

1 SB165
2 216744-1
3 By Senator Whatley
4 RFD: Finance and Taxation General Fund
5 First Read: 02-FEB-22

SYNOPSIS: Under existing law, the gross proceeds from certain products are exempt from rental, sales, and use taxes. This bill would exempt from rental, sales, and use taxes the gross proceeds from the rental or sale of detection dogs.

A BILL
TO BE ENTITLED
AN ACT

Relating to exemptions from rental, sales, and use taxes; to amend Sections 40-12-223 and 40-23-4, Code of Alabama 1975, to exempt from rental, sales and use taxes gross proceeds from the rental or sale of detection dogs.

BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

Section 1. Sections 40-12-223 and 40-23-4, Code of Alabama 1975, are amended to read as follows:

"§40-12-223.

1 "There are exempted from the computation of the
2 amount of the tax levied, assessed, or payable under this
3 article all of the following:

4 "(1) The gross proceeds accruing from the leasing or
5 rental of a film or films to a lessee who charges, or proposes
6 to charge, admission for viewing the film or films.

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

10 "(3) The gross proceeds accruing from any charge
11 made by a landlord to a tenant in respect of the leasing or
12 furnishing of tangible personal property to be used on the
13 premises of real property leased by the same landlord to the
14 same tenant for use as a residence or dwelling place,
15 including mobile homes.

16 "(4) The gross proceeds accruing from the leasing or
17 rental of tangible personal property to a lessee who acquires
18 possession of the property for the purpose of leasing or
19 renting to another the same property under a leasing or rental
20 transaction subject to this article.

21 "(5) The gross proceeds accruing from any charge
22 made by a landlord to a tenant in respect to the leasing or
23 furnishing of tangible personal property to be used on the
24 premises of any room or rooms, lodging, or accommodations
25 leased or rented to transients in any hotel, motel, inn,
26 tourist camp, tourist cabin, or any other place in which

1 rooms, lodgings, or accommodations are regularly furnished to
2 transients for a consideration.

3 "(6) The gross proceeds accruing from the leasing or
4 rental of tangible personal property which the state is
5 prohibited from taxing under the Constitution or laws of the
6 United States or under the constitution of the state.

7 "(7) The gross proceeds accruing from the leasing or
8 rental of nuclear fuel assemblies together with the nuclear
9 material contained therein and other nuclear material used or
10 useful in the production of electricity and assemblies
11 containing ionizing radiation sources together with the
12 ionizing radiation sources contained therein used or useful in
13 medical treatment or scientific research.

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

20 "(9) The gross proceeds accruing from the leasing or
21 rental of vehicles in interchange between regulated motor
22 carriers on a per diem basis.

23 "(10) The gross proceeds accruing from the leasing
24 or rental of all structures, devices, facilities, and
25 identifiable components of any thereof acquired primarily for
26 the control, reduction, or elimination of air or water
27 pollution, and the gross proceeds accruing from the leasing or

1 rental of all materials used or intended for use in structures
2 built primarily for the control, reduction, or elimination of
3 air and water pollution.

4 "(11) The gross proceeds derived by the lessor,
5 which term includes a sublessor, from the leasing or rental of
6 tangible personal property when the lessor and lessee, which
7 term includes a sublessee, are wholly-owned subsidiary
8 corporations of the same parent corporation or one is the
9 wholly-owned subsidiary of the other; provided, that the
10 appropriate sales or use tax, if any was due, has been paid on
11 the item of personal property; and provided further, that in
12 the event of any subsequent subleasing of the tangible
13 personal property to any person other than any sister, parent,
14 or subsidiary corporation, any privilege or license tax due
15 and payable with respect to that subsequent subleasing under
16 the provisions of this article shall be paid.

17 "(12) The gross proceeds accruing from a transaction
18 which involves the leasing or rental of vessels or railroad
19 equipment which are engaged in interstate or foreign commerce,
20 or both.

