

# HB269 INTRODUCED



1 HB269  
2 M3FGWHW-1  
3 By Representatives Colvin, Woods  
4 RFD: Ways and Means Education  
5 First Read: 29-Feb-24



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SYNOPSIS:

Under existing law, the sale and lease of aircraft and replacement parts by air carriers are exempt from sales, use, and lease taxes under certain conditions. This bill would remove the requirement that the air carrier have a hub operation in this state.

Also under existing law, the gross receipts of certain aircraft manufactured, sold, and delivered in the state are exempt from sales and use taxes. This bill would revise this exemption to provide that the aircraft may be manufactured or delivered in this state and to provide further for how aircraft are deemed domiciled in this state.

A BILL  
TO BE ENTITLED  
AN ACT

Relating to state sales and use taxes and lease or rental taxes; to amend Section 40-23-4, Code of Alabama 1975, to revise the current sales and use tax exemption for certain aircraft and parts, to remove the requirements that air carriers have a hub operation in this state; and to revise the current exemption for certain aircraft to provide that the aircraft can be manufactured or delivered in this state and to



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29 provide further for how aircraft are domiciled in this state;  
30 and to amend Section 40-12-223, Code of Alabama 1975, to  
31 revise the current lease tax exemption for certain aircraft  
32 and parts, to remove the requirements that air carriers have a  
33 hub operation in this state.

34 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

35 Section 1. Section 40-23-4, Code of Alabama 1975, is  
36 amended to read as follows:

37 "§40-23-4

38 (a) There are exempted from the provisions of this  
39 division and from the computation of the amount of the tax  
40 levied, assessed, or payable under this division the  
41 following:

42 (1) The gross proceeds of the sales of lubricating oil  
43 and gasoline as defined in Sections 40-17-30 and 40-17-170 and  
44 the gross proceeds from those sales of lubricating oil  
45 destined for out-of-state use which are transacted in a manner  
46 whereby an out-of-state purchaser takes delivery of such oil  
47 at a distributor's plant within this state and transports it  
48 out-of-state, which are otherwise taxed.

49 (2) The gross proceeds of the sale, or sales, of  
50 fertilizer when used for agricultural purposes. The word  
51 "fertilizer" shall not be construed to include cottonseed  
52 meal, when not in combination with other materials.

53 (3) The gross proceeds of the sale, or sales, of seeds  
54 for planting purposes and baby chicks and poults. Nothing  
55 herein shall be construed to exempt or exclude from the  
56 computation of the tax levied, assessed, or payable, the gross



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57 proceeds of the sale or sales of plants, seedlings, nursery  
58 stock, or floral products.

59 (4) The gross proceeds of sales of insecticides and  
60 fungicides when used for agricultural purposes or when used by  
61 persons properly permitted by the Department of Agriculture  
62 and Industries or any applicable local or state governmental  
63 authority for structural pest control work and feed for  
64 livestock and poultry, but not including prepared food for  
65 dogs and cats.

66 (5) The gross proceeds of sales of all livestock by  
67 whomsoever sold, and also the gross proceeds of poultry and  
68 other products of the farm, dairy, grove, or garden, when in  
69 the original state of production or condition of preparation  
70 for sale, when such sale or sales are made by the producer or  
71 members of the producer's immediate family or for the producer  
72 by those employed by the producer to assist in the production  
73 thereof. Nothing herein shall be construed to exempt or  
74 exclude from the measure or computation of the tax levied,  
75 assessed, or payable hereunder, the gross proceeds of sales of  
76 poultry or poultry products when not products of the farm.

77 (6) Cottonseed meal exchanged for cottonseed at or by  
78 cotton gins.

79 (7) The gross receipts from the business on which, or  
80 for engaging in which, a license or privilege tax is levied by  
81 or under Sections 40-21-50, 40-21-53, and 40-21-56 through  
82 40-21-60; provided, that nothing contained in this subdivision  
83 shall be construed to exempt or relieve the person or persons  
84 operating the business enumerated in these sections from the



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85 payments of the tax levied by this division upon or measured  
86 by the gross proceeds of sales of any tangible personal  
87 property, except gas and water, the gross receipts from the  
88 sale of which are the measure of the tax levied by Section  
89 40-21-50, merchandise or other tangible commodities sold at  
90 retail by the persons, unless the gross proceeds of sale  
91 thereof are otherwise specifically exempted by this division.

92 (8) The gross proceeds of sales or gross receipts of or  
93 by any person, firm, or corporation, from the sale of  
94 transportation, gas, water, or electricity, of the kinds and  
95 natures, the rates and charges for which, when sold by public  
96 utilities, are customarily fixed and determined by the Public  
97 Service Commission of Alabama or like regulatory bodies.

