expenses not to exceed 5% of the total fees collected; and removed the previous \$10 million cap on tank fee charges, which allows the fees to be collected continuously.

**Acts 2009, No. 589, p. 1734**

Clarified that motor fuel blends (biodiesel and ethanol) are subject to the fuel fee and receive the same financial protection from the Fund as other motor fuels; increased the maximum fuel fee that may be charged from \$.01 per gallon to \$.02 per gallon, based on the annual recommendation from the Trust Fund Management Board, beginning October 1, 2009.

**Comparison with Neighboring States:****Florida**

A tank registration fee of \$50 initially (with the exception of a replacement tank, which is \$25) and \$25 for annual renewal on underground tanks up to a 250,000 gallons capacity and \$1 thereafter for each additional 10,000 gallons. The maximum is \$1,000 per tank or \$2,500 per facility.

**Georgia**

In order to participate in the reimbursement benefits of the Underground Storage Tank Trust Fund, a potential claimant must pay an environmental assurance fee on petroleum products imported into the state of up to \$0.01 per gallon. No other fees or permits are required. The fee is only applicable to underground tanks.

**Mississippi**

Environmental protection fee to fund the Groundwater Protection Trust Fund of \$.004 per gallon and an annual facility fee of \$200 per tank.

**Tennessee**

Annual environmental assurance fee of \$250, comprised of \$125 annual fee and \$125 administration fee, for each non-compartmentalized petroleum underground storage tank and for each compartmentalized tank.

# Unemployment Compensation Tax

## **Statutory Authority:**

Sections 25-4-40.1, 25-4-52, 25-4-54, and 25-4-72, *Code of Alabama 1975*.

## **Tax Base:**

The first \$8,000 paid to an individual employee during a calendar year.

## **Tax Rate:**

The contribution rates (expressed as a percentage of taxable wages) are determined under an experience rating plan, with rates ranging from .20% to 6.8% prior to reductions, depending upon: (1) the balance of the Unemployment Compensation Trust Fund at the end of any fiscal year; and (2) the desired level of the Fund. An employer must pay unemployment compensation tax at the rate of 2.70% until such time as it becomes eligible for experience rating (tax rate year beginning January 1 following the first fiscal year ending September 30 throughout which its account has been chargeable for benefits based on its wages). The length of time required for experience rating varies from seven to ten calendar quarters, depending upon the quarter in which wages were first paid. A special assessment of 0.06% of taxable wages was permanently extended in the 2013 Regular Session (see Acts 2013, No. 208) and is deposited into the Employment Security Administration Enhancement Fund.

## **Collections:**

By the Department of Labor quarterly.

<b>Fiscal Year</b>	<b>Collections (\$)<sup>60</sup></b>	<b>Percent Change</b>
2019	228,778,549	6.90
2018	214,011,651	(14.97)
2017	251,693,219	(7.47)
2016	272,202,899	(16.11)
2015	324,492,258	(10.29)

Source: Department of Labor

## **Distribution:**

All receipts are deposited into the Unemployment Compensation Trust Fund. The 0.06% special assessment is then transferred to the Employment Security Administration Enhancement Fund.

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<sup>60</sup> Includes penalties and interest and special assessments for the Employment Security Administration Enhancement Fund.

**Major Exemptions:**

See Section 25-4-10(b), *Code of Alabama 1975*.

**Legislative History:****Acts 1935, No. 447, p. 950**

Established system of unemployment compensation. Set employer rate at 2.7% of wages beginning during the calendar year 1938 (employee rate was set at 1% of wages). Set maximum weekly benefit of \$15.

**Acts 1939, No. 497, p. 721**

After December 31, 1939, limited the employee rate of 1% to the first \$3,000 in wages earned; and established a committee to explore an experience rating system for employer contributions.

**Acts 1943, No. 310, p. 281**

Limited the amount of wages which could be taxed to the first \$3,000 earned each calendar year and established experience rating system whereby employer rates ranged from .5% to 2.7%. Employee rates ranged from .1% to 1.0%.

**Acts 1957, No. 299, p. 382**

Limited employee contribution rate to .1% at all levels of earnings.

**Acts 1961, No. 274, p. 2298**

Increased employer contribution rate to a maximum of 3.6% of wages; increased employee contribution to .25% at all levels of earnings (.5% if no experience rating); and increased maximum weekly benefit to \$32.

**Acts 1969, No. 234, p. 559**

Set weekly benefit amount at 1/26th of the total wages for insured work paid to an employee during that quarter of his or her base period in which such total wages were the highest; increased maximum weekly benefit to \$50; and eliminated contribution rate for employee unless fund is less than certain minimum amount (in which case, employee rate is .5%).

**Acts 1971, No. 166, p. 440**

Increased wage base upon which contribution rates are levied from \$3,000 to \$4,000; and lowered employer rate for those upon which no experience rating had been developed from 2.7% to 1.5%.

**Acts 1975, No. 801, p. 1604**

Increased wage base upon which contribution rates are levied from \$4,000 to \$4,800; increased maximum employer rate to 4%; and increased employer rate for those upon which no experience rating has been developed to 2.7%.

**Acts 1978, No. 1, p. 5**

Increased wage base upon which contribution rates are levied from \$4,800 to \$6,600; and extended coverage to state employees and political subdivisions.

**Acts 1983, No. 155, p. 264**

Increased taxable wage base from \$6,600 to \$8,000. Increased maximum employer rate to 5.0% for 1984 and 5.4% for 1985 and thereafter. Provided for emergency surcharge of 25% on employers' computed tax rate, with a cap of .7% on any increase pursuant to the surcharge, until January 1 following the end of any fiscal year where the balance of the unemployment trust fund is equal to or in excess of 75% of the minimum normal amount. Increased employee rate from .5% to 1% when minimum amounts are not in fund. Increased maximum weekly benefit to \$120 and increased the minimum weekly benefit amount increased to \$22.

**Acts 1985, No. 804, p. 50**

Provided further for suspension and reinstatement of the emergency employer surcharge; and provided for the termination of the employee contribution.

**Acts 1988, No. 783, p. 195**

Provided for a special assessment of .06% against wages paid by certain employers to be deposited in the "Employment Security Administration Enhancement Fund" for calendar years 1989 through 1991; and provided for a corresponding rate reduction of .06% for certain employers for rates paid for calendar years 1989 through 1991.

**Acts 1989, No. 405, p. 822**

Changed experience rating system to the "benefit ratio" (based upon ratio of actual benefits to total payroll); and provided for 4 rate schedules, one of which is to be used dependent upon the condition of the fund and the desired level of the fund. Increased maximum rate to 6.8% (Schedule D). Reduced minimum rate to .2% (Schedule A). Increased maximum weekly benefit to \$150.

**Acts 1992, No. 174, p. 285**

Extended until March 1997 the special assessment of .06% of wages to be deposited in the Employment Security Administration Enhancement Fund; and extended the corresponding rate reduction for certain employers.

**Acts 1995, No. 764, p. 1792**

Extended until March 31, 2002, the special assessment of .06% of wages to be deposited in the Employment Security Administration Enhancement Fund and the corresponding employer tax rate reduction for certain employers.