21 "(13) The gross proceeds accruing from the leasing
22 or rental of aircraft, replacement parts, components, systems,
23 sundries, and supplies affixed or used on the aircraft and all
24 ground support equipment and vehicles used by or for the
25 aircraft to or by a certificated or licensed air carrier with
26 a hub operation within this state, for use in conducting
27 intrastate, interstate, or foreign commerce for transporting

1 people or property by air. For the purpose of this
2 subdivision, the words "hub operation within this state" shall
3 be construed to have both of the following criteria:

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

8 "b. Passengers, property, or both, are regularly
9 exchanged at the location between flights of the same or a
10 different certificated or licensed air carrier.

11 "(14) The gross proceeds derived by the lessor,
12 which term includes a sublessor, from the leasing of tangible
13 personal property under all of the following conditions:

14 "a. Prior to being leased under the lease subject to
15 this exemption, the leased tangible personal property shall
16 have been owned, or considered to be owned for either Alabama
17 or federal income tax purposes or both, or subject to
18 acquisition pursuant to a binding contract, by the lessee or
19 by a corporation, partnership, or other entity controlled by,
20 or under common control with, the lessee.

21 "b. The leased tangible personal property, or the
22 right to ownership thereof, shall have been acquired by the
23 lessor from the lessee or a corporation, partnership, or other
24 entity controlled by, or under common control with, that
25 lessee and leased back to the lessee under a lease that is
26 considered a lease and not a sale for either Alabama or
27 federal income tax purposes, or both, and that has a term of

1 not less than 15 years, except that the lessor and the lessee
2 may agree in the lease or any subsequent amendment thereof for
3 the termination of the lease on any date through purchase of
4 the leased tangible personal property by the lessee, which
5 right to purchase the property shall be exercisable solely at
6 the option of the lessee.

7 "c. The appropriate sales or use tax levied by the
8 state shall have been paid with respect to the acquisition or
9 use of the leased tangible personal property, or,
10 alternatively, the acquisition or use of that property shall
11 be exempt by law from such sales or use tax.

12 "d. The leased tangible personal property shall be
13 installed in or about an industrial plant or other real
14 property that was specially constructed or modified for the
15 location and use of the tangible personal property and that is
16 owned, or considered to be owned, for either Alabama or
17 federal income tax purposes or both, by a corporation,
18 partnership, or other entity controlled by, or under common
19 control with, the lessee of such tangible personal property.

20 "e. The leased tangible property shall be used only
21 by a lessee engaged in the iron and steel industry, and the
22 exemption from the tax levied by this article shall apply only
23 to the gross proceeds derived from leases that become binding
24 contracts of the parties thereto within 180 calendar days
25 following the date on which the act adding the exemption
26 contained in this subsection (14) shall become effective.

1 "(15) The gross proceeds accruing from a motor
2 vehicle lease transaction for a duration of at least 180 days
3 with the federal government, or any state, county, or
4 municipal entity within the state, including a public school
5 board or an individual public school, or any entity eligible
6 for a sales tax exemption under federal law or Section
7 40-23-5.

8 "(16) The gross proceeds accruing from the leasing
9 or rental of detection dogs from or to a certified detection
10 dog trainer or company employing certified detection dog
11 trainers.

12 "a. For the purpose of this subdivision, a detection
13 dog is a dog trained to use its senses to detect substances
14 such as weapons, explosives, illegal drugs, accelerants,
15 wildlife scat, currency, blood, plant and mammalian viruses,
16 bed bugs, and contraband electronics.

17 "§40-23-4.

18 "(a) There are exempted from the provisions of this
19 division and from the computation of the amount of the tax
20 levied, assessed, or payable under this division the
21 following:

22 "(1) The gross proceeds of the sales of lubricating
23 oil and gasoline as defined in Sections 40-17-30 and 40-17-170
24 and the gross proceeds from those sales of lubricating oil
25 destined for out-of-state use which are transacted in a manner
26 whereby an out-of-state purchaser takes delivery of such oil

1 at a distributor's plant within this state and transports it
2 out-of-state, which are otherwise taxed.