98 (9) The gross proceeds of the sale, or sales of wood  
99 residue, coal, or coke to manufacturers, electric power  
100 companies, and transportation companies for use or consumption  
101 in the production of by-products, or the generation of heat or  
102 power used in manufacturing tangible personal property for  
103 sale, for the generation of electric power or energy for use  
104 in manufacturing tangible personal property for sale or for  
105 resale, or for the generation of motive power for  
106 transportation.

107 (10) The gross proceeds from the sale or sales of fuel  
108 and supplies for use or consumption aboard ships, vessels,  
109 towing vessels, or barges, or drilling ships, rigs or barges,  
110 or seismic or geophysical vessels, or other watercraft (herein  
111 for purposes of this exemption being referred to as "vessels")  
112 engaged in foreign or international commerce or in interstate



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113 commerce; provided, that nothing in this division shall be  
114 construed to exempt or exclude from the measure of the tax  
115 herein levied the gross proceeds of sale or sales of material  
116 and supplies to any person for use in fulfilling a contract  
117 for the painting, repair, or reconditioning of vessels,  
118 barges, ships, other watercraft, and commercial fishing  
119 vessels of over five tons load displacement as registered with  
120 the U.S. Coast Guard and licensed by the State of Alabama  
121 Department of Conservation and Natural Resources.

122 For purposes of this subdivision, it shall be presumed  
123 that vessels engaged in the transportation of cargo between  
124 ports in the State of Alabama and ports in foreign countries  
125 or possessions or territories of the United States or between  
126 ports in the State of Alabama and ports in other states are  
127 engaged in foreign or international commerce or interstate  
128 commerce, as the case may be. For the purposes of this  
129 subdivision, the engaging in foreign or international commerce  
130 or interstate commerce shall not require that the vessel  
131 involved deliver cargo to or receive cargo from a port in the  
132 State of Alabama. For purposes of this subdivision, vessels  
133 carrying passengers for hire, and no cargo, between ports in  
134 the State of Alabama and ports in foreign countries or  
135 possessions or territories of the United States or between  
136 ports in the State of Alabama and ports in other states shall  
137 be engaged in foreign or international commerce or interstate  
138 commerce, as the case may be, if, and only if, both of the  
139 following conditions are met: (i) The vessel in question is a  
140 vessel of at least 100 gross tons; and (ii) the vessel in





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169 shall constitute a separate offense. Any person filing a false  
170 certificate shall be liable to the department for all taxes  
171 imposed by this division upon the merchant or seller, together  
172 with any interest or penalties thereon, by reason of the sale  
173 or sales of fuel and supplies applicable to the false  
174 certificate. If a merchant or seller of fuel and supplies  
175 secures the certificate herein mentioned, properly completed,  
176 the merchant or seller shall not be liable for the taxes  
177 imposed by this division, if the merchant or seller had no  
178 knowledge that the certificate was false when it was filed  
179 with the merchant or seller.

180 (11) The gross proceeds of sales of tangible personal  
181 property to the State of Alabama, to the counties within the  
182 state and to incorporated municipalities of the State of  
183 Alabama.

184 (12) The gross proceeds of the sale or sales of  
185 railroad cars, vessels, barges, and commercial fishing vessels  
186 of over five tons load displacement as registered with the  
187 U.S. Coast Guard and licensed by the State of Alabama  
188 Department of Conservation and Natural Resources, when sold by  
189 the manufacturers or builders thereof.

190 (13) The gross proceeds of the sale or sales of  
191 materials, equipment, and machinery that, at any time, enter  
192 into and become a component part of ships, vessels, towing  
193 vessels or barges, or drilling ships, rigs or barges, or  
194 seismic or geophysical vessels, other watercraft and  
195 commercial fishing vessels of over five tons load displacement  
196 as registered with the U.S. Coast Guard and licensed by the





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197 State of Alabama Department of Conservation and Natural  
198 Resources. Additionally, the gross proceeds from the sale or  
199 sales of lifeboats, personal flotation devices, ring life  
200 buoys, survival craft equipment, distress signals, EPIRB's,  
201 fire extinguishers, injury placards, waste management plans  
202 and logs, marine sanitation devices, navigation rulebooks,  
203 navigation lights, sound signals, navigation day shapes, oil  
204 placard cards, garbage placards, FCC SSL, stability  
205 instructions, first aid equipment, compasses, anchor and radar  
206 reflectors, general alarm systems, bilge pumps, piping, and  
207 discharge and electronic position fixing devices which are  
208 used on the aforementioned watercraft.

209 (14) The gross proceeds of the sale or sales of fuel  
210 oil purchased as fuel for kiln use in manufacturing  
211 establishments.

212 (15) The gross proceeds of the sale or sales of  
213 tangible personal property to county and city school boards  
214 within the State of Alabama, independent school boards within  
215 the State of Alabama, all educational institutions and  
216 agencies of the State of Alabama, the counties within the  
217 state, or any incorporated municipalities of the State of  
218 Alabama, and private educational institutions operating within  
219 the State of Alabama offering conventional and traditional  
220 courses of study, such as those offered by public schools,  
221 colleges, or universities within the State of Alabama; but not  
222 including nurseries, day care centers, and home schools.