**Acts 2000, No. 456, p. 842**

Extended until March 31, 2004, the special assessment of .06% of wages to be deposited in the Employment Security Administration Enhancement Fund and the employer tax rate reduction for certain employers.

**Acts 2001, No. 694, p. 1453**

Exempted income received for National Guard and Armed Forces Reservists drill duty from being offset against unemployment compensation benefits; eliminated the deduction of dismissal or severance pay; and repealed the employer penalty tax provision.

**Acts 2004, No. 110, p. 164**

Extended until March 31, 2006, the special assessment of .06% of wages to be deposited in the Employment Security Administration Enhancement Fund and the employer tax rate reduction for certain employer.

**Acts 2006, No. 519, p. 1194**

Extended until March 31, 2008, the special assessment of .06% of wages to be deposited in the Employment Security Administration Enhancement Fund and the employer tax rate reduction for certain employers.

**Acts 2006, No. 521, p. 1208**

Reduced the fraction used to calculate the maximum weekly benefit amount (that had been increased to 1/24<sup>th</sup> of the average wages from 1/26<sup>th</sup> of the total wages paid to an employee during the two quarters of his or her base period in which such total wages were the higher).

**Acts 2008, No. 501, p. 1091**

Extended until September 30, 2010, the special assessment of .06% of wages to be deposited in the Employment Security Administration Enhancement Fund and the employer tax rate reduction for certain employers and provided for a one-week period after the 13<sup>th</sup> week and prior to the beginning of the 14<sup>th</sup> week in which no benefits will be payable.

**Acts 2010, No. 505, p. 811**

Extended until September 30, 2011, the special assessment of .06% of wages to be deposited into the Employment Security Administration Enhancement Fund and extended the employer tax rate reduction for certain employers.

**Acts 2011, No. 558, p. 1047**

Extended until September 30, 2013, the special assessment of .06% of wages to be deposited into the Employment Security Administration Enhancement Fund; and extended the employer tax rate reduction for certain employers.

**Acts 2013, No. 208, p. 446**

Permanently extended the special assessment of .06% of wages to be deposited into the Employment Security Administration Fund and permanently extended the employer tax rate reduction for certain employers.

**Acts 2015, No. 157, p. 415**

Provided that each eligible individual who is totally unemployed or partially unemployed in any week beginning on or after July 3, 1983 shall be paid in an amount equal to his or her weekly benefit amount less that part of the wages, if any, payable to him or her which is in excess of one-third of the weekly benefit amount (previously in excess of \$15), to be computed to the nearest multiple of \$1.

**Acts 2019, No. 204**

Amended the formulation of Unemployment Benefits to: (1) revise the maximum amount of unemployment benefits payable to an individual in a benefit year contingent on the state's average unemployment rate; (2) limit the maximum amount of unemployment benefits payable to the lesser of 20 times the individual's weekly benefit amount or one-fourth of the wages paid during his or her base period; (3) revise the maximum weekly unemployment benefit amount to an amount that is an equal division of the current weeks compensated of the average of the wages for insured work paid to the individual during the two quarters of his or her base period in which the total wages were the highest; and (4) revise the reductions in unemployment benefit amounts due to disqualification in certain circumstances.

**Comparison with Neighboring States:****Florida**

Taxable wage base - \$7,000.

Maximum rate 5.4% - Minimum rate 0.1%.

Rates for new employer with no experience rating - 2.7%.

**Georgia**

Taxable wage base - \$9,500.

Maximum rate 5.4% - Minimum rate .01%.

Rates for new employer with no experience rating - 2.64%.

**Mississippi**

Taxable wage base - \$14,000.

Maximum rate 5.4% - Minimum rate 0.2%.

Rates for new employers with no experience rating – 1<sup>st</sup> year 1.0%; 2<sup>nd</sup> year 1.1%; 3<sup>rd</sup> year 1.2%.

**Tennessee**

Taxable wage base - \$9,000.

Maximum rate 10% - Minimum rate 0.01%.

Rates for new employers with no experience rating - 2.7%.

# Uniform Commercial Code Filing Fees

## **Statutory Authority:**

Sections 7-9A-320, 7-9A-523 and 7-9A-525, *Code of Alabama 1975*.

## **Tax Base:**

In order to perfect a security interest in collateral, a secured party must file either with the Secretary of State, the probate judge (in the case of certain farming, timber interests, or consumer goods) or the office where mortgage on the real estate would be filed (in the case of collateral goods which are or are to become fixtures), a statement giving specific information concerning the secured party, the debtor and the items subject to the security interest.

## **Tax Rate:**

Initial Financing Statement	\$20 if the record consists of one or two pages; \$2 for each page thereafter; \$15 if the record is communicated by another medium authorized by filing office rule; \$10 if filed in connection with a manufactured home transaction; and an additional \$5 if filed in a nonstandard form.
Amendment Fee	Same as Financing Statement.
Record of Mortgage	No fee with regard to a mortgage which is effective as a financing statement filed as a fixture filing or covering as extracted collateral or timber to be cut if: the record is recorded, indicates the goods or accounts it covers and satisfies the requirements for a financing statement; and if the goods become fixtures related to the real property described in the record.
Termination Statement	No charge. \$5 if statement is not in prescribed form.
Information Request/ Confirmation of Oral Search	\$20; \$15 if the request is communicated by another medium authorized by filing office rule; additional \$5 if request is in nonstandard form; \$2 for each financing statement or statement of assignment reported.
Copies of Statements	\$1 per page for financing or assignment statement, plus \$5 for each request not made on standard form.
Information Requests Expedited Service (Optional)	\$100 in addition to required fees.
Copies of the master list organized by farm products	Up to \$.25 per page for a printed copy, not to exceed \$2,000 per year to any buyer, commission merchant, or selling agent; up to \$100 to receive the list in electronic form.

**Collections:**

By the Secretary of State at the time of filing; deposits are made to the State Treasurer approximately once a week.

<b>Fiscal Year</b>	<b>SGF Collections</b>	<b>UCC Collections</b>	<b>Total Collections</b>	<b>Percent Change</b>
2019	2,124,064	498,237	2,622,301	(3.67)
2018	2,206,195	515,952	2,722,147	11.05
2017	1,985,281	465,940	2,451,221	10.42
2016	1,798,107	421,778	2,219,886	8.42
2015	1,658,504	389,032	2,047,536	5.19

Source: "Comparative Summary of Revenues by Revenue Source" Report - Comptroller's Office. Beginning FY 2016, "Comparative Schedule of Revenues" Report – STAARS.

**Distribution:**

81% of collections from Uniform Commercial Code fees which are not related to farm products are deposited to the credit of the State General Fund and 19% are deposited to the credit of the Uniform Commercial Code Fund. Fees related to farm products are deposited into the Alabama Farmers Credit Protection Fund.

**Legislative History:****Acts 1965, No. 549, p. 811**

Established filing requirements and the following fees: financing and continuation statements, \$2 each; termination, assignment, and release statements, \$1 each; information request, \$1 plus \$.50 for each financing statement and statement of assignment reported therein; and copies of statements, \$.50 per page.

**Acts 1973, No. 865, p. 1365**

Increased fees as follows: original financing, continuation, termination, separate assignment, and release statements and amendments, to \$4; information request, to \$3 plus \$.50 for each financing and assignment statement reported therein; and copies of statements, to \$1 per page.

