- 1 SB449
- 2 137463-3
- 3 By Senators Sanford, Dial, Fielding, Williams, Beason, McGill,
- 4 Dunn, Ross, Scofield, and Holtzclaw
- 5 RFD: Finance and Taxation General Fund
- 6 First Read: 22-MAR-12

1	SB449
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4	ENGROSSED
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7	A BILL
8	TO BE ENTITLED
9	AN ACT
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11	To amend Section 40-23-4 of the Code of Alabama
12	1975, relating to sales tax exemptions; to exempt any parts,
13	components, and systems used in the conversion,
14	reconfiguration, or maintenance of a motor vehicle to meet the
15	physical and mental challenges of the owner of the motor
16	vehicle; and to exempt the cost of the conversion from the
17	motor vehicle license fees pursuant to Chapter 6 of Title 32
18	of the Code of Alabama 1975.
19	BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:
20	Section 1. This amendatory act shall be known and
21	cited as the "Terry Collins Act."
22	Section 2. Section 40-23-4 of the Code of Alabama
23	1975, is amended to read as follows:
24	"§40-23-4.
25	"(a) There are exempted from the provisions of this
26	division and from the computation of the amount of the tax

levied, assessed, or payable under this division the following:

- "(1) The gross proceeds of the sales of lubricating oil and gasoline as defined in Sections 40-17-30 and 40-17-170 and the gross proceeds from those sales of lubricating oil destined for out-of-state use which are transacted in a manner whereby an out-of-state purchaser takes delivery of such oil at a distributor's plant within this state and transports it out-of-state, which are otherwise taxed.
- "(2) The gross proceeds of the sale, or sales, of fertilizer when used for agricultural purposes. The word "fertilizer" shall not be construed to include cottonseed meal, when not in combination with other materials.
- "(3) The gross proceeds of the sale, or sales, of seeds for planting purposes and baby chicks and poults.

  Nothing herein shall be construed to exempt or exclude from the computation of the tax levied, assessed, or payable, the gross proceeds of the sale or sales of plants, seedlings, nursery stock, or floral products.
- "(4) The gross proceeds of sales of insecticides and fungicides when used for agricultural purposes or when used by persons properly permitted by the Department of Agriculture and Industries or any applicable local or state governmental authority for structural pest control work and feed for livestock and poultry, but not including prepared food for dogs and cats.

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

- "(6) Cottonseed meal exchanged for cottonseed at or by cotton gins.
- "(7) The gross receipts from the business on which, or for engaging in which, a license or privilege tax is levied by or under the provisions of Sections 40-21-50, 40-21-53, and 40-21-56 through 40-21-60; provided, that nothing contained in this subdivision shall be construed to exempt or relieve the person or persons operating the business enumerated in said sections from the payments of the tax levied by this division upon or measured by the gross proceeds of sales of any tangible personal property, except gas and water, the gross receipts from the sale of which are the measure of the tax levied by said Section 40-21-50, merchandise or other tangible commodities sold at retail by said persons, unless the gross proceeds of sale thereof are otherwise specifically exempted by the provisions of this division.

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

- "(9) The gross proceeds of the sale, or sales of wood residue, coal, or coke to manufacturers, electric power companies, and transportation companies for use or consumption in the production of by-products, or the generation of heat or power used in manufacturing tangible personal property for sale, for the generation of electric power or energy for use in manufacturing tangible personal property for sale or for resale, or for the generation of motive power for transportation.
- "(10) The gross proceeds from the sale or sales of fuel and supplies for use or consumption aboard ships, vessels, towing vessels, or barges, or drilling ships, rigs or barges, or seismic or geophysical vessels, or other watercraft (herein for purposes of this exemption being referred to as "vessels") engaged in foreign or international commerce or in interstate commerce; provided, that nothing in this division shall be construed to exempt or exclude from the measure of the tax herein levied the gross proceeds of sale or sales of material and supplies to any person for use in fulfilling a contract for the painting, repair, or reconditioning of vessels, barges, ships, other watercraft, and commercial

fishing vessels of over five tons load displacement as registered with the U.S. Coast Guard and licensed by the State of Alabama Department of Conservation and Natural Resources.