223 (16) The gross proceeds from the sale of all devices or



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224 facilities, and all identifiable components thereof, or  
225 materials for use therein, acquired primarily for the control,  
226 reduction, or elimination of air or water pollution and the  
227 gross proceeds from the sale of all identifiable components  
228 of, or materials used or intended for use in, structures built  
229 primarily for the control, reduction, or elimination of air  
230 and water pollution.

231 (17) The gross proceeds of sales of tangible personal  
232 property or the gross receipts of any business which the state  
233 is prohibited from taxing under the Constitution or laws of  
234 the United States or under the Constitution of this state.

235 (18) When dealers or distributors use parts taken from  
236 stocks owned by them in making repairs without charge for the  
237 parts to the owner of the property repaired pursuant to  
238 warranty agreements entered into by manufacturers, such use  
239 shall not constitute taxable sales to the manufacturers,  
240 distributors, or to the dealers, under this division or under  
241 any county sales tax law.

242 (19) The gross proceeds received from the sale or  
243 furnishing of food, including potato chips, candy, fruit and  
244 similar items, soft drinks, tobacco products, and stationery  
245 and other similar or related articles by hospital canteens  
246 operated by Alabama state hospitals at Bryce Hospital and  
247 Partlow State School for Mental Deficients at Tuscaloosa,  
248 Alabama, and Searcy Hospital at Mt. Vernon, Alabama, for the  
249 benefit of the patients therein.

250 (20) The gross proceeds of the sale, or sales, of  
251 wrapping paper and other wrapping materials when used in



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252 preparing poultry or poultry products for delivery, shipment,  
253 or sale by the producer, processor, packer, or seller of such  
254 poultry or poultry products, including pallets used in  
255 shipping poultry and egg products, paper or other materials  
256 used for lining boxes or other containers in which poultry or  
257 poultry products are packed together with any other materials  
258 placed in such containers for the delivery, shipment, or sale  
259 of poultry or poultry products.

260 (21) The gross proceeds of the sales of all  
261 antibiotics, hormones and hormone preparations, drugs,  
262 medicines or medications, vitamins, minerals or other  
263 nutrients, and all other feed ingredients including  
264 concentrates, supplements, and other feed ingredients when  
265 such substances are used as ingredients in mixing and  
266 preparing feed for fish raised to be sold on a commercial  
267 basis, livestock, and poultry. Such exemption herein granted  
268 shall be in addition to exemptions now provided by law for  
269 feed for fish raised to be sold on a commercial basis,  
270 livestock, and poultry, but not including prepared foods for  
271 dogs or cats.

272 (22) The gross proceeds of the sale, or sales, of  
273 seedlings, plants, shoots, and slips which are to be used for  
274 planting vegetable gardens or truck farms and other  
275 agricultural purposes. Nothing herein shall be construed to  
276 exempt, or exclude from the computation of the tax levied,  
277 assessed, or payable, the gross proceeds of the sale, or the  
278 use of plants, seedlings, shoots, slips, nursery stock, and  
279 floral products, except as hereinabove exempted.



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280 (23) The gross proceeds of the sale, or sales, of  
281 fabricated steel tube sections, when produced and fabricated  
282 in this state by any person, firm, or corporation for any  
283 vehicular tunnel for highway vehicular traffic, when sold by  
284 the manufacturer or fabricator thereof, and also the gross  
285 proceeds of the sale, or sales, of steel which enters into and  
286 becomes a component part of such fabricated steel tube  
287 sections of said tunnel.

288 (24) The gross proceeds from sales of admissions to any  
289 theatrical production, symphonic or other orchestral concert,  
290 ballet, or opera production when the concert or production is  
291 presented by any society, association, guild, or workshop  
292 group, organized within this state, whose members or some of  
293 whose members regularly and actively participate in the  
294 concerts or productions for the purposes of providing a  
295 creative outlet for the cultural and educational interests of  
296 its members, and of promoting such interests for the  
297 betterment of the community by presenting the productions to  
298 the general public for an admission charge. The employment of  
299 a paid director or conductor to assist in any such  
300 presentation described in this subdivision shall not be  
301 construed to prohibit the exemptions herein provided.

302 (25) The gross proceeds of sales of "herbicides" for  
303 agricultural uses by whomsoever sold. The term herbicides, as  
304 used in this subdivision, means any substance or mixture of  
305 substances intended to prevent, destroy, repel, or retard the  
306 growth of weeds or plants. The term includes preemergence  
307 herbicides, postemergence herbicides, lay-by herbicides,



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308 pasture herbicides, defoliant herbicides, and desiccant  
309 herbicides.

