

1 SB156  
2 187537-2  
3 By Senator Melson  
4 RFD: Finance and Taxation Education  
5 First Read: 11-JAN-18

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8 SYNOPSIS: Currently, sales and use tax is imposed on  
9 the gross proceeds from the sale of gold, silver,  
10 platinum, and palladium bullion, and money.

11 This bill will exempt the gross proceeds  
12 from the sale of gold, silver, platinum, and  
13 palladium bullion, and money from the sales and use  
14 tax in the state for five years.

15  
16 A BILL  
17 TO BE ENTITLED  
18 AN ACT

19  
20 To amend Sections 40-23-4 and 40-23-62, Code of  
21 Alabama 1975, as amended by Act 2017-397 of the 2017 Regular  
22 Session, relating to sales and use tax exemptions, to exempt  
23 the gross proceeds from the sales of gold, silver, platinum,  
24 and palladium bullion, and money from sales and use tax for  
25 five years.

26 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

1           Section 1. Sections 40-23-4 and 40-23-62, Code of  
2 Alabama 1975, as amended by Act 2017-397 of the 2017 Regular  
3 Session, are amended to read as follows:

4           "§40-23-4.

5           "(a) There are exempted from the provisions of this  
6 division and from the computation of the amount of the tax  
7 levied, assessed, or payable under this division the  
8 following:

9           "(1) The gross proceeds of the sales of lubricating  
10 oil and gasoline as defined in Sections 40-17-30 and 40-17-170  
11 and the gross proceeds from those sales of lubricating oil  
12 destined for out-of-state use which are transacted in a manner  
13 whereby an out-of-state purchaser takes delivery of such oil  
14 at a distributor's plant within this state and transports it  
15 out-of-state, which are otherwise taxed.

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

20           (3) The gross proceeds of the sale, or sales, of  
21 seeds for planting purposes and baby chicks and poults.  
22 Nothing herein shall be construed to exempt or exclude from  
23 the computation of the tax levied, assessed, or payable, the  
24 gross proceeds of the sale or sales of plants, seedlings,  
25 nursery stock, or floral products.

26           "(4) The gross proceeds of sales of insecticides and  
27 fungicides when used for agricultural purposes or when used by

1 persons properly permitted by the Department of Agriculture  
2 and Industries or any applicable local or state governmental  
3 authority for structural pest control work and feed for  
4 livestock and poultry, but not including prepared food for  
5 dogs and cats.

6 "(5) The gross proceeds of sales of all livestock by  
7 whomsoever sold, and also the gross proceeds of poultry and  
8 other products of the farm, dairy, grove, or garden, when in  
9 the original state of production or condition of preparation  
10 for sale, when such sale or sales are made by the producer or  
11 members of his immediate family or for him by those employed  
12 by him to assist in the production thereof. Nothing herein  
13 shall be construed to exempt or exclude from the measure or  
14 computation of the tax levied, assessed, or payable hereunder,  
15 the gross proceeds of sales of poultry or poultry products  
16 when not products of the farm.

17 "(6) Cottonseed meal exchanged for cottonseed at or  
18 by cotton gins.

19 "(7) The gross receipts from the business on which,  
20 or for engaging in which, a license or privilege tax is levied  
21 by or under the provisions of Sections 40-21-50, 40-21-53, and  
22 40-21-56 through 40-21-60; provided, that nothing contained in  
23 this subdivision shall be construed to exempt or relieve the  
24 person or persons operating the business enumerated in said  
25 sections from the payments of the tax levied by this division  
26 upon or measured by the gross proceeds of sales of any  
27 tangible personal property, except gas and water, the gross

1 receipts from the sale of which are the measure of the tax  
2 levied by said Section 40-21-50, merchandise or other tangible  
3 commodities sold at retail by said persons, unless the gross  
4 proceeds of sale thereof are otherwise specifically exempted  
5 by the provisions of this division.

6 "(8) The gross proceeds of sales or gross receipts  
7 of or by any person, firm, or corporation, from the sale of  
8 transportation, gas, water, or electricity, of the kinds and  
9 natures, the rates and charges for which, when sold by public  
10 utilities, are customarily fixed and determined by the Public  
11 Service Commission of Alabama or like regulatory bodies.

12 "(9) The gross proceeds of the sale, or sales of  
13 wood residue, coal, or coke to manufacturers, electric power  
14 companies, and transportation companies for use or consumption  
15 in the production of by-products, or the generation of heat or  
16 power used in manufacturing tangible personal property for  
17 sale, for the generation of electric power or energy for use  
18 in manufacturing tangible personal property for sale or for  
19 resale, or for the generation of motive power for  
20 transportation.

21 "(10) The gross proceeds from the sale or sales of  
22 fuel and supplies for use or consumption aboard ships,  
23 vessels, towing vessels, or barges, or drilling ships, rigs or  
24 barges, or seismic or geophysical vessels, or other watercraft  
25 (herein for purposes of this exemption being referred to as  
26 "vessels") engaged in foreign or international commerce or in  
27 interstate commerce; provided, that nothing in this division

1 shall be construed to exempt or exclude from the measure of  
2 the tax herein levied the gross proceeds of sale or sales of  
3 material and supplies to any person for use in fulfilling a  
4 contract for the painting, repair, or reconditioning of  
5 vessels, barges, ships, other watercraft, and commercial  
6 fishing vessels of over five tons load displacement as  
7 registered with the U.S. Coast Guard and licensed by the State  
8 of Alabama Department of Conservation and Natural Resources.

9 "For purposes of this subdivision, it shall be  
10 presumed that vessels engaged in the transportation of cargo  
11 between ports in the State of Alabama and ports in foreign  
12 countries or possessions or territories of the United States  
13 or between ports in the State of Alabama and ports in other  
14 states are engaged in foreign or international commerce or  
15 interstate commerce, as the case may be. For the purposes of  
16 this subdivision, the engaging in foreign or international  
17 commerce or interstate commerce shall not require that the  
18 vessel involved deliver cargo to or receive cargo from a port  
19 in the State of Alabama. For purposes of this subdivision,  
20 vessels carrying passengers for hire, and no cargo, between  
21 ports in the State of Alabama and ports in foreign countries  
22 or possessions or territories of the United States or between  
23 ports in the State of Alabama and ports in other states shall  
24 be engaged in foreign or international commerce or interstate  
25 commerce, as the case may be, if, and only if, both of the  
26 following conditions are met: (i) The vessel in question is a  
27 vessel of at least 100 gross tons; and (ii) the vessel in