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

7 "(3) The gross proceeds of the sale, or sales, of
8 seeds for planting purposes and baby chicks and poults.
9 Nothing herein shall be construed to exempt or exclude from
10 the computation of the tax levied, assessed, or payable, the
11 gross proceeds of the sale or sales of plants, seedlings,
12 nursery stock, or floral products.

13 "(4) The gross proceeds of sales of insecticides and
14 fungicides when used for agricultural purposes or when used by
15 persons properly permitted by the Department of Agriculture
16 and Industries or any applicable local or state governmental
17 authority for structural pest control work and feed for
18 livestock and poultry, but not including prepared food for
19 dogs and cats.

20 "(5) The gross proceeds of sales of all livestock by
21 whomsoever sold, and also the gross proceeds of poultry and
22 other products of the farm, dairy, grove, or garden, when in
23 the original state of production or condition of preparation
24 for sale, when such sale or sales are made by the producer or
25 members of his immediate family or for him by those employed
26 by him to assist in the production thereof. Nothing herein
27 shall be construed to exempt or exclude from the measure or

1 computation of the tax levied, assessed, or payable hereunder,
2 the gross proceeds of sales of poultry or poultry products
3 when not products of the farm.

4 "(6) Cottonseed meal exchanged for cottonseed at or
5 by cotton gins.

6 "(7) The gross receipts from the business on which,
7 or for engaging in which, a license or privilege tax is levied
8 by or under the provisions of Sections 40-21-50, 40-21-53, and
9 40-21-56 through 40-21-60; provided, that nothing contained in
10 this subdivision shall be construed to exempt or relieve the
11 person or persons operating the business enumerated in said
12 sections from the payments of the tax levied by this division
13 upon or measured by the gross proceeds of sales of any
14 tangible personal property, except gas and water, the gross
15 receipts from the sale of which are the measure of the tax
16 levied by said Section 40-21-50, merchandise or other tangible
17 commodities sold at retail by said persons, unless the gross
18 proceeds of sale thereof are otherwise specifically exempted
19 by the provisions of this division.

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

26 "(9) The gross proceeds of the sale, or sales of
27 wood residue, coal, or coke to manufacturers, electric power

1 companies, and transportation companies for use or consumption
2 in the production of by-products, or the generation of heat or
3 power used in manufacturing tangible personal property for
4 sale, for the generation of electric power or energy for use
5 in manufacturing tangible personal property for sale or for
6 resale, or for the generation of motive power for
7 transportation.

8 "(10) The gross proceeds from the sale or sales of
9 fuel and supplies for use or consumption aboard ships,
10 vessels, towing vessels, or barges, or drilling ships, rigs or
11 barges, or seismic or geophysical vessels, or other watercraft
12 (herein for purposes of this exemption being referred to as
13 "vessels") engaged in foreign or international commerce or in
14 interstate commerce; provided, that nothing in this division
15 shall be construed to exempt or exclude from the measure of
16 the tax herein levied the gross proceeds of sale or sales of
17 material and supplies to any person for use in fulfilling a
18 contract for the painting, repair, or reconditioning of
19 vessels, barges, ships, other watercraft, and commercial
20 fishing vessels of over five tons load displacement as
21 registered with the U.S. Coast Guard and licensed by the State
22 of Alabama Department of Conservation and Natural Resources.

23 "For purposes of this subdivision, it shall be
24 presumed that vessels engaged in the transportation of cargo
25 between ports in the State of Alabama and ports in foreign
26 countries or possessions or territories of the United States
27 or between ports in the State of Alabama and ports in other