310 (26) The Alabama Chapter of the Cystic Fibrosis  
311 Research Foundation and the Jefferson Tuberculosis Sanatorium  
312 and any of their departments or agencies, heretofore or  
313 hereafter organized and existing in good faith in the State of  
314 Alabama for purposes other than for pecuniary gain and not for  
315 individual profit, shall be exempted from the computation of  
316 the tax on the gross proceeds of all sales levied, assessed,  
317 or payable.

318 (27) The gross proceeds from the sale or sales of fuel  
319 for use or consumption aboard commercial fishing vessels are  
320 exempt from the computation of all sales taxes levied,  
321 assessed, or payable under this division or levied under any  
322 county or municipal sales tax law.

323 (28) The gross proceeds from the sales of rope, fishing  
324 nets, tools, or any substitute used directly in the process of  
325 commercial fishing by a holder of a commercial license issued  
326 pursuant to Chapter 12 of Title 9.

327 (29) The gross proceeds of sales of sawdust, wood  
328 shavings, wood chips, and other like materials sold for use as  
329 chicken litter by poultry producers and poultry processors.

330 (30) The gross proceeds of the sales of all  
331 antibiotics, hormones and hormone preparations, drugs,  
332 medicines, and other medications including serums and  
333 vaccines, vitamins, minerals, or other nutrients for use in  
334 the production and growing of fish, livestock, and poultry by  
335 whomsoever sold. The exemption herein granted shall be in



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336 addition to the exemption provided by law for feed for fish,  
337 livestock, and poultry, and in addition to the exemptions  
338 provided by law for the above-enumerated substances and  
339 products when mixed and used as ingredients in fish,  
340 livestock, and poultry feed.

341 (31) The gross proceeds of the sale or sales of all  
342 medicines prescribed by physicians for persons who are 65  
343 years of age or older, and when the prescriptions are filled  
344 by licensed pharmacists, shall be exempted under this division  
345 or under any county or municipal sales tax law. The exemption  
346 provided in this section shall not apply to any medicine  
347 purchased in any manner other than as is herein provided.

348 For the purposes of this subdivision, proof of age may  
349 be accomplished by filing with the dispensing pharmacist any  
350 one or more of the following documents:

351 a. The name and claim number as shown on a Medicare  
352 card issued by the United States Social Security  
353 Administration.

354 b. A certificate executed by any adult person having  
355 knowledge of the fact that the person for whom the medicine  
356 was prescribed is not less than 65 years of age.

357 c. An affidavit executed by any adult person having  
358 knowledge of the fact that the person for whom the medicine  
359 was prescribed is not less than 65 years of age.

360 For the purposes of this subdivision, any person filing  
361 a false proof of age shall be guilty of a misdemeanor and upon  
362 conviction thereof shall be punished by a fine of one hundred  
363 dollars (\$100).



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364           (32) There shall be exempted from the tax levied by  
365 this division the gross receipts of sales of grass sod of all  
366 kinds and character when in the original state of production  
367 or condition of preparation for sale, when the sales are made  
368 by the producer or members of the producer's family or for the  
369 producer by those employed by the producer to assist in the  
370 production thereof; provided, that nothing herein shall be  
371 construed to exempt sales of sod by a person engaged in the  
372 business of selling plants, seedlings, nursery stock, or  
373 floral products.

374           (33) The gross receipts of sales of the following items  
375 or materials that are necessary in the farm-to-market  
376 production of tomatoes when such items or materials are used  
377 by the producer or members of the producer's family or for the  
378 producer by those employed by the producer to assist in the  
379 production thereof: Twine for tying tomatoes, tomato stakes,  
380 field boxes (wooden boxes used to take tomatoes from the  
381 fields to shed), and tomato boxes used in shipments to  
382 customers.

383           (34) The gross proceeds from the sale of liquefied  
384 petroleum gas or natural gas sold to be used for agricultural  
385 purposes.

386           (35) The gross receipts of sales from state nurseries  
387 of forest tree seedlings.

388           (36) The gross receipts of sales of forest tree seed by  
389 the state.

390           (37) The gross receipts of sales of Lespedeza bicolor  
391 and other species of perennial plant seed and seedlings sold



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392 for wildlife and game food production purposes by the state.

393 (38) The gross receipts from the sale of any aircraft  
394 manufactured, ~~sold, and or~~ delivered in this state, if the  
395 aircraft ~~are~~is not permanently domiciled in Alabama and ~~are~~is  
396 removed to another state.

397 a. An aircraft shall be considered not permanently  
398 domiciled in Alabama under this subdivision if either of the  
399 following non-exclusive conditions is true:

400 1. The hanger, airstrip, or other housing unit which  
401 the aircraft is intended to leave from and return to in the  
402 regular course of use is located outside of Alabama, or

403 2. The buyer is an air carrier, foreign air carrier or  
404 intrastate air carrier or operator, as defined by Section  
405 40101 of Title 49 of the United States Code, 49 USC, Section  
406 40101, and operating pursuant to Part 121 or Part 129, or  
407 conducting scheduled or unscheduled services pursuant to Part  
408 91 or Part 135; and the buyer's headquarters is not in Alabama  
409 on the date of purchase of the aircraft.