**Acts 1981, No. 312, p. 399**

Increased fees as follows: original financing, continuation, termination, separate assignment, and release statements and amendments, to \$4 for first page, \$.50 for each page thereafter, and added a penalty of \$2 if not in prescribed form; and added a fee of \$1 each for indexing of names or trade names in addition to the one required.

**Acts 1984, No. 307, p. 680**

Exempted mobile homes from being subject to the requirement of filing a continuation statement five years after filing a financing statement on a perfected security interest.

**Acts 1984, No. 446, p. 1040**

Increased fees as follows: original financing, continuation, termination, separate assignment, and release statements, to \$5 for the first page, \$1 for each page thereafter; continued \$2 penalty if statements not in prescribed form; information requests, to \$4 plus \$1 for each financing and assignment statement reported therein; and copies of statements, to \$1 per page plus \$2 if request not made on standard form.

**Acts 1986, No. 507, p. 989**

Intended to bring Alabama in compliance with Section 1324 of the Federal Food Security Act of 1985 by providing for filing of liens relating to farm products, and fees related thereto, with the Secretary of State; provided for information request charge of \$4 plus \$1 for each financing and statement of assignment reported and charge of \$1 per page plus \$2 if request not made on standard form for copies of statements; and directed the Alabama Secretary of State to implement a central filing system pertaining to said liens.

**Acts 1987, No. 410, p. 595**

Provided for original financing and continuation statement and amendment filing fees for farm products liens and increased UCC filing and information fees; created Uniform Commercial Code and Farm Products Central Index System Fund into which a designated percentage of collections of UCC and farm products liens filings fees are to be deposited (said percentage decreased each year from a high of 43% in FY 1988 to 19% in FY 1992 and each fiscal year thereafter), with the remainder to be deposited to the State General Fund; discontinued filing fees for certain termination statements; authorized Secretary of State to distribute micro-imaged portions of the UCC files for \$50 and printed copies of entire master lists (and any supplements to it) of farm products liens for an annual charge of \$25, or \$15 annually for a portion of the master list on microfiche; and provided for fees for confirmation of oral searches.

**Acts 1990, No. 480, p. 706**

Clarified that the fee for obtaining printed copies of the master list of farm products liens, or any portion of that list, shall be up to \$25 annually per collateral code requested, and that the fee for a portion of the master list on microfiche is \$15 annually per collateral code requested and that oral

confirmation of financing statements and the subsequent written confirmation (and fee therefore) apply to UCC as well as farm products financing statements.

**Acts 2000, No. 724, p. 1550**

Provided for a charge of \$100, in addition to required fees, for optional requests of immediate expedition by the Secretary of State.

**Acts 2001, No. 481, p. 647**

Replaced Article 9 of the UCC, regarding secured transactions with revised provisions to allow Alabama to participate in a nationwide, centralized (at the state level), electronic secured transaction filing and information system; and revised the fee schedule to current rates. The effective date of this act was January 1, 2002, except the revised fee provisions, which became effective July 1, 2001. The act retained the prior distribution of fees for filings, but provided funding of the Secretary of State's implementation costs by allocating the amount deposited into the State General Fund from July 1, 2001 through December 31, 2001 to the Office of the Secretary of State.

**Acts 2002, No. 518, p. 1337**

Provided a federal Food Security Act – compliant central filing system to permit lenders with security interests in farm products to protect their interests; established current filing and indexing fees; and authorized the Secretary of State to establish certain other fees to be deposited into the Alabama Farmers Credit Protection Fund created by the act and expended for the administrative costs associated with the act.

## Use Tax

### **Statutory Authority:**

Sections 40-23-60 through 40-23-88, 40-23-100 through 40-23-111, and 40-23-170 through 40-23-174, *Code of Alabama 1975*.

### **Tax Base:**

Excise tax on storage, use, or other consumption in this state of: tangible personal property; machines used in mining, quarrying, compounding, processing, and manufacturing of tangible personal property; automotive vehicles, motorboats, truck trailers, semitrailers or house trailers, and mobile home set-up materials and supplies; farm machinery or equipment; and the above property when used in the performance of a contract. This tax is paid on items purchased outside Alabama for consumption or use inside the state, unless the property is imported from a state having a reciprocal agreement with Alabama and a tax equal to or greater than the Alabama tax is paid in the other state. If the amount of the tax paid to the other state is less than the Alabama tax, then the difference must be paid to Alabama.

### **Tax Rates:**

Item	Percent Rate
General rate – covers sales of all tangible personal property (excluding items below)	4%
Farm machinery and equipment (when a trade is involved, the tax is on the net difference)	1.5%
Machinery used in mining, quarrying, processing, and manufacturing	1.5%
Mobile home set-up materials and related supplies	2%
Automotive vehicles, motorboats, truck trailers, semitrailers, or house trailers (when a trade is involved, the tax is on the net difference)	2%

### **Collections:**

By the Department of Revenue due on the 20<sup>th</sup> of each month for the previous month's sales. Penalty charges, plus interest, may also be imposed on vendors who file deficient or delinquent returns.

Fiscal Year	Gross Collections (\$)	Percent Change
2019	434,821,599	6.43
2018	408,544,009	8.01
2017	378,254,801	4.60
2016	361,612,518	11.90
2015	323,166,594	1.17



**Distribution:**

After deducting the cost of collection, 42% of the 2% tax on automotive vehicles, truck trailers, semitrailers, or house trailers and mobile home set-up materials and supplies and 50% of the 2% tax on motorboats is distributed to the State General Fund, with the remaining amounts distributed to the Education Trust Fund. After the above distributions of the use tax to the State General Fund, the balance of the proceeds is distributed as follows: (1) remote use tax amounts, 75% to the State General Fund and 25% to the Education Trust Fund; and (2) beginning October 1, 2015, any remaining amounts, 53% to the State General Fund and 47% to the Education Trust Fund. Any additional revenue generated as a result of the Governor eliminating the use tax discount allowed to vendors is distributed as follows to: (1) to the Department of Human Resources for the foster children program in an amount not to exceed \$500,000 annually, (2) to the Department of Conservation and Natural Resources to provide federally required funding and for the Coastal Program (in an amount not to exceed \$1,000,000 annually), and (3) the remainder to the State General Fund. The discount was eliminated by Executive Order 54, issued in May 2001.

**Major Exemptions:**

A listing of exemptions is found in Sections 40-9-9 through 40-9-39, 40-23-61, 40-23-62, 11-54-96 (industrial development boards), 11-58-14 (medical clinic boards), and 11-92A-18 (county industrial development authorities), *Code of Alabama 1975*.

**Legislative History:**

**Acts 1939, No. 67, p. 96**

Established a use tax rate of 2% on tangible personal property and .5% on automobile vehicles to be used for teachers' salaries.

**Acts 1939, No. 376, p. 502**

Changed distribution of revenues by removing the restriction for the payment of teachers' salaries.

**Acts 1951, No. 209, p. 472**

Changed rate to 3% on tangible personal property and 1% on automotive vehicles.

**Acts 1959, 2<sup>nd</sup> Ex. Sess., No. 99, p. 295**

Imposed the tax on machines used in mining, quarrying, etc. at the rate of 1.5%; and increased the rate on automotive vehicles to 1.5%.