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"For purposes of this subdivision, it shall be presumed that vessels engaged in the transportation of cargo between ports in the State of Alabama and ports in foreign countries or possessions or territories of the United States or between ports in the State of Alabama and ports in other states are engaged in foreign or international commerce or interstate commerce, as the case may be. For the purposes of this subdivision, the engaging in foreign or international commerce or interstate commerce shall not require that the vessel involved deliver cargo to or receive cargo from a port in the State of Alabama. For purposes of this subdivision, vessels carrying passengers for hire, and no cargo, between ports in the State of Alabama and ports in foreign countries or possessions or territories of the United States or between ports in the State of Alabama and ports in other states shall be engaged in foreign or international commerce or interstate commerce, as the case may be, if, and only if, both of the following conditions are met: (i) The vessel in question is a vessel of at least 100 gross tons; and (ii) the vessel in question has an unexpired certificate of inspection issued by the United States Coast Guard or by the proper authority of a foreign country for a foreign vessel, which certificate is recognized as acceptable under the laws of the United States. Vessels which are engaged in foreign or international commerce

or interstate commerce shall be deemed for the purposes of this subdivision to remain in such commerce while awaiting or under repair in a port of the State of Alabama if such vessel returns after such repairs are completed to engaging in foreign or international commerce or interstate commerce. For purposes of this subdivision, seismic or geophysical vessels which are engaged either in seismic or geophysical tests or evaluations exclusively in offshore federal waters or in traveling to or from conducting such tests or evaluations shall be deemed to be engaged in international or foreign commerce. For purposes of this subdivision, proof that fuel and supplies purchased are for use or consumption aboard vessels engaged in foreign or international commerce or in interstate commerce may be accomplished by the merchant or seller securing the duly signed certificate of the vessel owner, operator, or captain or their respective agent on a form prescribed by the department that the fuel and supplies purchased are for use or consumption aboard vessels engaged in foreign or international commerce or in interstate commerce. Any person filing a false certificate shall be guilty of a misdemeanor and upon conviction shall be fined not less than \$25 nor more than \$500 for each offense. Each false certificate filed shall constitute a separate offense. Any person filing a false certificate shall be liable to the department for all taxes imposed by this division upon the merchant or seller, together with any interest or penalties thereon, by reason of the sale or sales of fuel and supplies

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applicable to such false certificate. If a merchant or seller of fuel and supplies secures the certificate herein mentioned, properly completed, such merchant or seller shall not be liable for the taxes imposed by this division, if such merchant or seller had no knowledge that such certificate was false when it was filed with such merchant or seller.

- "(11) The gross proceeds of sales of tangible personal property to the State of Alabama, to the counties within the state and to incorporated municipalities of the State of Alabama.
- "(12) The gross proceeds of the sale or sales of railroad cars, vessels, barges, and commercial fishing vessels of over five tons load displacement as registered with the U.S. Coast Guard and licensed by the State of Alabama Department of Conservation and Natural Resources, when sold by the manufacturers or builders thereof.
- "(13) The gross proceeds of the sale or sales of materials, equipment, and machinery which, at any time, enter into and become a component part of ships, vessels, towing vessels or barges, or drilling ships, rigs or barges, or seismic or geophysical vessels, other watercraft and commercial fishing vessels of over five tons load displacement as registered with the U.S. Coast Guard and licensed by the State of Alabama Department of Conservation and Natural Resources. Additionally, the gross proceeds from the sale or sales of lifeboats, personal flotation devices, ring life buoys, survival craft equipment, distress signals, EPIRB's,

1 fire extinguishers, injury placards, waste management plans 2 and logs, marine sanitation devices, navigation rulebooks, navigation lights, sound signals, navigation day shapes, oil 3 placard cards, garbage placards, FCC SSL, stability instructions, first aid equipment, compasses, anchor and radar reflectors, general alarm systems, bilge pumps, piping, and 6 7 discharge and electronic position fixing devices which are used on the aforementioned watercraft.

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

"(15) The gross proceeds of the sale or sales of tangible personal property to county and city school boards, independent school boards, and all educational institutions and agencies of the State of Alabama, the counties within the state, or any incorporated municipalities of the State of Alabama.