410 (39) The gross proceeds from the sale or sales of all  
411 diesel fuel used for off-highway agricultural purposes.

412 (40) The gross proceeds from sales of admissions to any  
413 sporting event that:

414 a. Takes place in the State of Alabama on or after  
415 January 1, 1984, regardless of when such sales occur; and

416 b. Is hosted by a not-for-profit corporation organized  
417 and existing under the laws of the State of Alabama; and

418 c. Determines a national championship of a national  
419 organization, including, but not limited to, the Professional





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420 Golfers Association of America, the Tournament Players  
421 Association, the United States Golf Association, the United  
422 States Tennis Association, and the National Collegiate  
423 Athletic Association; and

424           d. Has not been held in the State of Alabama on more  
425 than one prior occasion, provided, however, that for such  
426 purpose the Professional Golfers Association Championship, the  
427 United States Open Golf Championship, the United States  
428 Amateur Golf Championship of the United States Golf  
429 Association, and the United States Open Tennis Championship  
430 shall each be treated as a separate event.

431           (41) The gross receipts from the sale of any aircraft  
432 and replacement parts, components, systems, supplies, and  
433 sundries affixed or used on the aircraft and ground support  
434 equipment and vehicles used by or for the aircraft to or by a  
435 certificated or licensed air carrier ~~with a hub operation~~  
436 ~~within this state~~, for use in conducting intrastate,  
437 interstate, or foreign commerce for transporting people or  
438 property by air. ~~For the purpose of this subdivision, the~~  
439 ~~words "hub operation within this state" shall be construed to~~  
440 ~~have both of the following criteria:~~

441           ~~a. There originates from the location 15 or more flight~~  
442 ~~departures and five or more different first-stop destinations~~  
443 ~~five days per week for six or more months during the calendar~~  
444 ~~year.~~

445           ~~b. Passengers or property or both are regularly~~  
446 ~~exchanged at the location between flights of the same or a~~  
447 ~~different certificated or licensed air carrier.~~





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476 c. International Commerce. Any air carrier engaged in  
477 all-cargo operations transporting goods for compensation or  
478 hire on international flights.

479 d. International Flights. Any air carrier conducting  
480 scheduled all-cargo operations between any point within the 50  
481 states of the United States and the District of Columbia and  
482 any point outside the 50 states of the United States and the  
483 District of Columbia, including any interim stops within the  
484 United States so long as the ultimate origin or destination of  
485 the aircraft is outside the United States and the District of  
486 Columbia.

487 (44) The gross proceeds of the sale or sales of the  
488 following:

489 a. Drill pipe, casing, tubing, and other pipe used for  
490 the exploration for or production of oil, gas, sulphur, or  
491 other minerals in offshore federal waters.

492 b. Tangible personal property exclusively used for the  
493 exploration for or production of oil, gas, sulphur, or other  
494 minerals in offshore federal waters.

495 c. Fuel and supplies for use or consumption aboard  
496 boats, ships, aircraft, and towing vessels when used  
497 exclusively in transporting persons or property between a  
498 point in Alabama and a point or points in offshore federal  
499 waters for the exploration for or production of oil, gas,  
500 sulphur, or other minerals in offshore federal waters.

501 d. Drilling equipment that is used for the exploration  
502 for or production of oil, gas, sulphur, or other minerals,  
503 that is built for exclusive use outside this state and that



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504 is, on completion, removed forthwith from this state.

505           The delivery of items exempted by this subdivision to  
506 the purchaser or lessee in this state does not disqualify the  
507 purchaser or lessee from the exemption if the property is  
508 removed from the state by any means, including by the use of  
509 the purchaser's or lessee's own facilities.

510           The shipment to a place in this state of equipment  
511 exempted by this subdivision for further assembly or  
512 fabrication does not disqualify the purchaser or lessee from  
513 the exemption if on completion of the further assembly or  
514 fabrication the equipment is removed forthwith from this  
515 state. This subdivision applies to a sale that may occur when  
516 the equipment exempted is further assembled or fabricated if  
517 on completion the equipment is removed forthwith from this  
518 state.

519           (45) The gross receipts derived from all bingo games  
520 and operations that are conducted in compliance with validly  
521 enacted legislation authorizing the conduct of such games and  
522 operations, and which comply with the distribution  
523 requirements of the applicable local laws; provided that the  
524 exemption from sales taxation granted by this subdivision  
525 shall apply only to gross receipts taxable under subdivision  
526 (2) of Section 40-23-2. It is further provided that this  
527 exemption shall not apply to any gross receipts from the sale  
528 of tangible personal property, such as concessions, novelties,  
529 food, beverages, etc. The exemption provided for in this  
530 section shall be limited to those games and operations by  
531 organizations that have qualified for exemption under the



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532 provisions of 26 U.S.C. § 501 (c) (3), (4), (7), (8), (10), or  
533 (19), or which are defined in 26 U.S.C. § 501(d).