**Acts 1963, 2<sup>nd</sup> Ex. Sess., No. 105, p. 284**

Changed rate to 4% on tangible personal property.

**Acts 1987, No. 647, p. 1151**

Provided that any over collection of use tax by a retailer from the customer is to be paid to the state and not retained by the retailer to increase the net profits of the business.

**Acts 1988, 1<sup>st</sup> Ex. Sess., No. 867, p. 372**

Increased the use tax rate on automotive vehicles, truck trailers, semitrailers, and house trailers from 1.5% to 2% effective October 1, 1988; and provided that the additional \$.005 collected is to be deposited to the credit of the State General Fund.

**Acts 1989, No. 920, p. 1823**

Levied a 2% use tax on mobile home set-up materials and supplies.

**Acts 1991, No. 576, p. 1060**

Broadened the array of activities that would require an out-of-state seller to collect and remit use taxes.

**Acts 1993, No. 711, p. 1384**

Provided for the collection of state and local sales and use tax from the purchaser of a boat prior to registration.

**Acts 1994, No. 622, p. 1162**

Consolidated the motorboat sales and use tax with the provisions of motor vehicle sales and use tax.

**Acts 1997, 1<sup>st</sup> Ex. Sess., No. 867, p. 208**

Provided that the sale of prepaid telephone calling cards and prepaid authorization numbers be treated as the sale of tangible personal property.

**Acts 1998, No. 192, p. 310**

Provided that county and municipal sales and use taxes must generally conform to the corresponding state levies, except for the rate of tax.

**Acts 1999, No. 570, p. 1122**

Clarified that refinery, residue, or fuel gas generated by a petroleum-refining process and then utilized in the distillation or refining of petroleum products is exempt from sales and use tax.

**Acts 1999, 2<sup>nd</sup> Ex. Sess., No. 650, p. 96**

Changed the distribution of revenue generated from the 2% sales and use tax on automobiles and related items from 25% to the State General Fund and 75% to the Education Trust Fund to 42% to the State General Fund and 58% to the Education Trust Fund, effective January 1, 2001.

**Acts 2001, No. 669, p. 1402**

Authorized the Governor, by executive order, to establish a maximum discount at less than 3% for each seller or vendor collecting state use tax, effective June 1, 2001; and provided for the distribution of additional revenues.

**Acts 2001, 3<sup>rd</sup> Ex. Sess., No. 975, p. 908**

Provided for exemption from sales, use, and lodging taxes for film production companies approved by the Alabama Film Office until September 30, 2005.

**Acts 2001, 4<sup>th</sup> Ex. Sess., No. 1122, p. 1190**

Provided that beginning with the first full fiscal year after Congress enacts legislation allowing states to collect sales and use taxes on remote sellers that the increase in sales and use taxes attributable to such sales shall be deposited by formula first to the Education Trust Fund Rainy Day Account, then to the State General Fund Rainy Day Account, and finally to the Education Trust Fund.

**Acts 2002, No. 525, p. 1371**

Provided for exemption from use tax for sellers who contract with a call center in service prior to October 1, 2003.

**Acts 2005, 1<sup>st</sup> Ex. Sess., No. 305, p. 643**

Extended the sunset date for the sales and use tax exemption allowed for film companies approved by the Alabama Film Commission until September 30, 2006.

**Acts 2006, No. 574, p. 1507**

Established an annual sales and use tax holiday for the first full weekend in August of each year.

**Acts 2006, No. 583, p. 1537**

Exempted withdrawals from inventory by retailers from sales and use taxes if made for the purpose of making a gift to an entity that qualifies under federal law to receive tax exempt donations.

**Acts 2009, No. 144, p. 268**

Established the Entertainment Industry Incentive Act of 2009. Exempted qualified production companies from the state's portion of sales and use taxes and from all state and local lodgings taxes if a production company spends in the aggregate at least \$150,000 in the state within a 12-consecutive month period.

**Acts 2010, No. 514, p. 848**

Exempted certain items related to commercial fishing vessels from sales and use taxes, including personal floatation devices and lifeboats.

**Acts 2011, No. 642, p. 1633**

Redistributed \$1 million in revenues that would otherwise be distributed to the Department of Conservation and Natural Resources for the Coastal Program to the State General Fund for fiscal years 2012 and 2013.

**Acts 2012, No. 395, p. 1056**

Provided for exemption from use tax for the storage or use of metal, other than gold or silver, when it is held by an investment trust.

**Acts 2012, 1<sup>st</sup> Ex. Sess., No. 599, p. 1924**

Defined "remote use tax" as the tax imposed on: (1) an out-of-state seller with no nexus in Alabama; and (2) the consumer in Alabama of out-of-state purchases. If Congress takes action to allow states to impose taxes on remote sellers, one-half of the remote use tax revenues collected in Alabama will be distributed to the state and the distributed, 75% to the State General Fund (SGF) and 25% to the Education Trust Fund (ETF). Under the previous law, the entire one-half of the remote use tax revenues would have been distributed to the ETF. Redistributed the state use tax proceeds collected on items other than automobiles as follows: 25% to the SGF and 75% to the ETF. Under the previous law, state use tax revenues collected on items other than automobiles were distributed to the ETF.

**Acts 2013, No. 196, p. 376**

Clarified that the sales tax exemption granted by Act 2012-185 for parts, components, and systems which become part of a fixed or rotary wing military aircraft or certified transport category aircraft also applied to the use tax.

**Acts 2013, No. 443, p. 1761**

Exempted any item used for the treatment of illness or injury or to replace all or part of a limb or internal body part.

**Acts 2014, No. 325, p. 1189**

Codified a regulation of the Alabama Department of Revenue exempting private educational institutions operating in the state from state and local sales and use taxes on tangible personal property and lunches provided to K-12 students that are not sold for a profit.

**Acts 2014, No. 453, p. 1685**

Repealed Act 2013-443 and established an exemption for a durable medical equipment, prosthetics, or orthotic devices and medical supplies paid for by Medicare, Medicaid, or a health benefit plan from all state and local sales and use and rental taxes.

**Acts 2015, 2<sup>nd</sup> Ex. Sess., No. 539, p. 1929**

Effective October 1, 2015, changed the distribution of the state use tax proceeds collected on items other than automobiles from 25% to the State General Fund and 75% to the Education Trust Fund to 53% to the State General Fund and 47% to the Education Trust Fund.

**Acts 2017, No. 397, p. 1288**

Provides a sales and use tax exemption on the gross proceeds from services provided by photographers even when provided as a part of a transaction ultimately involving the sale of photograph(s), as long as such services are separately stated to the customer on a bill of sale, invoice, or like memorialization of the transaction; and provides that any sales on such transactions prior to October 1, 2017, is not subject to sales or use tax and any parties that paid sales or use tax shall not be eligible for a refund.

**Acts 2018, No. 164**

Exempted the gross proceeds of sales of bullion or money for five years, unless extended by an act of the legislature.

**Acts 2018, No. 562**

Exempted the sale of fruit or agricultural products by the person or company that planted or cultivated, and harvested the fruit or agricultural product, when the land is owned or leased by the seller. Incorporated the sales tax exemption schedule into the use tax exemption statute.