1 question has an unexpired certificate of inspection issued by  
2 the United States Coast Guard or by the proper authority of a  
3 foreign country for a foreign vessel, which certificate is  
4 recognized as acceptable under the laws of the United States.  
5 Vessels which are engaged in foreign or international commerce  
6 or interstate commerce shall be deemed for the purposes of  
7 this subdivision to remain in such commerce while awaiting or  
8 under repair in a port of the State of Alabama if such vessel  
9 returns after such repairs are completed to engaging in  
10 foreign or international commerce or interstate commerce. For  
11 purposes of this subdivision, seismic or geophysical vessels  
12 which are engaged either in seismic or geophysical tests or  
13 evaluations exclusively in offshore federal waters or in  
14 traveling to or from conducting such tests or evaluations  
15 shall be deemed to be engaged in international or foreign  
16 commerce. For purposes of this subdivision, proof that fuel  
17 and supplies purchased are for use or consumption aboard  
18 vessels engaged in foreign or international commerce or in  
19 interstate commerce may be accomplished by the merchant or  
20 seller securing the duly signed certificate of the vessel  
21 owner, operator, or captain or their respective agent on a  
22 form prescribed by the department that the fuel and supplies  
23 purchased are for use or consumption aboard vessels engaged in  
24 foreign or international commerce or in interstate commerce.  
25 Any person filing a false certificate shall be guilty of a  
26 misdemeanor and upon conviction shall be fined not less than  
27 \$25 nor more than \$500 for each offense. Each false

1 certificate filed shall constitute a separate offense. Any  
2 person filing a false certificate shall be liable to the  
3 department for all taxes imposed by this division upon the  
4 merchant or seller, together with any interest or penalties  
5 thereon, by reason of the sale or sales of fuel and supplies  
6 applicable to such false certificate. If a merchant or seller  
7 of fuel and supplies secures the certificate herein mentioned,  
8 properly completed, such merchant or seller shall not be  
9 liable for the taxes imposed by this division, if such  
10 merchant or seller had no knowledge that such certificate was  
11 false when it was filed with such merchant or seller.

12 "(11) The gross proceeds of sales of tangible  
13 personal property to the State of Alabama, to the counties  
14 within the state and to incorporated municipalities of the  
15 State of Alabama.

16 "(12) The gross proceeds of the sale or sales of  
17 railroad cars, vessels, barges, and commercial fishing vessels  
18 of over five tons load displacement as registered with the  
19 U.S. Coast Guard and licensed by the State of Alabama  
20 Department of Conservation and Natural Resources, when sold by  
21 the manufacturers or builders thereof.

22 "(13) The gross proceeds of the sale or sales of  
23 materials, equipment, and machinery which, at any time, enter  
24 into and become a component part of ships, vessels, towing  
25 vessels or barges, or drilling ships, rigs or barges, or  
26 seismic or geophysical vessels, other watercraft and  
27 commercial fishing vessels of over five tons load displacement



1 as registered with the U.S. Coast Guard and licensed by the  
2 State of Alabama Department of Conservation and Natural  
3 Resources. Additionally, the gross proceeds from the sale or  
4 sales of lifeboats, personal flotation devices, ring life  
5 buoys, survival craft equipment, distress signals, EPIRB's,  
6 fire extinguishers, injury placards, waste management plans  
7 and logs, marine sanitation devices, navigation rulebooks,  
8 navigation lights, sound signals, navigation day shapes, oil  
9 placard cards, garbage placards, FCC SSL, stability  
10 instructions, first aid equipment, compasses, anchor and radar  
11 reflectors, general alarm systems, bilge pumps, piping, and  
12 discharge and electronic position fixing devices which are  
13 used on the aforementioned watercraft.

14 "(14) The gross proceeds of the sale or sales of  
15 fuel oil purchased as fuel for kiln use in manufacturing  
16 establishments.

17 "(15) The gross proceeds of the sale or sales of  
18 tangible personal property to county and city school boards  
19 within the State of Alabama, independent school boards within  
20 the State of Alabama, all educational institutions and  
21 agencies of the State of Alabama, the counties within the  
22 state, or any incorporated municipalities of the State of  
23 Alabama, and private educational institutions operating within  
24 the State of Alabama offering conventional and traditional  
25 courses of study, such as those offered by public schools,  
26 colleges, or universities within the State of Alabama; but not  
27 including nurseries, day care centers, and home schools.

1           "(16) The gross proceeds from the sale of all  
2 devices or facilities, and all identifiable components  
3 thereof, or materials for use therein, acquired primarily for  
4 the control, reduction, or elimination of air or water  
5 pollution and the gross proceeds from the sale of all  
6 identifiable components of or materials used or intended for  
7 use in structures built primarily for the control, reduction,  
8 or elimination of air and water pollution.

9           "(17) The gross proceeds of sales of tangible  
10 personal property or the gross receipts of any business which  
11 the state is prohibited from taxing under the Constitution or  
12 laws of the United States or under the Constitution of this  
13 state.

14           "(18) When dealers or distributors use parts taken  
15 from stocks owned by them in making repairs without charge for  
16 such parts to the owner of the property repaired pursuant to  
17 warranty agreements entered into by manufacturers, such use  
18 shall not constitute taxable sales to the manufacturers,  
19 distributors, or to the dealers, under this division or under  
20 any county sales tax law.

21           "(19) The gross proceeds received from the sale or  
22 furnishing of food, including potato chips, candy, fruit and  
23 similar items, soft drinks, tobacco products, and stationery  
24 and other similar or related articles by hospital canteens  
25 operated by Alabama state hospitals at Bryce Hospital and  
26 Partlow State School for Mental Deficients at Tuscaloosa,

1 Alabama, and Searcy Hospital at Mt. Vernon, Alabama, for the  
2 benefit of the patients therein.

3 "(20) The gross proceeds of the sale, or sales, of  
4 wrapping paper and other wrapping materials when used in  
5 preparing poultry or poultry products for delivery, shipment,  
6 or sale by the producer, processor, packer, or seller of such  
7 poultry or poultry products, including pallets used in  
8 shipping poultry and egg products, paper or other materials  
9 used for lining boxes or other containers in which poultry or  
10 poultry products are packed together with any other materials  
11 placed in such containers for the delivery, shipment, or sale  
12 of poultry or poultry products.

13 "(21) The gross proceeds of the sales of all  
14 antibiotics, hormones and hormone preparations, drugs,  
15 medicines or medications, vitamins, minerals or other  
16 nutrients, and all other feed ingredients including  
17 concentrates, supplements, and other feed ingredients when  
18 such substances are used as ingredients in mixing and  
19 preparing feed for fish raised to be sold on a commercial  
20 basis, livestock, and poultry. Such exemption herein granted  
21 shall be in addition to exemptions now provided by law for  
22 feed for fish raised to be sold on a commercial basis,  
23 livestock, and poultry, but not including prepared foods for  
24 dogs or cats.