534 (46) The gross receipts derived from the sale or sales  
535 of fruit or other agricultural products by the person or  
536 company, as defined in Section 40-23-1, that planted or  
537 cultivated and harvested the fruit or agricultural product,  
538 when the land is owned or leased by the seller.

539 (47) The gross receipts derived from the sale or sales  
540 of all domestically mined or produced coal, coke, and coke  
541 by-products used in cogeneration plants.

542 (48) The gross receipts from the sale or sales of  
543 metal, other than gold or silver, when such metal is purchased  
544 for the purpose of transferring such metal to an investment  
545 trust in exchange for shares or other units, each of which are  
546 both publicly traded and represent fractional undivided  
547 beneficial interests in the trust's net assets, including  
548 metal stored in warehouses located in this state, as well as  
549 the gross proceeds from the sale or other transfer of such  
550 metal to or from the investment trust in exchange for shares  
551 or other units that are publicly traded and represent  
552 fractional undivided beneficial interests in the trust's net  
553 assets but not to the extent that metal is transferred to or  
554 from the investment trust in exchange for consideration other  
555 than such publicly traded shares or other units. For purposes  
556 of this subdivision, the term "metals" includes, but is not  
557 limited to, copper, aluminum, nickel, zinc, tin, lead, and  
558 other similar metals typically used in commercial and  
559 industrial applications.



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560 (49)a. For the period commencing on October 1, 2012,  
561 and ending May 30, 2027, the gross receipts from the sale of  
562 parts, components, and systems that become a part of a fixed  
563 or rotary wing military aircraft or certified transport  
564 category aircraft that undergoes conversion, reconfiguration,  
565 or general maintenance so long as the address of the aircraft  
566 for FAA registration is not in the state; provided, however,  
567 that this exemption shall not apply to a local sales tax  
568 unless previously exempted by local law or approved by  
569 resolution of the local governing body.

570 b. The exemption authorized by this subdivision shall  
571 not be available for sales of parts, components, or systems  
572 for new contracts or projects entered into after May 30, 2027,  
573 unless the Legislature enacts legislation to continue or  
574 reinstate the exemption for new contracts or projects after  
575 that date. No action or inaction on the part of the  
576 Legislature shall reduce, suspend, or disqualify sales of  
577 parts, components, or systems from the exemption in any past  
578 year or future years until May 30, 2030, with respect to  
579 contracts or projects entered into on or before May 30, 2027;  
580 it being the sole intent that failure of the Legislature to  
581 enact legislation to reinstate the exemption for new contracts  
582 or projects after May 30, 2027, shall affect only the  
583 availability of the exemption to new contracts and projects  
584 after that date and shall not affect availability of the  
585 exemption for contracts or projects entered into on or before  
586 May 30, 2027, for which the exemption shall be available until  
587 May 30, 2030.



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588           (50) The gross proceeds from the sale or sales within  
589 school buildings of lunches to pupils of kindergarten,  
590 grammar, and high schools, either public or private, that are  
591 not sold for profit.

592           (51) The gross proceeds of services provided by  
593 photographers, including, but not limited to, sitting fees and  
594 consultation fees, even when provided as part of a transaction  
595 ultimately involving the sale of one or more photographs, so  
596 long as the exempt services are separately stated to the  
597 customer on a bill of sale, invoice, or like memorialization  
598 of the transaction. For transactions occurring before October  
599 1, 2017, neither the Department of Revenue nor local tax  
600 officials may seek payment for sales tax not collected. With  
601 regard to such transactions in which sales tax was collected  
602 and remitted on services provided by photographers, neither  
603 the taxpayer nor the entity remitting sales tax shall have the  
604 right to seek refund of such tax.

605           (52) a. For the period commencing on June 1, 2018, and  
606 ending 10 years thereafter, unless extended by an act of the  
607 Legislature, the gross proceeds of sales of bullion or money,  
608 as defined in Section 40-1-1(7).

609           b. For purposes of this subdivision, the following  
610 words or terms shall be defined and interpreted as follows:

611           1. Bullion. Gold, silver, platinum, palladium, or a  
612 combination of each precious metal, that has gone through a  
613 refining process and for which the item's value depends on its  
614 mass and purity, and not on its form, numismatic value, or  
615 other value. The term includes bullion in the form of bars,



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616 ingots, rounds, or coins that meet the requirements set forth  
617 above. Qualifying bullion may contain other metals or  
618 substances, provided that the other substances are minimal in  
619 value compared with the value of the gold, silver, platinum,  
620 or palladium and the other substances do not add value to the  
621 item. For purposes of this subparagraph, "gold, silver,  
622 platinum, or palladium" does not include jewelry or works of  
623 art.