**Acts 2019, No. 444**

Exempted adaptive equipment used on motor vehicles for persons without normal mobility.

**Acts 2019, No. 253**

Provided that tax filings for sales, use, and lodgings taxes may be made quarterly, semi-annually, or annually dependent upon total sales, use, or transient occupancy tax liability. Additionally, provided amount limits for the filing of sales, use, and lodging tax reports.

**Comparison with Neighboring States:****Florida**

6% use tax on tangible personal property with other rates ranging from 4% to 10.8%.

**Georgia**

4% use tax on tangible personal property.

**Mississippi**

7% use tax on tangible personal property with other rates ranging from 1% to 8%, the same as those rates imposed under the sales tax. The rate for farm-related use is 1.5% and the rate for airplanes is 3%.

**Tennessee**

7% use tax rate on tangible personal property (5% on grocery food) with other rates ranging from 1% to 9%.

# Utility Company Inspection and Supervision Fee

## **Statutory Authority:**

Section 37-4-23, *Code of Alabama 1975*.

## **Tax Base:**

An inspection and supervision fee on utility companies (including electric, gas, and water companies) doing business in the state and subject to the control and jurisdiction of the Commission with respect to its rates and service regulations.

## **Tax Rate:**

Fees are based on gross intrastate receipts as follows:

<b>Gross Receipts</b>	<b>Rate per \$1000</b>
First \$100,000 or less	\$2.85
\$100,001 to \$1,000,000	\$2.35
In excess of \$1,000,000	\$1.85
Minimum fee - \$25	

## **Collections:**

By the Public Service Commission on a quarterly basis (November 1, February 1, May 1 and August 1), or annually (on November 1) if the company elects to pay annually.

<b>Fiscal Year</b>	<b>Collections (\$)</b>	<b>Percent Change</b>
2019	11,533,556	(0.06)
2018	11,540,305	3.63
2017	11,136,078	0.00
2016	11,135,749	(1.89)
2015	11,349,962	4.87

Source: "Comparative Summary of Revenues by Revenue Source" Report - Comptroller's Office. Beginning FY 2016, "Comparative Schedule of Revenues" Report – STAARS.

## **Distribution:**

All proceeds are held in the Commission's operating fund to be used for expenses of the Commission.

**Legislative History:**

**Acts 1920, No. 37, p. 38**

Established the following annual inspection and supervision fees for public utilities (as defined in the act):

<b>Gross Receipts</b>	<b>Rate per \$1,000</b>
First \$10,000 or less	\$2.50
Up to and including \$100,000	\$2.00
Up to and including \$350,000	\$1.50
Up to and including \$700,000	\$1.25
Up to and including \$1,000,000	\$1.00
Up to and including \$2,000,000	\$.75
Up to and including \$3,000,000	\$.25
In excess of \$3,000,000	\$.10
Minimum fee - \$25	

**Acts 1932, Ex. Sess., No. 232, p. 233**

Changed the inspection and supervision fees to the following rates (based on gross intrastate receipts):

<b>Gross Receipts</b>	<b>Rate per \$1,000</b>
First \$100,000 or less	\$2.50
\$100,001 to \$1,000,000	\$2.00
In excess of \$1,000,000	\$1.50

**Acts 1981, No. 718, p. 1210**

Provided that fees are to be paid to the Commission quarterly.

**Acts 1985, No. 756, p. 1256**

Provided that utilities with gross intrastate receipts in excess of \$60 million per calendar quarter be required to pay inspection and supervision fees based on the quarter rather than the preceding fiscal year.

**Acts 1989, No. 943, p. 1852**

Authorized the Commission to deposit utility company inspection and supervision fees into the Commission's operating fund to be used for any expenses incurred by the Commission under Title 37.



**Acts 1991, No. 586, p. 1075**

Established the current rate schedule.

**Comparison with Neighboring States:****Florida**

Each regulated company shall pay a prescribed fee based upon the gross operating revenues derived from intrastate business to pay the expenses of the Public Service Commission. In no event shall such fee be less than \$25 annually.

**Georgia**

All public service corporations and utilities that are subject to the jurisdiction of the Public Service Commission pay an annual fee fixed by the State Revenue Commissioner according to the gross revenues of each public service corporation or utility resulting from intrastate service regulated by the Commissioner. The fee is apportioned among those entities in order to produce revenue of \$1.05 million per year.

**Mississippi**

Electric, gas, water, telephone, and telegraph companies regulated by the Public Service Commission are required to pay regulatory fees on gross revenues from intrastate operations of .164 of 1% per year and .09 of 1% per year of the gross revenues from the intrastate operations of electric power associations and rural electrification authorities. The total revenue collected shall not exceed the total legislative appropriation of monies from the Public Utilities Staff Regulation Fund and the Public Service Commission Regulation Fund from the ensuing fiscal year.

**Tennessee**

The following service or inspection fees are based on the previous calendar year's gross receipts over \$5,000 and must be paid by every public utility company subject to control and jurisdiction of the Tennessee Public Utility Commission:

<b>Excess of \$5,000</b>	<b>Rate per \$1,000</b>
First \$1,000,000	\$4.25
Over \$1,000,000	\$3.25
Minimum fee - \$100	

# Utility Gross Receipts Tax and Utility Service Use Tax

## **Statutory Authority:**

Sections 40-21-80 through 40-21-88 and 40-21-100 through 40-21-107, *Code of Alabama 1975*.

## **Tax Base:**

The Utility Gross Receipts Tax is a privilege tax on every utility (electric, domestic water, natural gas, telegraph, and telephone services) furnishing utility services in Alabama. Although this is a direct tax on the utility service purchaser, it is collected by the utility service provider, with liability for payment of the tax to the state remaining with the provider. The Utility Service Use Tax is a use tax which applies to the storage, use, or other consumption in Alabama of such utility services. The privilege tax is based on the gross sales or receipts from the furnishing of the utility services. The use tax is based on the sales price of the service.

## **Tax Rate:**

The tax is computed with respect to each person to whom services are furnished, stored, used or consumed at the following rates:

### **Electricity, domestic water, or natural gas:**

<b>If monthly gross sales or receipts (privilege tax) or sales price (use tax) respecting a person are:</b>	<b>The tax rate is:</b>
Not over \$40,000	4%
Over \$40,000 but not over \$60,000	\$1,600 plus 3% of excess over \$40,000
Over \$60,000	\$2,200 plus 2% of excess over \$60,000

### **Telegraph or telephone services:**

On all gross sales or gross receipts, the tax rate is 6%.

Telegraph and telephone utilities retain .25% of the gross amount of the tax billed.

## **Collections:**

For the privilege tax, by the Department of Revenue (Sales and Use Tax Division) on or before the 20<sup>th</sup> of each month, for the preceding month's receipts. For the use tax, by the Department on or before the 20<sup>th</sup> of each month. However, taxpayers with an average monthly tax liability of \$10,000 or greater during the preceding calendar year pay, on or before the 20<sup>th</sup> of the month in which the liability occurs, an estimated amount not less than that paid for the corresponding month of the preceding year. The basis of the estimate is the actual tax liability due for the same calendar month of the preceding year.