25 "(22) The gross proceeds of the sale, or sales, of  
26 seedlings, plants, shoots, and slips which are to be used for  
27 planting vegetable gardens or truck farms and other

1 agricultural purposes. Nothing herein shall be construed to  
2 exempt, or exclude from the computation of the tax levied,  
3 assessed, or payable, the gross proceeds of the sale, or the  
4 use of plants, seedlings, shoots, slips, nursery stock, and  
5 floral products, except as hereinabove exempted.

6 "(23) The gross proceeds of the sale, or sales, of  
7 fabricated steel tube sections, when produced and fabricated  
8 in this state by any person, firm, or corporation for any  
9 vehicular tunnel for highway vehicular traffic, when sold by  
10 the manufacturer or fabricator thereof, and also the gross  
11 proceeds of the sale, or sales, of steel which enters into and  
12 becomes a component part of such fabricated steel tube  
13 sections of said tunnel.

14 "(24) The gross proceeds from sales of admissions to  
15 any theatrical production, symphonic or other orchestral  
16 concert, ballet, or opera production when such concert or  
17 production is presented by any society, association, guild, or  
18 workshop group, organized within this state, whose members or  
19 some of whose members regularly and actively participate in  
20 such concerts or productions for the purposes of providing a  
21 creative outlet for the cultural and educational interests of  
22 such members, and of promoting such interests for the  
23 betterment of the community by presenting such productions to  
24 the general public for an admission charge. The employment of  
25 a paid director or conductor to assist in any such  
26 presentation described in this subdivision shall not be  
27 construed to prohibit the exemptions herein provided.

1           "(25) The gross proceeds of sales of herbicides for  
2 agricultural uses by whomsoever sold. The term herbicides, as  
3 used in this subdivision, means any substance or mixture of  
4 substances intended to prevent, destroy, repel, or retard the  
5 growth of weeds or plants. It shall include preemergence  
6 herbicides, postemergence herbicides, lay-by herbicides,  
7 pasture herbicides, defoliant herbicides, and desiccant  
8 herbicides.

9           "(26) The Alabama Chapter of the Cystic Fibrosis  
10 Research Foundation and the Jefferson Tuberculosis Sanatorium  
11 and any of their departments or agencies, heretofore or  
12 hereafter organized and existing in good faith in the State of  
13 Alabama for purposes other than for pecuniary gain and not for  
14 individual profit, shall be exempted from the computation of  
15 the tax on the gross proceeds of all sales levied, assessed,  
16 or payable.

17           "(27) The gross proceeds from the sale or sales of  
18 fuel for use or consumption aboard commercial fishing vessels  
19 are hereby exempt from the computation of all sales taxes  
20 levied, assessed, or payable under the provisions of this  
21 division or levied under any county or municipal sales tax  
22 law.

23           The words commercial fishing vessels shall mean  
24 vessels whose masters and owners are regularly and exclusively  
25 engaged in fishing as their means of livelihood.

1           "(28) The gross proceeds of sales of sawdust, wood  
2 shavings, wood chips, and other like materials sold for use as  
3 chicken litter by poultry producers and poultry processors.

4           "(29) The gross proceeds of the sales of all  
5 antibiotics, hormones and hormone preparations, drugs,  
6 medicines, and other medications including serums and  
7 vaccines, vitamins, minerals, or other nutrients for use in  
8 the production and growing of fish, livestock, and poultry by  
9 whomsoever sold. Such exemption as herein granted shall be in  
10 addition to the exemption provided by law for feed for fish,  
11 livestock, and poultry, and in addition to the exemptions  
12 provided by law for the above-enumerated substances and  
13 products when mixed and used as ingredients in fish,  
14 livestock, and poultry feed.

15           "(30) The gross proceeds of the sale or sales of all  
16 medicines prescribed by physicians for persons who are 65  
17 years of age or older, and when said prescriptions are filled  
18 by licensed pharmacists, shall be exempted under this division  
19 or under any county or municipal sales tax law. The exemption  
20 provided in this section shall not apply to any medicine  
21 purchased in any manner other than as is herein provided.

22           "For the purposes of this subdivision, proof of age  
23 may be accomplished by filing with the dispensing pharmacist  
24 any one or more of the following documents:

25           "a. The name and claim number as shown on a  
26 "Medicare" card issued by the United States Social Security  
27 Administration.

1            "b. A certificate executed by any adult person  
2 having knowledge of the fact that the person for whom the  
3 medicine was prescribed is not less than 65 years of age.

4            "c. An affidavit executed by any adult person having  
5 knowledge of the fact that the person for whom the medicine  
6 was prescribed is not less than 65 years of age.

7            "For the purposes of this subdivision, any person  
8 filing a false proof of age shall be guilty of a misdemeanor  
9 and upon conviction thereof shall be punished by a fine of  
10 \$100.

11           " (31) There shall be exempted from the tax levied by  
12 this division the gross receipts of sales of grass sod of all  
13 kinds and character when in the original state of production  
14 or condition of preparation for sale, when such sales are made  
15 by the producer or members of his family or for him by those  
16 employed by him to assist in the production thereof; provided,  
17 that nothing herein shall be construed to exempt sales of sod  
18 by a person engaged in the business of selling plants,  
19 seedlings, nursery stock, or floral products.

20           " (32) The gross receipts of sales of the following  
21 items or materials which are necessary in the farm-to-market  
22 production of tomatoes when such items or materials are used  
23 by the producer or members of his family or for him by those  
24 employed by him to assist in the production thereof: Twine for  
25 tying tomatoes, tomato stakes, field boxes (wooden boxes used  
26 to take tomatoes from the fields to shed), and tomato boxes  
27 used in shipments to customers.

1           "(33) The gross proceeds from the sale of liquefied  
2 petroleum gas or natural gas sold to be used for agricultural  
3 purposes.

4           "(34) The gross receipts of sales from state  
5 nurseries of forest tree seedlings.

6           "(35) The gross receipts of sales of forest tree  
7 seed by the state.

8           "(36) The gross receipts of sales of Lespedeza  
9 bicolor and other species of perennial plant seed and  
10 seedlings sold for wildlife and game food production purposes  
11 by the state.

12           "(37) The gross receipts of any aircraft  
13 manufactured, sold, and delivered in this state if said  
14 aircraft are not permanently domiciled in Alabama and are  
15 removed to another state.

16           "(38) The gross proceeds from the sale or sales of  
17 all diesel fuel used for off-highway agricultural purposes.