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

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

- "(18) When dealers or distributors use parts taken from stocks owned by them in making repairs without charge for such parts to the owner of the property repaired pursuant to warranty agreements entered into by manufacturers, such use shall not constitute taxable sales to the manufacturers, distributors, or to the dealers, under this division or under any county sales tax law.
- "(19) The gross proceeds received from the sale or furnishing of food, including potato chips, candy, fruit and similar items, soft drinks, tobacco products, and stationery and other similar or related articles by hospital canteens operated by Alabama state hospitals at Bryce Hospital and Partlow State School for Mental Deficients at Tuscaloosa, Alabama, and Searcy Hospital at Mt. Vernon, Alabama, for the benefit of the patients therein.
- "(20) The gross proceeds of the sale, or sales, of wrapping paper and other wrapping materials when used in preparing poultry or poultry products for delivery, shipment, or sale by the producer, processor, packer, or seller of such poultry or poultry products, including pallets used in shipping poultry and egg products, paper or other materials used for lining boxes or other containers in which poultry or poultry products are packed together with any other materials

placed in such containers for the delivery, shipment, or sale of poultry or poultry products.

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

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

"(23) The gross proceeds of the sale, or sales, of fabricated steel tube sections, when produced and fabricated in this state by any person, firm, or corporation for any vehicular tunnel for highway vehicular traffic, when sold by the manufacturer or fabricator thereof, and also the gross

proceeds of the sale, or sales, of steel which enters into and becomes a component part of such fabricated steel tube sections of said tunnel.

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

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

"(26) The Alabama Chapter of the Cystic Fibrosis
Research Foundation and the Jefferson Tuberculosis Sanatorium

and any of their departments or agencies, heretofore or
hereafter organized and existing in good faith in the State of
Alabama for purposes other than for pecuniary gain and not for
individual profit, shall be exempted from the computation of
the tax on the gross proceeds of all sales levied, assessed,
or payable.

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

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

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

"(29) The gross proceeds of the sales of all antibiotics, hormones and hormone preparations, drugs, medicines, and other medications including serums and vaccines, vitamins, minerals, or other nutrients for use in the production and growing of fish, livestock, and poultry by whomsoever sold. Such exemption as herein granted shall be in addition to the exemption provided by law for feed for fish, livestock, and poultry, and in addition to the exemptions provided by law for the above-enumerated substances and

products when mixed and used as ingredients in fish, livestock, and poultry feed.

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

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

- "a. The name and claim number as shown on a "Medicare" card issued by the United States Social Security Administration.
- "b. A certificate executed by any adult person having knowledge of the fact that the person for whom the medicine was prescribed is not less than 65 years of age.
- "c. An affidavit executed by any adult person having knowledge of the fact that the person for whom the medicine was prescribed is not less than 65 years of age.

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

"(31) There shall be exempted from the tax levied by this division the gross receipts of sales of grass sod of all

kinds and character when in the original state of production
or condition of preparation for sale, when such sales are made
by the producer or members of his family or for him by those
employed by him to assist in the production thereof; provided,
that nothing herein shall be construed to exempt sales of sod
by a person engaged in the business of selling plants,
seedlings, nursery stock, or floral products.

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

- "(33) The gross proceeds from the sale of liquefied petroleum gas or natural gas sold to be used for agricultural purposes.
- "(34) The gross receipts of sales from state nurseries of forest tree seedlings.
- "(35) The gross receipts of sales of forest tree seed by the state.
  - "(36) The gross receipts of sales of Lespedeza bicolor and other species of perennial plant seed and seedlings sold for wildlife and game food production purposes by the state.

1	"(37) The gross receipts of any aircraft
2	manufactured, sold, and delivered in this state if said
3	aircraft are not permanently domiciled in Alabama and are
4	removed to another state within three days of delivery.
5	"(38) The gross proceeds from the sale or sales of
6	all diesel fuel used for off-highway agricultural purposes.
7	"(39) The gross proceeds from sales of admissions to
8	any sporting event which:
9	"a. Takes place in the State of Alabama on or after
10	January 1, 1984, regardless of when such sales occur; and
11	"b. Is hosted by a not-for-profit corporation
12	organized and existing under the laws of the State of Alabama;
13	and
14	"c. Determines a national championship of a national
15	organization, including but not limited to the Professional
16	Golfers Association of America, the Tournament Players
17	Association, the United States Golf Association, the United
18	States Tennis Association, and the National Collegiate
19	Athletic Association; and
20	"d. Has not been held in the State of Alabama on
21	more than one prior occasion, provided, however, that for such
22	purpose the Professional Golfers Association Championship, the
23	United States Open Golf Championship, the United States
24	Amateur Golf Championship of the United States Golf
25	Association, and the United States Open Tennis Championship
26	shall each be treated as a separate event.