Fiscal Year	Collections (\$) <sup>61</sup>	Percent Change
2019	417,571,970	1.44
2018	411,651,468	1.97
2017	403,688,945	2.90
2016	392,320,389	(6.04)
2015	417,559,463	1.42

Source: Department of Revenue's "Revenue Abstract."

### **Distribution:**

After deducting the cost of collection, \$14.6 million of the Utility Gross Receipts Tax is deposited into the Special Mental Health Fund. The remainder of the Utility Gross Receipts Tax and all the Utility Service Use Tax is deposited into the Education Trust Fund.

### **Major Exemptions:**

A listing of exemptions and exclusions to the Utility Gross Receipts Tax is found in Sections 40-21-82.1 and 40-21-83 of the *Code of Alabama 1975*. A listing of exemptions and exclusions to the Utility Service Use Tax is found in Section 40-21-103 of the *Code of Alabama 1975*.

- (1) Entities organized under Title 10A, Chapter 20, Article 9 of the *Code of Alabama 1975*, for the purpose of operating waterworks for unincorporated areas are exempt pursuant to Section 10A-20-9.04. County water authorities organized under Section 11-88-1 are not exempt because of language in Act 1969-21, Section 40-21-81 of the *Code of Alabama 1975*, except as listed in Section 40-21-82.1.
- (2) Pursuant to court case (Methodist Homes for the Aging v. Alabama Power Co.), nonprofit entities identified in Section 40-9-12 are exempt.
- (3) U.S. Government entities are exempt.
- (4) Section 40-21-80(a)(11)(i-vi) enumerates Utility Gross Receipts Tax exempt telephone services.
- (5) Section 37-1-80.2 exempts the telephone surcharge for service to deaf and hearing-impaired customers from the Utility Gross Receipts Tax and the Utility Use Tax.
- (6) Section 40-21-100(a)(17)(i-vi) enumerates Utility Service Use Tax exempt telephone services.
- (7) Prepaid telephone calling cards and Internet access charges are exempt from the Utility Gross Receipts Tax and the Utility Service Use Tax.

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<sup>61</sup> Includes Utility Gross Receipts Tax and Utility Service Use Tax. Collections are prior to refunds.

- (8) Section 41-23-30 authorizes the Alabama Department of Economic and Community Affairs to enter into contracts until June 30, 1996 with eligible enterprise zone businesses to provide exemptions from the Utility Gross Receipts Tax and the Utility Service Use Tax for up to 20 years.
- (9) Section 40-9D-4(d) exempts qualifying entities (defined so as to target ThyssenKrupp) from the Utility Gross Receipts Tax for up to 10 years.

**Legislative History:**

**Acts 1969, Ex. Sess., No. 21, p. 46**

Established the Utility Gross Receipts Tax for all utilities at the following rates:

<u>Gross Monthly Sales</u>	<u>Tax Rate</u>
Less than \$8,500	4%
\$8,500-\$20,000	\$340 plus 3% over \$8,500
\$20,001-\$40,000	\$685 plus 2% over \$20,000
Greater than \$40,000	\$1,085 plus 1% over \$40,000

**Acts 1969, Ex. Sess., No. 37, p. 88**

Established the Utility Service Use Tax at same rates as Act 1969-21 (above).

**Acts 1969, No. 993, p. 1757**

Deleted utility services stored, used, or consumed by municipal utilities from the definition of "utility services" for purposes of the Utility Gross Receipts Tax; and exempted from the Utility Gross Receipts Tax consumption of certain utility services for specified purposes by municipalities or an entity thereof.

**Acts 1971, 1<sup>st</sup> Ex. Sess., No. 98, p. 172**

Established Utility Gross Receipts Tax for all utilities at present rate of tax on electricity, water, and gas.

**Acts 1971, 1<sup>st</sup> Ex. Sess., No. 99, p. 173**

Established Utility Service Use Tax for all utilities at present rate of tax on electricity, water, and gas.

**Acts 1983, No. 739, p. 1207**

Revised the payment schedule of Utility Gross Receipts Tax so that payers of large tax liabilities will pay on an estimated basis during and for the period in which the tax liability accrues (one-time windfall for ETF).

**Acts 1992, No. 623, p. 1466**

Further defined telephone services which are (and are not) subject to the Utilities Gross Receipts Tax and the Utility Service Use Tax. Repealed the 2.5% Telephone Gross Receipts Tax and the 2.5%

Telegraph Gross Receipts Tax; increased the Utility Gross Receipts Tax and the Utility Service Use Tax from 4% to 6.7% on sales to a person up to \$40,000 per month, from 3% to 3.7% on the next \$20,000 of sales per month, and from 2% to 3.7% on sales over \$60,000 per month; and changed distribution of Utility Gross Receipts Tax from Education Trust Fund to current distribution.

**Acts 1996, No. 206, p. 236**

Authorized the Alabama Department of Economic and Community Affairs to enter into contracts until June 30, 1996 with eligible enterprise zone businesses to provide exemptions from the Utility Gross Receipts Tax and the Utility Service Use Tax for a period of up to 20 years. To qualify, a business must employ at least 1,200 people and make capital investments and capital improvements of at least \$75 million within the enterprise zone.

**Acts 1997, No. 867, p. 208**

Excluded prepaid telephone calling cards from the Utility Gross Receipts Tax, the Utility Service Use Tax, and the Cellular Radio Telecommunication Services Tax (and included them in the Sales and Use Taxes).

**Acts 1998, No. 654, p. 1431**

Exempted from the definition of "Telephone Services," for purposes of the Utility Gross Receipts Tax, access to the Internet; and exempted from the definition of "Telephone Services," for purposes of the Utility Service Use Tax, the Internet and access thereto.

**Acts 2001, 4<sup>th</sup> Ex. Sess., No. 1090, p. 1120**

Amended the Utility Gross Receipts Tax and the Utility Service Use Tax, as applied to telephone services, to include interstate telephone service beginning with bills dated on or after February 1, 2002, regardless of when the services being billed were provided; changed the tax rate, beginning April 1, 2002, (1) from 6.7% to 6% if gross sales or receipts (privilege tax) or sales price (use tax) respecting a person are not over \$60,000; and (2) from \$4,020 plus 3.7% of excess over \$60,000 to 6% if the gross sales or receipts or sales price is over \$60,000; and provided that utilities furnishing telegraph or telephone services may deduct and retain from the gross amount of tax billed by the utility .9% of the tax billed on or after February 1, 2002 and .25% beginning October 1, 2002.

**Acts 2004, No. 397, p. 668**

Amended the Utility Gross Receipts Tax and the Utility Service Use Tax to provide that if charges for nontaxable services are "bundled" with charges for taxable items, then the nontaxable charges are subject to the tax. If the utility can reasonably identify nontaxable charges from records kept in the normal course of business, then the charge is not subject to taxation. Stated that a customer does

not have a right to require the utility or the Department of Revenue to separate bundled charges in order to minimize the amount of tax charged to the customer.

**Acts 2006, No. 292, p. 584**

Amended the Utility Gross Receipts Tax and the Utility Service Use Tax to provide definitions and rules for the sourcing of telecommunication services for taxation purposes found in the Streamlined Sales and Use Tax Agreement.