624           2. Mass. An item's mass is its weight in precious  
625 metal.

626           3. Numismatic Value. An external value above and beyond  
627 the base value of the underlying precious metal, due to the  
628 item's rarity, condition, age, or other external factor.

629           4. Purity. An item's purity is the proportion of  
630 precious metal contained within.

631           c. In order for bullion to qualify for the sales tax  
632 exemption, gold, silver, platinum, and palladium items must  
633 meet all of the following requirements:

634                 1. Must be refined.

635                 2. Must contain at least 80 percent gold, silver,  
636 platinum, or palladium or some combination of these metals.

637                 3. The sales price of the item must fluctuate with and  
638 depend on the market price of the underlying precious metal,  
639 and not on the item's rarity, condition, age, or other  
640 external factor.

641           (53) a. The gross proceeds of the initial retail sales  
642 of adaptive equipment that is permanently affixed to a motor  
643 vehicle.





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644           b. For the purposes of this subdivision, the following  
645 words or terms shall be defined and interpreted as follows:

646           1. Adaptive Equipment. Equipment not generally used by  
647 persons with normal mobility that is appropriate for use in a  
648 motor vehicle and that is not normally provided by a motor  
649 vehicle manufacturer.

650           2. Motor Vehicle. A vehicle as defined in Section  
651 40-12-240.

652           3. Motor Vehicle Manufacturer. Every person engaged in  
653 the business of constructing or assembling vehicles or  
654 manufactured homes.

655           c. In order to qualify for the exemption provided for  
656 herein, the adaptive equipment must be separately stated to  
657 the customer on a bill of sale, invoice, or like  
658 memorialization of the transaction.

659           (54) For the period commencing on October 1, 2022, and  
660 ending September 30, 2027, unless extended by an act of the  
661 Legislature, the gross receipts derived from the sale of  
662 producer value added agricultural products when the sale is  
663 made by the producer or by the producer's immediate family, or  
664 for the producer by the producer's employees.

665           (b) Any violation of any provision of this section  
666 shall be punishable in a court of competent jurisdiction by a  
667 fine of not less than five hundred dollars (\$500) and no more  
668 than two thousand dollars (\$2,000) and imprisonment of not  
669 less than six months nor more than one year in the county  
670 jail."

671           Section 2. Section 40-12-223, Code of Alabama 1975, is



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672 amended to read as follows:

673 "§40-12-223

674 There are exempted from the computation of the amount  
675 of the tax levied, assessed, or payable under this article all  
676 of the following:

677 (1) The gross proceeds accruing from the leasing or  
678 rental of a film or films to a lessee who charges, or proposes  
679 to charge, admission for viewing the film or films.

680 (2) The gross proceeds accruing from any charge in  
681 respect to the use of docks or docking facilities furnished  
682 for boats or other craft operated on waterways.

683 (3) The gross proceeds accruing from any charge made by  
684 a landlord to a tenant in respect of the leasing or furnishing  
685 of tangible personal property to be used on the premises of  
686 real property leased by the same landlord to the same tenant  
687 for use as a residence or dwelling place, including mobile  
688 homes.

689 (4) The gross proceeds accruing from the leasing or  
690 rental of tangible personal property to a lessee who acquires  
691 possession of the property for the purpose of leasing or  
692 renting to another the same property under a leasing or rental  
693 transaction subject to this article.

694 (5) The gross proceeds accruing from any charge made by  
695 a landlord to a tenant in respect to the leasing or furnishing  
696 of tangible personal property to be used on the premises of  
697 any room or rooms, lodging, or accommodations leased or rented  
698 to transients in any hotel, motel, inn, tourist camp, tourist  
699 cabin, or any other place in which rooms, lodgings, or



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700 accommodations are regularly furnished to transients for a  
701 consideration.

702 (6) The gross proceeds accruing from the leasing or  
703 rental of tangible personal property which the state is  
704 prohibited from taxing under the Constitution or laws of the  
705 United States or under the constitution of the state.

706 (7) The gross proceeds accruing from the leasing or  
707 rental of nuclear fuel assemblies together with the nuclear  
708 material contained therein and other nuclear material used or  
709 useful in the production of electricity and assemblies  
710 containing ionizing radiation sources together with the  
711 ionizing radiation sources contained therein used or useful in  
712 medical treatment or scientific research.

713 (8) A transaction in which the lessor leases a truck or  
714 tractor-trailer or semitrailer for operation over the public  
715 roads and highways and such lessor furnishes a driver or  
716 drivers for each vehicle, and the transaction shall be deemed  
717 to constitute the rendition of service and not a "leasing or  
718 rental" within the meaning of this article.

719 (9) The gross proceeds accruing from the leasing or  
720 rental of vehicles in interchange between regulated motor  
721 carriers on a per diem basis.