1 states are engaged in foreign or international commerce or
2 interstate commerce, as the case may be. For the purposes of
3 this subdivision, the engaging in foreign or international
4 commerce or interstate commerce shall not require that the
5 vessel involved deliver cargo to or receive cargo from a port
6 in the State of Alabama. For purposes of this subdivision,
7 vessels carrying passengers for hire, and no cargo, between
8 ports in the State of Alabama and ports in foreign countries
9 or possessions or territories of the United States or between
10 ports in the State of Alabama and ports in other states shall
11 be engaged in foreign or international commerce or interstate
12 commerce, as the case may be, if, and only if, both of the
13 following conditions are met: (i) The vessel in question is a
14 vessel of at least 100 gross tons; and (ii) the vessel in
15 question has an unexpired certificate of inspection issued by
16 the United States Coast Guard or by the proper authority of a
17 foreign country for a foreign vessel, which certificate is
18 recognized as acceptable under the laws of the United States.
19 Vessels that are engaged in foreign or international commerce
20 or interstate commerce shall be deemed for the purposes of
21 this subdivision to remain in such commerce while awaiting or
22 under repair in a port of the State of Alabama if such vessel
23 returns after such repairs are completed to engaging in
24 foreign or international commerce or interstate commerce. For
25 purposes of this subdivision, seismic or geophysical vessels
26 which are engaged either in seismic or geophysical tests or
27 evaluations exclusively in offshore federal waters or in

1 traveling to or from conducting such tests or evaluations
2 shall be deemed to be engaged in international or foreign
3 commerce. For purposes of this subdivision, proof that fuel
4 and supplies purchased are for use or consumption aboard
5 vessels engaged in foreign or international commerce or in
6 interstate commerce may be accomplished by the merchant or
7 seller securing the duly signed certificate of the vessel
8 owner, operator, or captain or their respective agent, on a
9 form prescribed by the department, that the fuel and supplies
10 purchased are for use or consumption aboard vessels engaged in
11 foreign or international commerce or in interstate commerce.
12 Any person filing a false certificate shall be guilty of a
13 misdemeanor and upon conviction shall be fined not less than
14 \$25 nor more than \$500 for each offense. Each false
15 certificate filed shall constitute a separate offense. Any
16 person filing a false certificate shall be liable to the
17 department for all taxes imposed by this division upon the
18 merchant or seller, together with any interest or penalties
19 thereon, by reason of the sale or sales of fuel and supplies
20 applicable to such false certificate. If a merchant or seller
21 of fuel and supplies secures the certificate herein mentioned,
22 properly completed, such merchant or seller shall not be
23 liable for the taxes imposed by this division, if such
24 merchant or seller had no knowledge that such certificate was
25 false when it was filed with such merchant or seller.

26 "(11) The gross proceeds of sales of tangible
27 personal property to the State of Alabama, to the counties

1 within the state and to incorporated municipalities of the
2 State of Alabama.

3 "(12) The gross proceeds of the sale or sales of
4 railroad cars, vessels, barges, and commercial fishing vessels
5 of over five tons load displacement as registered with the
6 U.S. Coast Guard and licensed by the State of Alabama
7 Department of Conservation and Natural Resources, when sold by
8 the manufacturers or builders thereof.

9 "(13) The gross proceeds of the sale or sales of
10 materials, equipment, and machinery that, at any time, enter
11 into and become a component part of ships, vessels, towing
12 vessels or barges, or drilling ships, rigs or barges, or
13 seismic or geophysical vessels, other watercraft and
14 commercial fishing vessels of over five tons load displacement
15 as registered with the U.S. Coast Guard and licensed by the
16 State of Alabama Department of Conservation and Natural
17 Resources. Additionally, the gross proceeds from the sale or
18 sales of lifeboats, personal flotation devices, ring life
19 buoys, survival craft equipment, distress signals, EPIRB's,
20 fire extinguishers, injury placards, waste management plans
21 and logs, marine sanitation devices, navigation rulebooks,
22 navigation lights, sound signals, navigation day shapes, oil
23 placard cards, garbage placards, FCC SSL, stability
24 instructions, first aid equipment, compasses, anchor and radar
25 reflectors, general alarm systems, bilge pumps, piping, and
26 discharge and electronic position fixing devices which are
27 used on the aforementioned watercraft.

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

4 "(15) The gross proceeds of the sale or sales of
5 tangible personal property to county and city school boards
6 within the State of Alabama, independent school boards within
7 the State of Alabama, all educational institutions and
8 agencies of the State of Alabama, the counties within the
9 state, or any incorporated municipalities of the State of
10 Alabama, and private educational institutions operating within
11 the State of Alabama offering conventional and traditional
12 courses of study, such as those offered by public schools,
13 colleges, or universities within the State of Alabama; but not
14 including nurseries, day care centers, and home schools.