**Acts 2007, No. 199, p. 234**

Established the Alabama Economic Incentive Enhancement Act of 2007. Granted certain tax exemptions to qualifying entities (defined in the act so as to target ThyssenKrupp), including a Utility Gross Receipts Tax exemption for up to 10 years.

**Acts 2015, No. 27, p. 103**

Enacted the Alabama Jobs Act. Provides incentives to certain businesses for projects that create any number of new employees for a qualifying project whose predominant activity involves chemical manufacturing, data centers, engineering, design or research; or at least 50 new employees, for all other projects. Allowed an incentivized company to claim an investment credit against income taxes, financial institution excise taxes, insurance premium taxes, utility taxes, or some combination of these taxes in an annual amount of 1.5% of the capital investment for 10 years, based on the terms and conditions of the project agreement entered into between an approved company and the Governor. Authorized the Governor to decrease the amounts and duration of the incentives to ensure the anticipated revenues to the state will exceed the amount of incentives sought. Provided that the incentive period does not begin for either credit until after the project is placed into service.

**Acts 2015, No. 41, p. 146**

Enacted the Alabama Veterans and Targeted Counties Act. Provided enhanced incentives under the provisions of the Alabama Jobs Act (Act 2015-27) to companies located in a targeted county and to companies that employ veterans. Further provided that a qualifying project in a targeted county is required to employ at least 25 new employees, rather than the minimum of 50 new employees for projects in other counties under the provisions of the Alabama Jobs Act. Authorizes the investment credit incentive period to be 15 years for a qualifying project in a targeted county if the project sells the majority of its output to businesses located nearby, as opposed to a 10-year incentive period for projects in other counties under the provisions of the Alabama Jobs Act; and allowed the credit against income taxes, financial institution excise taxes, insurance minimum taxes, utility taxes, or some combinations of these. Also, allowed an additional 0.5% jobs credit is authorized for

companies with a workforce of at least 12% of its eligible employees as veterans; however, provided that companies may not claim both the additional credit for the employment of veterans and a Heroes for Hire tax credit.

### **Acts 2019, No. 392**

Amended Alabama Jobs Act (2015-27) to include a provision for jumpstart counties, therein defined, as not qualifying as a targeted county; experienced negative population growth over the previous five years; and containing no more than two opportunity zones. This act further amends the Alabama Jobs Act to: (1) remove the requirement that both the incentivized company and the transferee are subject to income tax, financial institutions excise tax, or insurance premium tax; (2) increase the population definition of a targeted county from 25,000 to 50,000; (3) decrease, from 25 to 10, the number of new employees, plus at least \$2 million of capital, for a qualifying project; (4) clarify and expand the definition related to a technology company to be a qualified project and allows a jobs credit against utility tax up to an additional 2% above what is currently allowed; and (5) grant the Governor the authority to decrease the amounts and durations of the incentives authorized by the Jobs Act.

### **Comparison with Neighboring States:**

#### **Florida**

Annual gross receipts tax of 2.5% for any utility service providing electricity or gas used for light, heat, or power, and 2.37% on residential and commercial landline and on mobile telecommunications services. Interstate and international telecommunications services are subject to the gross receipts tax if the charge therefor is billed to a Florida customer, number, or telecommunications device. A state sales tax of 7% is applied to customers' charges for electric power or energy (governmental entities are exempt). A state communications services tax of 5.07% is also applied to customers' charges for mobile telecommunications services, cable, faxes, and commercial landline telecommunications services. When combined with the 2.37% gross receipts tax, the total tax is 7.44%. The total tax on satellite services when combined with the 2.37% gross receipts tax is 11.44%. Local jurisdictions impose their taxes at various rates. When bundled services include both taxable and nontaxable services, the entire package is taxable unless the company can identify the exempt services. (For regulatory assessment fees levied on utilities see PSC Transportation Company Fees and Utility Company Fees.)

**Georgia**

No utilities tax based on gross receipts. Public Service Corporations and utilities subject to Public Service Commission pay an annual administrative expense assessment fee based on gross revenues so as to produce revenue of \$1.05 million per year. A state sales tax of 4% is applied to customers' charges for natural or artificial gas, electricity, oil, and local telephone service.

**Mississippi**

No gross receipts tax is levied. A privilege tax is levied instead as follows: (1) Electric light and power companies pay \$22.50 per mile of pole line operated and maintained in the state; (2) pipe line companies pay \$15 to \$125 per pipe line mile, according to the diameter of the pipe; (3) telephone companies pay \$.04 per telephone in service or \$25, whichever is greater; and (4) railroad companies pay \$5 to \$90 per mile of railroad according to class and mileage. A regulatory tax to pay for the expenses of the Public Utilities Commission is imposed on all utilities whose rates are subject to regulation and on all utilities not subject to such rate regulation that furnish electricity to the ultimate consumer. A state sales tax of 7% is applied to customers' charges for interstate and intrastate telephone services and residential noncommercial charges for electricity, water, and natural gas (governmental entities are exempt).

**Tennessee**

A gross receipts tax on gas, water, electric power, and light companies and other public utilities at a rate generally of 3% of intrastate gross receipts (except gas companies that manufacture or distribute manufactured gas pay 1.5%). All governmental agencies and gas, water, and power plants owned or operated by cities are also exempt.



## Vital Statistics Fees

### **Statutory Authority:**

Section 22-9A-23, *Code of Alabama 1975*.

### **Tax Base:**

A fee charged for the searching, amending and copying of various records kept by the Office of Vital Statistics, State Department of Public Health. Records include certificates of birth, death, marriage, divorce, or annulment and reports of fetal death and induced termination of pregnancy.

### **Tax Rate:**

Fee schedule is provided as follows:

Search, reporting, and copying of one record <sup>1</sup>	\$15
Each additional copy of the same record <sup>1</sup>	\$6
Issuance of an apostile or exemplified copy <sup>2</sup>	\$25
Preparation and copy of an amended record and issue a certified copy	\$20
Preparation of a new birth certificate after legitimization or adoption and issue a certified copy	\$25
Preparation of a delayed certificate and issue a certified copy	\$20
Certificate of foreign birth	\$25
Forwarding of legal documents for an adoption granted in this state for person born in another state	\$10
Additional fee for non-routine, same day expedited service, and all special delivery mail	\$15
Keepsake birth certificate <sup>3</sup>	\$45
Non-routine special or research project <sup>4</sup>	See below
Orders by phone with a credit card <sup>5</sup>	See below

<sup>1</sup> If copies are made at the local registration district, the local office retains a portion of the fees as prescribed by the State Board of Health.

<sup>2</sup> Includes the \$5 certification fee of the Secretary of State.

<sup>3</sup> \$17 of this amount forwarded to the Children's Trust Fund.

<sup>4</sup> To be determined by the State Registrar.

<sup>5</sup> Fees are dependent upon services requested as determined by the State Registrar.

**Collections:**

By the State Registrar.

<b>Fiscal Year</b>	<b>Collections (\$)<sup>62</sup></b>	<b>Percent Change</b>
2019	4,515,159	(14.77)
2018	5,297,445	(11.77)
2017	6,004,289	10.47
2016	5,435,245	3.44
2015	5,254,720	(5.76)

Source: "Comparative Summary of Revenues by Revenue Source" Report – Comptroller's Office. Beginning FY 2016, "Comparative Schedule of Revenues" Report – STAARS.