18           "(39) The gross proceeds from sales of admissions to  
19 any sporting event which:

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

22           "b. Is hosted by a not-for-profit corporation  
23 organized and existing under the laws of the State of Alabama;  
24 and

25           "c. Determines a national championship of a national  
26 organization, including but not limited to the Professional  
27 Golfers Association of America, the Tournament Players



1 Association, the United States Golf Association, the United  
2 States Tennis Association, and the National Collegiate  
3 Athletic Association; and

4 "d. Has not been held in the State of Alabama on  
5 more than one prior occasion, provided, however, that for such  
6 purpose the Professional Golfers Association Championship, the  
7 United States Open Golf Championship, the United States  
8 Amateur Golf Championship of the United States Golf  
9 Association, and the United States Open Tennis Championship  
10 shall each be treated as a separate event.

11 "(40) The gross receipts from the sale of any  
12 aircraft and replacement parts, components, systems, supplies,  
13 and sundries affixed or used on said aircraft and ground  
14 support equipment and vehicles used by or for the aircraft to  
15 or by a certificated or licensed air carrier with a hub  
16 operation within this state, for use in conducting intrastate,  
17 interstate, or foreign commerce for transporting people or  
18 property by air. For the purpose of this subdivision, the  
19 words "hub operation within this state" shall be construed to  
20 have all of the following criteria:

21 "a. There originates from the location 15 or more  
22 flight departures and five or more different first-stop  
23 destinations five days per week for six or more months during  
24 the calendar year; and

25 "b. Passengers and/or property are regularly  
26 exchanged at the location between flights of the same or a  
27 different certificated or licensed air carrier.

1           "(41) The gross receipts from the sale of hot or  
2 cold food and beverage products sold to or by a certificated  
3 or licensed air carrier with a hub operation within this  
4 state, for use in conducting intrastate, interstate, or  
5 foreign commerce for transporting people or property by air.  
6 For the purpose of this subdivision, the words "hub operation  
7 within this state" shall be construed to have all of the  
8 following criteria:

9           "a. There originates from the location 15 or more  
10 flight departures and five or more different first-stop  
11 destinations five days per week for six or more months during  
12 the calendar year; and

13           "b. Passengers and/or property are regularly  
14 exchanged at the location between flights of the same or a  
15 different certificated or licensed air carrier.

16           "(42) The gross receipts from the sale of any  
17 aviation jet fuel to a certificated or licensed air carrier  
18 purchased for use in scheduled all-cargo operations being  
19 conducted on international flights or in international  
20 commerce. For purposes of this subdivision, the following  
21 words or terms shall be defined and interpreted as follows:

22           "a. Air Carrier. Any person, firm, corporation, or  
23 entity undertaking by any means, directly or indirectly, to  
24 provide air transportation.

25           "b. All-Cargo Operations. Any flight conducted by an  
26 air carrier for compensation or hire other than a passenger

1 carrying flight, except passengers as specified in 14 C.F.R.  
2 §121.583(a) or 14 C.F.R. §135.85, as amended.

3 "c. International Commerce. Any air carrier engaged  
4 in all-cargo operations transporting goods for compensation or  
5 hire on international flights.

6 "d. International Flights. Any air carrier  
7 conducting scheduled all-cargo operations between any point  
8 within the 50 states of the United States and the District of  
9 Columbia and any point outside the 50 states of the United  
10 States and the District of Columbia, including any interim  
11 stops within the United States so long as the ultimate origin  
12 or destination of the aircraft is outside the United States  
13 and the District of Columbia.

14 "(43) The gross proceeds of the sale or sales of the  
15 following:

16 "a. Drill pipe, casing, tubing, and other pipe used  
17 for the exploration for or production of oil, gas, sulphur, or  
18 other minerals in offshore federal waters.

19 "b. Tangible personal property exclusively used for  
20 the exploration for or production of oil, gas, sulphur, or  
21 other minerals in offshore federal waters.

22 "c. Fuel and supplies for use or consumption aboard  
23 boats, ships, aircraft, and towing vessels when used  
24 exclusively in transporting persons or property between a  
25 point in Alabama and a point or points in offshore federal  
26 waters for the exploration for or production of oil, gas,  
27 sulphur, or other minerals in offshore federal waters.

1           "d. Drilling equipment that is used for the  
2 exploration for or production of oil, gas, sulphur, or other  
3 minerals, that is built for exclusive use outside this state  
4 and that is, on completion, removed forthwith from this state.

5           "The delivery of items exempted by this subdivision  
6 to the purchaser or lessee in this state does not disqualify  
7 the purchaser or lessee from the exemption if the property is  
8 removed from the state by any means, including by the use of  
9 the purchaser's or lessee's own facilities.

10           "The shipment to a place in this state of equipment  
11 exempted by this subdivision for further assembly or  
12 fabrication does not disqualify the purchaser or lessee from  
13 the exemption if on completion of the further assembly or  
14 fabrication the equipment is removed forthwith from this  
15 state. This subdivision applies to a sale that may occur when  
16 the equipment exempted is further assembled or fabricated if  
17 on completion the equipment is removed forthwith from this  
18 state.

19           "(44) The gross receipts derived from all bingo  
20 games and operations which are conducted in compliance with  
21 validly enacted legislation authorizing the conduct of such  
22 games and operations, and which comply with the distribution  
23 requirements of the applicable local laws; provided that the  
24 exemption from sales taxation granted by this subdivision  
25 shall apply only to gross receipts taxable under subdivision  
26 (2) of Section 40-23-2. It is further provided that this  
27 exemption shall not apply to any gross receipts from the sale

1 of tangible personal property, such as concessions, novelties,  
2 food, beverages, etc. The exemption provided for in this  
3 section shall be limited to those games and operations by  
4 organizations which have qualified for exemption under the  
5 provisions of 26 U.S.C. § 501 (c) (3), (4), (7), (8), (10), or  
6 (19), or which are defined in 26 U.S.C. § 501(d).

7 "(45) The gross receipts derived from the sale or  
8 sales of fruit or other agricultural products by the person or  
9 corporation that planted, cultivated, and harvested such fruit  
10 or agricultural product.

11 "(46) The gross receipts derived from the sale or  
12 sales of all domestically mined or produced coal, coke, and  
13 coke by-products used in cogeneration plants.

14 "(47) The gross receipts from the sale or sales of  
15 metal, other than gold or silver, when such metal is purchased  
16 for the purpose of transferring such metal to an investment  
17 trust in exchange for shares or other units, each of which are  
18 both publicly traded and represent fractional undivided  
19 beneficial interests in the trust's net assets, including  
20 metal stored in warehouses located in this state, as well as  
21 the gross proceeds from the sale or other transfer of such  
22 metal to or from such investment trust in exchange for shares  
23 or other units that are publicly traded and represent  
24 fractional undivided beneficial interests in the trust's net  
25 assets but not to the extent that metal is transferred to or  
26 from the investment trust in exchange for consideration other  
27 than such publicly traded shares or other units. For purposes

1 of this subdivision, the term metals includes, but is not  
2 limited to, copper, aluminum, nickel, zinc, tin, lead, and  
3 other similar metals typically used in commercial and  
4 industrial applications.