722 (10) The gross proceeds accruing from the leasing or  
723 rental of all structures, devices, facilities, and  
724 identifiable components of any thereof acquired primarily for  
725 the control, reduction, or elimination of air or water  
726 pollution, and the gross proceeds accruing from the leasing or  
727 rental of all materials used or intended for use in structures



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728 built primarily for the control, reduction, or elimination of  
729 air and water pollution.

730 (11) The gross proceeds derived by the lessor, which  
731 term includes a sublessor, from the leasing or rental of  
732 tangible personal property when the lessor and lessee, which  
733 term includes a sublessee, are wholly-owned subsidiary  
734 corporations of the same parent corporation or one is the  
735 wholly-owned subsidiary of the other; provided, that the  
736 appropriate sales or use tax, if any was due, has been paid on  
737 the item of personal property; and provided further, that in  
738 the event of any subsequent subleasing of the tangible  
739 personal property to any person other than any sister, parent,  
740 or subsidiary corporation, any privilege or license tax due  
741 and payable with respect to that subsequent subleasing under  
742 the provisions of this article shall be paid.

743 (12) The gross proceeds accruing from a transaction  
744 which involves the leasing or rental of vessels or railroad  
745 equipment which are engaged in interstate or foreign commerce,  
746 or both.

747 (13) The gross proceeds accruing from the leasing or  
748 rental of aircraft, replacement parts, components, systems,  
749 sundries, and supplies affixed or used on the aircraft and all  
750 ground support equipment and vehicles used by or for the  
751 aircraft to or by a certificated or licensed air carrier ~~with~~  
752 ~~a hub operation within this state~~, for use in conducting  
753 intrastate, interstate, or foreign commerce for transporting  
754 people or property by air. ~~For the purpose of this~~  
755 ~~subdivision, the words "hub operation within this state" shall~~



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756 ~~be construed to have both of the following criteria:~~

757 ~~a. There originates from the location 15 or more flight~~  
758 ~~departures and five or more different first-stop destinations~~  
759 ~~five days per week for six or more months during the calendar~~  
760 ~~year.~~

761 ~~b. Passengers, property, or both, are regularly~~  
762 ~~exchanged at the location between flights of the same or a~~  
763 ~~different certificated or licensed air carrier.~~

764 (14) The gross proceeds derived by the lessor, which  
765 term includes a sublessor, from the leasing of tangible  
766 personal property under all of the following conditions:

767 a. Prior to being leased under the lease subject to  
768 this exemption, the leased tangible personal property shall  
769 have been owned, or considered to be owned for either Alabama  
770 or federal income tax purposes or both, or subject to  
771 acquisition pursuant to a binding contract, by the lessee or  
772 by a corporation, partnership, or other entity controlled by,  
773 or under common control with, the lessee.

774 b. The leased tangible personal property, or the right  
775 to ownership thereof, shall have been acquired by the lessor  
776 from the lessee or a corporation, partnership, or other entity  
777 controlled by, or under common control with, that lessee and  
778 leased back to the lessee under a lease that is considered a  
779 lease and not a sale for either Alabama or federal income tax  
780 purposes, or both, and that has a term of not less than 15  
781 years, except that the lessor and the lessee may agree in the  
782 lease or any subsequent amendment thereof for the termination  
783 of the lease on any date through purchase of the leased



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784 tangible personal property by the lessee, which right to  
785 purchase the property shall be exercisable solely at the  
786 option of the lessee.

787 c. The appropriate sales or use tax levied by the state  
788 shall have been paid with respect to the acquisition or use of  
789 the leased tangible personal property, or, alternatively, the  
790 acquisition or use of that property shall be exempt by law  
791 from such sales or use tax.

792 d. The leased tangible personal property shall be  
793 installed in or about an industrial plant or other real  
794 property that was specially constructed or modified for the  
795 location and use of the tangible personal property and that is  
796 owned, or considered to be owned, for either Alabama or  
797 federal income tax purposes or both, by a corporation,  
798 partnership, or other entity controlled by, or under common  
799 control with, the lessee of such tangible personal property.

800 e. The leased tangible property shall be used only by a  
801 lessee engaged in the iron and steel industry, and the  
802 exemption from the tax levied by this article shall apply only  
803 to the gross proceeds derived from leases that become binding  
804 contracts of the parties thereto within 180 calendar days  
805 following the date on which the act adding the exemption  
806 contained in this subsection (14) shall become effective.

807 (15) The gross proceeds accruing from a motor vehicle  
808 lease transaction for a duration of at least 180 days with the  
809 federal government, or any state, county, or municipal entity  
810 within the state, including a public school board or an  
811 individual public school, or any entity eligible for a sales



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812 tax exemption under federal law or Section 40-23-5."

813 Section 3. This act shall become effective on September

814 1, 2024.