**Distribution:**

Fees collected, except as provided for local registration offices and the Children's Trust Fund, are deposited into the Vital Statistics Fund to the credit of the State Board of Health to fund operations related to vital statistics.

**Major Exemptions:**

- (1) Hospitals are exempt from the payment of any fee associated with vital statistics.
- (2) Section 26-9-12 of the *Code of Alabama 1975*, exempts incompetent veterans and their dependents requesting certificates or records when needed to obtain any veterans' benefits.

**Legislative History:****Acts 1919, No. 658, p. 909**

Further defined the duties and responsibilities of the state and local health departments; created the State Registrar and Bureau of Vital Statistics and provided for the collection of fees by both state and local authorities; and provided that state fees be deposited in the State Treasury. Provided exemptions for parents and guardians requesting certificates for their children entering school or for securing employment and for the U.S. Census Bureau requesting data from the state.

**Acts 1943, No. 492, p. 454**

Earmarked fees deposited into the State Treasury for the use of the State Health Department to implement the provisions of the Vital Statistics Act; provided that a county maintaining a full-time county registrar may issue certificates and may charge a fee of \$.50 for each copy to be deposited

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<sup>62</sup> Excludes local registration office fees and Children's Trust Fund receipts.

into the county treasury and used for county health services; and provided an additional statewide exemption for a parent or guardian requesting a certificate when necessary for their child's employment or for securing employment.

**Acts 1959, No. 636, p. 1549**

Expanded the fee schedule to include:

Records search and certified copy	\$1
Each authenticated copy (including the Secretary of State's fee)	\$3
Each birth or death verification	\$.50
Special searches fee (per hour charge)	\$2

Eliminated the specified exemptions.

**Acts 1969, No. 1118, p. 2072**

Changed the fee schedule as follows:

Records search and certified copy	\$2
Each additional certified copy at the same time	\$1
Each authenticated copy (including the Secretary of State's fee)	\$5
Special searches fee (per hour charge)	\$3

Required collections to be deposited into the newly created Vital Statistics Fund to be used for the implementation of the vital statistics program; and raised the county fee charged to \$1 per certificate.

**Acts 1975, 4<sup>th</sup> Ex. Sess., No. 111, p. 2800**

Increased the fee schedule as follows:

Records search and certified copy	\$3
Each additional copy of the same	\$1
Preparation and issuance of authenticated copy	\$5
Completion of a presumptive or special search fees (per hour charge)	\$3
Preparation of an authenticated copy of an amendment to the original record of birth after legal adoption	\$5

Raised the county fee for a search and certified copy of a record to \$3 plus a \$1 fee for each additional copy of the same record.

**Acts 1980, No. 604, p. 1022**

Increased the fee schedule as follows:

Records search and/or making certified copy	\$5
Each additional copy of the same	\$2

Each authenticated copy (including the Secretary of State's fee)	\$8
Special searches fee (per hour or any fraction of an hour charge)	\$5
Preparation and issuance of authenticated copy of an amended report	\$8
Preparation of a delayed certificate	\$8
Preparation of a new certificate after legal adoption	\$8
Raised the county fee for a search and certified copy of a record to \$5 plus a \$2 fee for each additional copy of the same record.	

**Acts 1992, No. 607, p. 1255**

Repealed the entire vital statistics section of the *Code of Alabama 1975*; revised and supplemented the existing statewide system for registering certain vital records and statistical data; and increased fees for obtaining vital statistics data as follows:

Search, reporting, and copying of one record	\$12
Each additional copy of the same record	\$4
Issuance of an authenticated or exemplified copy <sup>1</sup>	\$20
Preparation and copy of an amended record and issue a certified copy	\$15
Preparation of a new birth certificate after legitimization or adoption and issue a certified copy	\$20
Preparation of a delayed certificate and issue a certified copy	\$20
Forwarding of legal documents for an adoption granted in this state for person born in another state	\$10
Additional fee for non-routine, same day expedited service, and all special delivery mail	\$10
Special birth certificate suitable for framing <sup>2</sup>	\$40
Non-routine special or research project <sup>3</sup>	See below

<sup>1</sup> Includes the certification fee of the Secretary of State.

<sup>2</sup> \$15 of this amount forwarded to the Children's Trust Fund.

<sup>3</sup> To be determined by the State Registrar.

**Acts 2009, No. 569, p. 1671**

Increased fees for obtaining vital statistics data to the present rates. (See Tax Rate).

**Acts 2011, No. 706, p. 2187**

Added Certificate of Birth resulting in Stillbirth to list of documents available; and provided that the fee for this issuance of the Certificate of Birth resulting in Stillbirth is the same as that of a certified copy of any other vital record.

## **Comparison with Neighboring States:**

### **Florida**

The Office of Vital Statistics is the repository for the state's vital statistics records. Fee categories are as follows: birth certificates, \$9; photo certification birth certificate, \$14; additional copies of same record, \$4; commemorative birth certificate signed by the current governor, \$34; additional commemorative birth certificate when ordered at the same time, \$25; fetal death certificate \$5; each additional certificate order at the same time \$4; certification of the registered birth on file, \$14; death, marriage, divorce, and annulment records, \$5; searches, \$2 per year, maximum search fee, \$50; additional copies ordered at same time, \$4 each; amendments, \$20; 1<sup>st</sup> additional copy \$9; each additional copy \$4; apostilles/exemplified (foreign countries) copies, \$10; certificate of foreign birth, \$20; commemorative marriage certificate, \$30; certificate of birth resulting in stillbirth, \$9; rush fee, \$10; and local fees vary by county, payment method, and expediency.

### **Georgia**

The state's vital statistics records are kept in the Office of the State Vital Records Service. The fees charged for searches and copies of records include: birth and death certificates, \$25; marriage and divorce certificates, \$10; additional copies of the same record, \$5; correction or amendment to a record, \$10; multiple year search for a marriage license, \$10. There is no fee to amend a birth certificate during first year from date of birth; a delayed certificate of birth, \$10; multiple year search for birth certificates, \$25 for every 3 years.

### **Mississippi**

The state's vital statistics are kept in the Office of Vital Statistics. The fee schedule is as follows: birth certificates (newborns), \$17; birth certificates, \$17; additional copies of birth certificates, \$6; delayed birth certificate, \$28; marriage certificates, \$17; death certificates, \$17; additional copies of death and marriage certificates (ordered at the same time), \$6; corrected or amended certificates, \$28; extended searches including genealogical searches, \$28/hour; adoption record, \$55; online ordering fee, \$7.50; and UPS mail, \$19; \$5 to notarize apostilles/authentications for government.

### **Tennessee**

The state's records are kept in the Office of Vital Records, with adoption records kept in the Division of Adoption and Legitimization. The fee schedule is as follows: birth certificates (long form), \$15; birth certificate (short form), \$15; additional copies, \$15; adoption and legitimacy birth certificate, \$15; birth search \$15; death certificate (parent, spouse, child), \$15; delayed death certificate, \$15; death research, \$15; verifications of death, \$15; marriage and divorce certificate, \$15; amended certificate, \$15;

delayed issue, \$15; amended current and issue, \$15; verification, \$15; and opening a sealed file and providing one copy of contents, \$30.