5 "(48) For the period commencing on October 1, 2012,  
6 and ending May 30, 2022, unless extended by joint resolution,  
7 the gross receipts from the sale of parts, components, and  
8 systems that become a part of a fixed or rotary wing military  
9 aircraft or certified transport category aircraft that  
10 undergoes conversion, reconfiguration, or general maintenance  
11 so long as the address of the aircraft for FAA registration is  
12 not in the state; provided, however, that this exemption shall  
13 not apply to a local sales tax unless previously exempted by  
14 local law or approved by resolution of the local governing  
15 body.

16 "(49) The gross proceeds from the sale or sales  
17 within school buildings of lunches to pupils of kindergarten,  
18 grammar, and high schools, either public or private, that are  
19 not sold for profit.

20 "(50) The gross proceeds of services provided by  
21 photographers, including but not limited to sitting fees and  
22 consultation fees, even when provided as part of a transaction  
23 ultimately involving the sale of one or more photographs, so  
24 long as the exempt services are separately stated to the  
25 customer on a bill of sale, invoice, or like memorialization  
26 of the transaction. For transactions occurring before October  
27 1, 2017, neither the Department of Revenue nor local tax

1 officials may seek payment for sales tax not collected. With  
2 regard to such transactions in which sales tax was collected  
3 and remitted on services provided by photographers, neither  
4 the taxpayer nor the entity remitting sales tax shall have the  
5 right to seek refund of such tax.

6 "(51) a. For the period commencing on the effective  
7 date of the act adding this subdivision, and ending five years  
8 thereafter, unless extended by an act of the Legislature, the  
9 gross proceeds of sales of bullion or money, as defined in  
10 Section 40-1-1(7).

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

13 "1. BULLION. Gold, silver, platinum, palladium, or a  
14 combination of each precious metal, that has gone through a  
15 refining process and for which the item's value depends on its  
16 mass and purity, and not on its form, numismatic value, or  
17 other value. The term includes bullion in the form of bars,  
18 ingots, or coins that meet the requirements set forth above.  
19 Qualifying bullion may contain other metals or substances,  
20 provided that the other substances are minimal in value  
21 compared with the value of the gold, silver, platinum, or  
22 palladium and the other substances do not add value to the  
23 item. For purposes of this subparagraph, "gold, silver,  
24 platinum, or palladium" does not include jewelry or works of  
25 art.

1           "2. MASS PURITY. An item's mass is its weight in  
2 precious metal, and its purity is the amount of precious metal  
3 contained within the item.

4           "3. NUMISMATIC VALUE. An external value above and  
5 beyond the base value of the underlying precious metal, due to  
6 the item's rarity, condition, age, or other external factor.

7           "c. In order for bullion to qualify for the sales  
8 tax exemption, gold, silver, platinum, and palladium items  
9 must meet all of the following requirements:

10           "1. Must be refined.

11           "2. Must contain at least ninety percent gold,  
12 silver, platinum, or palladium or some combination of these  
13 metals.

14           "3. The sales price of the item must fluctuate with  
15 and depend on the market price of the underlying precious  
16 metal, and not on the item's rarity, condition, age, or other  
17 external factor.

18           "(b) Any violation of any provision of this section  
19 shall be punishable in a court of competent jurisdiction by a  
20 fine of not less than ~~\$500~~ five hundred dollars (\$500) and no  
21 more than ~~\$2,000~~ two thousand dollars (\$2,000) and  
22 imprisonment of not less than six months nor more than one  
23 year in the county jail.

24           "§40-23-62.

25           "The storage, use, or other consumption in this  
26 state of the following tangible personal property is hereby  
27 specifically exempted from the tax imposed by this article:



1           "(1) Property, on which the sales tax imposed by the  
2 provisions of Article 1 of this chapter is paid by the  
3 consumer to a person licensed under the provisions of Article  
4 1 of this chapter.

5           "(2) Property, the storage, use, or other  
6 consumption of which this state is prohibited from taxing  
7 under the Constitution or laws of the United States of America  
8 or under the constitution of this state.

9           "(3) Tangible personal property, not to be used in  
10 the performance of a contract, brought into this state by a  
11 nonresident thereof for his own storage, use, or consumption  
12 while temporarily within this state.

13           "(4) Lubricating oil and gasoline as defined in  
14 Sections 40-17-30 and 40-17-170, the storage, use, or other  
15 consumption of which is otherwise taxed.

16           "(5) All fertilizer; provided, that the word  
17 "fertilizer" as used in this article shall not be construed to  
18 include cottonseed meal when not in combination with other  
19 material.

20           "(6) All seeds for planting purposes and baby chicks  
21 and poults; provided, that nothing herein shall be construed  
22 to exempt plants, seedlings, nursery stock or floral products.

23           "(7) Insecticides and fungicides and feed for  
24 livestock and poultry, but not including prepared foods for  
25 dogs and cats.

26           "(8) The use, storage, or consumption of all  
27 livestock by whomsoever sold; and also the gross proceeds of

1 poultry and other products of the farm, dairy, grove or  
2 garden, when in the original state of production or condition  
3 of preparation for sale, when such sale or sales are made by  
4 the producer or members of his immediate family or for him by  
5 those employed by him to assist in the production thereof.  
6 Nothing herein shall be construed to exempt or exclude from  
7 the measure or computation of the tax levied, assessed, or  
8 payable hereunder, the gross proceeds of sales of poultry or  
9 poultry products when not products of the farm..

10 "(9) Cottonseed meal exchanged for cottonseed at or  
11 by cotton gins.

12 "(10) Transportation, gas, water, or electricity, of  
13 the kinds and natures, the rates and charges for which when  
14 sold by public utilities, are customarily fixed and determined  
15 by the Public Service Commission of Alabama or like regulatory  
16 bodies.

17 "(11) Coal or coke to be stored, used, or consumed  
18 by manufacturers, electric power companies and transportation  
19 companies for use or consumption in the production of  
20 by-products or the generation of heat or power used:

21 a. In manufacturing tangible personal property for  
22 sale;

23 "b. For the generation of electric power or energy  
24 for use in manufacturing tangible personal property for sale  
25 or for resale; or

26 "c. For the generation of motive power for  
27 transportation.