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

- "a. There originates from the location 15 or more flight departures and five or more different first-stop destinations five days per week for six or more months during the calendar year; and
- "b. Passengers and/or property are regularly exchanged at the location between flights of the same or a different certificated or licensed air carrier.
- "(41) The gross receipts from the sale of hot or cold food and beverage products sold to or by a certificated or licensed air carrier with a hub operation within this state, for use in conducting intrastate, interstate, or foreign commerce for transporting people or property by air. For the purpose of this subdivision, the words "hub operation within this state" shall be construed to have all of the following criteria:
- "a. There originates from the location 15 or more flight departures and five or more different first-stop

- destinations five days per week for six or more months during the calendar year; and
- "b. Passengers and/or property are regularly

  exchanged at the location between flights of the same or a

  different certificated or licensed air carrier.
- 6 "(42) The gross proceeds of the sale or sales of the following:
- 8 "a. Drill pipe, casing, tubing, and other pipe used
  9 for the exploration for or production of oil, gas, sulphur, or
  10 other minerals in offshore federal waters.

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- "b. Tangible personal property exclusively used for the exploration for or production of oil, gas, sulphur, or other minerals in offshore federal waters.
- "c. Fuel and supplies for use or consumption aboard boats, ships, aircraft, and towing vessels when used exclusively in transporting persons or property between a point in Alabama and a point or points in offshore federal waters for the exploration for or production of oil, gas, sulphur, or other minerals in offshore federal waters.
- "d. Drilling equipment that is used for the exploration for or production of oil, gas, sulphur, or other minerals, that is built for exclusive use outside this state and that is, on completion, removed forthwith from this state.

"The delivery of items exempted by this subdivision to the purchaser or lessee in this state does not disqualify the purchaser or lessee from the exemption if the property is

removed from the state by any means, including by the use of the purchaser's or lessee's own facilities.

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

"(43) The gross receipts derived from all bingo games and operations which are conducted in compliance with validly enacted legislation authorizing the conduct of such games and operations, and which comply with the distribution requirements of the applicable local laws; provided that the exemption from sales taxation granted by this subdivision shall apply only to gross receipts taxable under subdivision (2) of Section 40-23-2. It is further provided that this exemption shall not apply to any gross receipts from the sale of tangible personal property, such as concessions, novelties, food, beverages, etc. The exemption provided for in this section shall be limited to those games and operations by organizations which have qualified for exemption under the provisions of 26 U.S.C. § 501 (c) (3), (4), (7), (8), (10), or (19), or which are defined in 26 U.S.C. § 501(d).

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

- "(45) The gross receipts derived from the sale or sales of all domestically mined or produced coal, coke, and coke by-products used in cogeneration plants.
- "(46) The gross receipts from the sales of parts, components, and systems that become a part of a motor vehicle that undergoes conversion, reconfiguration, or general maintenance to meet the physical and mental challenges of the owner of the motor vehicle; provided, however, that the owner has two letters of medical necessity from his or her primary medical doctor or licensed medical specialists, or both, to receive the exemption.
- "(b) Any violation of any provision of this section shall be punishable in a court of competent jurisdiction by a fine of not less than \$500 and no more than \$2,000 and imprisonment of not less than six months nor more than one year in the county jail."

Section 3. A motor vehicle receiving a sales tax exemption pursuant to subdivision (46) of Section 40-23-4 of the Code of Alabama 1975, pursuant to Section 2 of this amendatory act shall be exempt from any additional ad valorem taxes due under section 40-12-253 as a result of the conversation, reconfiguration, or general maintenance of the motor vehicle to meet the physical and mental challenges of

the owner. Ad valorem taxes shall be assessed based on the
value of the motor vehicle prior to the conversion,
reconfiguration, or general maintenance of the vehicle.
Section 4. This act shall become effective on the
first day of the third month following its passage and
approval by the Governor, or its otherwise becoming law.

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3	Senate	
4	Read for the first time and referred to the Senate	
4 5	committee on Finance and Taxation General Fund	22-MAR-12
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7 8	Read for the second time and placed on the calendar 1 amendment	1.2-APR-12
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10	Read for the third time and passed as amended	26-APR-12
11 12	Yeas 32 Nays 0	
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15 16	Patrick Harris	
17	Secretary	