1           "(12) Fuel and supplies for use or consumption  
2     aboard ships, vessels, towing vessels, or barges, or drilling  
3     ships, rigs or barges, or seismic or geophysical vessels, or  
4     other watercraft (herein for purposes of this exemption being  
5     referred to as vessels) engaged in foreign or international  
6     commerce or in interstate commerce; provided, that nothing in  
7     this article shall be construed to exempt or exclude from the  
8     measure of the tax herein levied the gross proceeds of sale or  
9     sales of material and supplies to any person for use in  
10    fulfilling a contract for the painting, repair or  
11    reconditioning of vessels, barges, ships, other watercraft and  
12    commercial fishing vessels of over five tons load displacement  
13    as registered with the U.S. Coast Guard and licensed by the  
14    State of Alabama Department of Conservation and Natural  
15    Resources. For purposes of this subdivision, it shall be  
16    presumed that vessels engaged in the transportation of cargo  
17    between ports in the State of Alabama and ports in foreign  
18    countries or possessions or territories of the United States  
19    or between ports in the State of Alabama and ports in other  
20    states are engaged in foreign or international commerce or  
21    interstate commerce, as the case may be. For the purposes of  
22    this subdivision, the engaging in foreign or international  
23    commerce or interstate commerce shall not require that the  
24    vessel involved deliver cargo to or receive cargo from a port  
25    in the State of Alabama. For purposes of this subdivision,  
26    vessels carrying passengers for hire, and no cargo, between  
27    ports in the State of Alabama and ports in foreign countries

1 or possessions or territories of the United States or between  
2 ports in the State of Alabama and ports in other states shall  
3 be engaged in foreign or international commerce or interstate  
4 commerce, as the case may be, if, and only if, both of the  
5 following conditions are met: (i) The vessel in question is a  
6 vessel of at least 100 gross tons; and (ii) the vessel in  
7 question has an unexpired certificate of inspection issued by  
8 the United States Coast Guard or by the proper authority of a  
9 foreign country for a foreign vessel, which certificate is  
10 recognized as acceptable under the laws of the United States.  
11 Vessels which are engaged in foreign or international commerce  
12 or interstate commerce shall be deemed for the purposes of  
13 this subdivision to remain in such commerce while awaiting or  
14 under repair in a port of the State of Alabama if such vessel  
15 returns after such repairs are completed to engaging in  
16 foreign or international commerce or interstate commerce. For  
17 purposes of this subdivision, seismic or geophysical vessels  
18 which are engaged either in seismic or geophysical tests or  
19 evaluations exclusively in offshore federal waters or in  
20 traveling to or from conducting such tests or evaluations  
21 shall be deemed to be engaged in international or foreign  
22 commerce. For purposes of this subdivision, proof that fuel  
23 and supplies purchased are for use or consumption aboard  
24 vessels engaged in foreign or international commerce or in  
25 interstate commerce may be accomplished by the merchant or  
26 seller securing the duly signed certificate of the vessel  
27 owner, operator or captain or their respective agent on a form

1 prescribed by the department that the fuel and supplies  
2 purchased are for use or consumption aboard vessels engaged in  
3 foreign or international commerce or in interstate commerce.  
4 Any person filing a false certificate shall be guilty of a  
5 misdemeanor and upon conviction shall be fined not less than  
6 \$25 nor more than \$500 for each offense. Each false  
7 certificate filed shall constitute a separate offense. Any  
8 person filing a false certificate shall be liable to the  
9 department for all taxes imposed by this division upon the  
10 merchant or seller, together with any interest or penalties  
11 thereon, by reason of the sale or sales of fuel and supplies  
12 applicable to such false certificate. If a merchant or seller  
13 of fuel and supplies secures the certificate herein mentioned,  
14 properly completed, such merchant or seller shall not be  
15 liable for the taxes imposed by this division, if such  
16 merchant or seller had no knowledge that such certificate was  
17 false when it was filed with such merchant or seller.

18 "(13) Property stored, used, or consumed by the  
19 State of Alabama, by the counties within the state or by  
20 incorporated municipalities of the State of Alabama.

21 "(14) The use, storage, or consumption of materials,  
22 equipment and machinery which, at any time, enter into and  
23 become a component part of ships, vessels, towing vessels or  
24 barges, or drilling ships, rigs or barges, or seismic or  
25 geophysical vessels, other watercraft and commercial fishing  
26 vessels of over five tons load displacement as registered with  
27 the U.S. Coast Guard and licensed by the Department of

1 Conservation and Natural Resources. Additionally, the use,  
2 storage, or consumption of lifeboats, personal flotation  
3 devices, ring life buoys, survival craft equipment, distress  
4 signals, EPIRB's, fire extinguishers, injury placards, waste  
5 management plans and logs, marine sanitation devices,  
6 navigation rulebooks, navigation lights, sound signals,  
7 navigation day shapes, oil placard cards, garbage placards,  
8 FCC SSL, stability instructions, first aid equipment,  
9 compasses, anchor and radar reflectors, general alarm systems,  
10 bilge pumps, piping, and discharge and electronic position  
11 fixing devices on the aforementioned watercraft.

12 "(15) The use, storage, or consumption of fuel oil  
13 purchased as fuel for kilns used in manufacturing  
14 establishments.

15 "(16) Tangible personal property stored, used, or  
16 consumed by county and city school boards within the State of  
17 Alabama, independent school boards within the State of  
18 Alabama, all educational institutions and agencies of the  
19 State of Alabama, the counties within the state or any  
20 incorporated municipality of the State of Alabama, and private  
21 educational institutions operating within the State of Alabama  
22 offering conventional and traditional courses of study, such  
23 as those offered by public schools, colleges, or universities  
24 within the State of Alabama; but not including nurseries, day  
25 care centers, and home schools.

26 "(17) The storage, use, or consumption of railroad  
27 cars, vessels, and barges and commercial fishing vessels of

1 over five tons load displacement as registered with the U.S.  
2 Coast Guard and licensed by the State of Alabama Department of  
3 Conservation and Natural Resources when purchased from the  
4 manufacturers or builders thereof.

5 "(18) The storage, use, or consumption of all  
6 devices or facilities, and all identifiable components thereof  
7 or materials for use therein, used or placed in operation  
8 primarily for the control, reduction or elimination of air or  
9 water pollution, and the storage, use, or consumption of all  
10 identifiable components of or materials used or intended for  
11 use in structures built primarily for the control, reduction  
12 or elimination of air or water pollution.

13 "(19) When dealers or distributors use parts taken  
14 from stocks owned by them in making repairs without charge for  
15 such parts to the owner of the property required pursuant to  
16 warranty agreements entered into by manufacturers, such use  
17 shall not constitute taxable sales to the manufacturers,  
18 distributors or to the dealers, under this article, or under  
19 any county use tax law.

20 "(20) The storage, use, or other consumption in this  
21 state of religious magazines and publications. For the purpose  
22 of this subdivision the words "religious magazines and  
23 publications" shall be construed to mean printed or  
24 illustrated lessons, notes and explanations distributed by  
25 churches or other religious organizations free of charge to  
26 pupils or students in Sunday schools, Bible classes or other

1 educational facilities established and maintained by churches  
2 or similar religious organizations in this state.

3 "(21) The storage, use, or other consumption of  
4 wrapping paper and other wrapping materials when used in  
5 preparing poultry or poultry products for delivery, shipment  
6 or sale by the producer, processor, packer, or seller of such  
7 poultry or poultry products including pallets used in shipping  
8 poultry and egg products, paper or other materials used for  
9 lining boxes or other containers in which poultry or poultry  
10 products are packed together with any other materials placed  
11 in such containers for the delivery, shipment or sale of  
12 poultry or poultry products.

13 "(22) The storage, use, or other consumption of all  
14 antibiotics, hormones and hormone preparations, drugs,  
15 medicines or medications, vitamins, minerals, or other  
16 nutrients and all other feed ingredients including  
17 concentrates, supplements and other feed ingredients when such  
18 substances are used as ingredients in mixing and preparing  
19 feed for livestock and poultry. Such exemption herein granted  
20 shall be in addition to exemptions now provided by law for  
21 feed for livestock and poultry, but not including prepared  
22 foods for dogs and cats.

23 "(23) The use of seedlings, plants, shoots, and  
24 slips which are to be used for planting vegetable gardens or  
25 truck farms. Nothing herein shall be construed to exempt, or  
26 exclude from the computation of the tax levied, assessed, or



1 payable, the use of plants, seedlings, shoots, slips, nursery  
2 stock and floral products except as hereinabove exempted.

3 "(24) Fabricated steel tube sections, when produced  
4 and fabricated in this state by any person, firm, or  
5 corporation, for any vehicular tunnel for highway vehicular  
6 traffic, when sold by the manufacturer or fabricator thereof,  
7 and also steel which enters into and becomes a component part  
8 of such fabricated steel tube sections of said tunnel, shall  
9 be exempted from the provisions of this article and from the  
10 computation of the amount of the tax levied, assessed or  
11 payable under this article.

12 "(25) The storage, use, or other consumption of  
13 herbicides for agricultural uses by whomsoever sold. The term  
14 "herbicides" as used in this subdivision means any substance  
15 or mixture of substances intended to prevent, destroy, repel,  
16 or retard the growth of weeds or plants. It shall include  
17 preemergence herbicides, postemergence herbicides, lay-by  
18 herbicides, pasture herbicides, defoliant herbicides, and  
19 desiccant herbicides.

20 "(26) The Alabama Chapter of the Cystic Fibrosis  
21 Research Foundation, and the Jefferson Tuberculosis Sanatorium  
22 and any of their departments or agencies, heretofore or  
23 hereafter organized and existing in good faith in the State of  
24 Alabama for purposes other than for pecuniary gain and not for  
25 individual profit, shall be exempted from the payment of the  
26 state use tax levied under this article.

1           "(27) Fuel for use or consumption aboard commercial  
2 fishing vessels are hereby exempt from the payment of the  
3 state use tax levied under this article, or levied under any  
4 county or municipal use tax law.

5           "The words commercial fishing vessels shall mean  
6 vessels whose masters and owners are regularly and exclusively  
7 engaged in fishing as their means of livelihood.

8           "(28) The storage, use, or withdrawal of sawdust,  
9 wood shavings, wood chips, and other like materials purchased  
10 for use as chicken litter by poultry producers and poultry  
11 processors shall be exempt under this article.

12           "(29) The storage, use, or other consumption of all  
13 antibiotics, hormones and hormone preparations, drugs,  
14 medicines and other medications including serums and vaccines,  
15 vitamins, minerals or other nutrients for use in the  
16 production and growing of fish, livestock, and poultry are  
17 hereby specifically exempted from the payment of the state use  
18 tax levied by this article. Such exemption as herein granted  
19 shall be in addition to the exemptions now provided by law for  
20 feed for fish, livestock, and poultry, and in addition to the  
21 exemptions now provided by law for the above-enumerated  
22 substances and products when mixed and used as ingredients in  
23 fish, livestock and poultry feeds.

24           "(30) All medicines prescribed by physicians for  
25 persons who are 65 years of age or older, and when said  
26 prescriptions are filled by licensed pharmacists, shall be  
27 exempted from the operation of the state use tax law levied by

1 this article, or by any county or municipal use tax law. The  
2 exemptions provided in this subdivision shall not apply to any  
3 medicine purchased in any manner other than as is herein  
4 provided.

5 "For the purposes of this subdivision, proof of age  
6 may be accomplished by filing with the dispensing pharmacist  
7 any one or more of the following documents:

8 "a. The name and claim number as shown on a  
9 "Medicare" card issued by the United States Social Security  
10 Administration.

11 "b. A certificate executed by any adult person  
12 having knowledge of the fact that the person for whom the  
13 medicine was prescribed is not less than 65 years of age.

14 "c. An affidavit executed by any adult person having  
15 knowledge of the fact that the person for whom the medicine  
16 was prescribed is not less than 65 years of age.

17 "For the purposes of this subdivision any person  
18 filing a false proof of age shall be guilty of a misdemeanor  
19 and upon conviction thereof shall be punished by a fine of  
20 \$100.

21 "(31) All diesel fuel used for off-highway  
22 agricultural purposes.

23 "(32) The storage, use, or other consumption of any  
24 aircraft and replacement parts, components, systems, supplies  
25 and sundries affixed or used on said aircraft and ground  
26 support equipment and vehicles used by or for the aircraft by  
27 a certificated or licensed air carrier with a hub operation

1 within this state, for use in conducting intrastate,  
2 interstate or foreign commerce for transporting people or  
3 property by air. For the purpose of this subdivision, the  
4 words "hub operation within this state" shall be construed to  
5 have all of the following criteria:

6 "a. There originates from the location 15 or more  
7 flight departures and five or more different first-stop  
8 destinations five days per week for six or more months during  
9 the calendar year; and

10 "b. Passengers and/or property are regularly  
11 exchanged at the location between flights of the same or a  
12 different certificated or licensed air carrier.

13 "(33) The storage, use, or other consumption of any  
14 aviation jet fuel used by an aircraft operated by a  
15 certificated or licensed air carrier that purchases jet fuel  
16 for use in scheduled all-cargo operations being conducted on  
17 international flights or in international commerce. For  
18 purposes of this subdivision, the following words or terms  
19 shall be defined and interpreted as follows:

20 "a. Air Carrier. Any person, firm, corporation, or  
21 entity undertaking by any means, directly or indirectly, to  
22 provide air transportation.

23 "b. All-Cargo Operations. Any flight conducted by an  
24 air carrier for compensation or hire other than a passenger  
25 carrying flight, except passengers as specified in 14 C.F.R.  
26 §121.583(a) or 14 C.F.R. §135.85, as amended.

1            "c. International Commerce. Any air carrier engaged  
2 in all-cargo operations transporting goods for compensation or  
3 hire on international flights.

4            "d. International Flights. Any air carrier  
5 conducting scheduled all-cargo operations between any point  
6 within the 50 states of the United States and the District of  
7 Columbia and any point outside the 50 states of the United  
8 States and the District of Columbia, including any interim  
9 stops within the United States so long as the ultimate origin  
10 or destination of the aircraft is outside the United States  
11 and the District of Columbia.

12            "(34) The storage, use, or other consumption of hot  
13 or cold food and beverage products by a certificated or  
14 licensed air carrier with a hub operation within this state,  
15 for use in conducting intrastate, interstate, or foreign  
16 commerce for transporting people or property by air. For the  
17 purpose of this subdivision, the words "hub operation within  
18 this state" shall be construed to have all of the following  
19 criteria:

20            "a. There originates from the location 15 or more  
21 flight departures and five or more different first-stop  
22 destinations five days per week for six or more months during  
23 the calendar year; and

24            "b. Passengers and/or property are regularly  
25 exchanged at the location between flights of the same or a  
26 different certificated or licensed air carrier.

1           (35) The storage, use, or other consumption of the  
2 following:

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

6           "b. Tangible personal property exclusively used for  
7 the exploration for or production of oil, gas, sulphur, or  
8 other minerals in offshore federal waters.

9           "c. Fuel and supplies for use or consumption aboard  
10 boats, ships, aircraft, and towing vessels when used  
11 exclusively in transporting persons or property between a  
12 point in Alabama and a point or points in offshore federal  
13 waters for the exploration for or production of oil, gas,  
14 sulphur, or other minerals in offshore federal waters.

15           "d. Drilling equipment that is used for the  
16 exploration for or production of oil, gas, sulphur, or other  
17 minerals, that is built for exclusive use outside this state  
18 and that is, on completion, removed forthwith from this state.

19           "e. All domestically mined or produced coal, coke,  
20 and coke by-products used in cogeneration plants in Alabama.

21           "The delivery of items exempted by this subdivision  
22 to the purchaser or lessee in this state does not disqualify  
23 the purchaser or lessee from the exemption if the property is  
24 removed from the state by any means, including by the use of  
25 the purchaser's or lessee's own facilities.

26           "The shipment to a place in this state of equipment  
27 exempted by this subdivision for further assembly or

1 fabrication does not disqualify the purchaser or lessee from  
2 the exemption if on completion of the further assembly or  
3 fabrication the equipment is removed forthwith from this  
4 state. This subdivision applies to a sale that may occur when  
5 the equipment exempted is further assembled or fabricated if  
6 on completion the equipment is removed forthwith from this  
7 state.

8 "(36) The storage or use of metal, other than gold  
9 or silver, when such metal is held by an investment trust the  
10 shares or other units in the trust's net assets of which have  
11 been issued in exchange for such metal and are publicly  
12 traded, including metal stored in warehouses located in this  
13 state. For purposes of this subdivision, the term metals  
14 includes, but is not limited to, copper, aluminum, nickel,  
15 zinc, tin, lead, and other similar metals typically used in  
16 commercial and industrial applications.

17 "(37) For the period commencing October 1, 2012, and  
18 ending May 30, 2022, unless extended by joint resolution, all  
19 parts, components, and systems that become a part of a fixed  
20 or rotary wing military aircraft or certified transport  
21 category aircraft which undergoes conversion, reconfiguration,  
22 or general maintenance so long as the address of the aircraft  
23 for FAA registration is not in the state; provided, however,  
24 that this exemption shall not apply to a local use tax unless  
25 previously exempted by local law or approved by resolution of  
26 the local governing body.

1           "(38) Lunches sold not for profit and within school  
2 buildings to pupils of kindergarten, grammar, and high  
3 schools, either public or private.

4           "(39) Services provided by photographers, including  
5 but not limited to sitting fees and consultation fees, even  
6 when provided as a part of a transaction ultimately involving  
7 the sale of one or more photographs, so long as the exempt  
8 services are separately stated to the customer on a bill of  
9 sale, invoice, or like memorialization of the transaction. For  
10 transactions occurring before October 1, 2017, neither the  
11 Department of Revenue nor local tax officials may seek payment  
12 for use tax not collected. With regard to such transactions in  
13 which use tax was collected and remitted on services provided  
14 by photographers, neither the taxpayer nor the entity  
15 remitting use tax shall have the right to seek refund of such  
16 tax.

17           "(40) a. For the period commencing on the effective  
18 date of the act adding this subdivision, and ending five years  
19 thereafter, unless extended by act of the Legislature, the  
20 gross proceeds of sales of bullion or money, as defined in  
21 Section 40-1-1(7).

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

24           "1. BULLION. Gold, silver, platinum, palladium, or a  
25 combination of each precious metal, that has gone through a  
26 refining process and for which the item's value depends on its  
27 mass and purity, and not on its form, numismatic value, or



1 other value. The term includes bullion in the form of bars,  
2 ingots, or coins that meet the requirements set forth above.  
3 Qualifying bullion may contain other metals or substances,  
4 provided that the other substances are minimal in value  
5 compared with the value of the gold, silver, platinum, or  
6 palladium and the other substances do not add value to the  
7 item. For the purposes of this subparagraph, "gold, silver,  
8 platinum, or palladium" does not include jewelry or works of  
9 art.

10 "2. MASS PURITY. An item's mass is its weight in  
11 precious metal, and its purity is the amount of precious metal  
12 contained within the item.

13 "3. NUMISMATIC VALUE. An external value above and  
14 beyond the base value of the underlying precious metal, due to  
15 the item's rarity, condition, age, or other external factor.

16 "c. In order for bullion to qualify for the use tax  
17 exemption, gold, silver, platinum, and palladium items must  
18 meet all of the following requirements:

19 "1. Must be refined.

20 "2. Must contain at least ninety percent gold,  
21 silver, platinum, or palladium or some combination of these  
22 metals.

23 "3. The sales price of the item must fluctuate with  
24 and depend on the market price of the underlying precious  
25 metal, and not on the item's rarity, condition, age, or other  
26 external factor."

1                   Section 2. The entities receiving the exemptions  
2 provided by this act shall file an annual informational report  
3 in a manner prescribed by the department. The information on  
4 the reports shall be consistent with the information required  
5 by the department pursuant to Section 40-9-61, Code of Alabama  
6 1975, and rules adopted thereunder. Information provided  
7 pursuant to this section is exempted from the confidentiality  
8 provisions of Section 40-2A-10, Code of Alabama 1975, and  
9 shall be provided by the department to the Legislative  
10 Services Agency, Fiscal Division, on an annual basis.

11                   Section 3. This act shall become effective on the  
12 first day of the third month following its passage and  
13 approval by the Governor, or its otherwise becoming law.