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

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

1 "(18) When dealers or distributors use parts taken
2 from stocks owned by them in making repairs without charge for
3 such parts to the owner of the property repaired pursuant to
4 warranty agreements entered into by manufacturers, such use
5 shall not constitute taxable sales to the manufacturers,
6 distributors, or to the dealers, under this division or under
7 any county sales tax law.

8 "(19) The gross proceeds received from the sale or
9 furnishing of food, including potato chips, candy, fruit and
10 similar items, soft drinks, tobacco products, and stationery
11 and other similar or related articles by hospital canteens
12 operated by Alabama state hospitals at Bryce Hospital and
13 Partlow State School for Mental Deficients at Tuscaloosa,
14 Alabama, and Searcy Hospital at Mt. Vernon, Alabama, for the
15 benefit of the patients therein.

16 "(20) The gross proceeds of the sale, or sales, of
17 wrapping paper and other wrapping materials when used in
18 preparing poultry or poultry products for delivery, shipment,
19 or sale by the producer, processor, packer, or seller of such
20 poultry or poultry products, including pallets used in
21 shipping poultry and egg products, paper or other materials
22 used for lining boxes or other containers in which poultry or
23 poultry products are packed together with any other materials
24 placed in such containers for the delivery, shipment, or sale
25 of poultry or poultry products.

26 "(21) The gross proceeds of the sales of all
27 antibiotics, hormones and hormone preparations, drugs,

1 medicines or medications, vitamins, minerals or other
2 nutrients, and all other feed ingredients including
3 concentrates, supplements, and other feed ingredients when
4 such substances are used as ingredients in mixing and
5 preparing feed for fish raised to be sold on a commercial
6 basis, livestock, and poultry. Such exemption herein granted
7 shall be in addition to exemptions now provided by law for
8 feed for fish raised to be sold on a commercial basis,
9 livestock, and poultry, but not including prepared foods for
10 dogs or cats.

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

19 "(23) The gross proceeds of the sale, or sales, of
20 fabricated steel tube sections, when produced and fabricated
21 in this state by any person, firm, or corporation for any
22 vehicular tunnel for highway vehicular traffic, when sold by
23 the manufacturer or fabricator thereof, and also the gross
24 proceeds of the sale, or sales, of steel which enters into and
25 becomes a component part of such fabricated steel tube
26 sections of said tunnel.

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

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

23 "(26) The Alabama Chapter of the Cystic Fibrosis
24 Research Foundation and the Jefferson Tuberculosis Sanatorium
25 and any of their departments or agencies, heretofore or
26 hereafter organized and existing in good faith in the State of
27 Alabama for purposes other than for pecuniary gain and not for

1 individual profit, shall be exempted from the computation of
2 the tax on the gross proceeds of all sales levied, assessed,
3 or payable.

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

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

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

16 "(29) The gross proceeds of the sales of all
17 antibiotics, hormones and hormone preparations, drugs,
18 medicines, and other medications including serums and
19 vaccines, vitamins, minerals, or other nutrients for use in
20 the production and growing of fish, livestock, and poultry by
21 whomsoever sold. Such exemption as herein granted shall be in
22 addition to the exemption provided by law for feed for fish,
23 livestock, and poultry, and in addition to the exemptions
24 provided by law for the above-enumerated substances and
25 products when mixed and used as ingredients in fish,
26 livestock, and poultry feed.

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

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

11 "a. The name and claim number as shown on a Medicare
12 card issued by the United States Social Security
13 Administration.

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

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

20 "For the purposes of this subdivision, any person
21 filing a false proof of age shall be guilty of a misdemeanor
22 and upon conviction thereof shall be punished by a fine of
23 \$100.

24 "(31) There shall be exempted from the tax levied by
25 this division the gross receipts of sales of grass sod of all
26 kinds and character when in the original state of production
27 or condition of preparation for sale, when such sales are made

1 by the producer or members of his family or for him by those
2 employed by him to assist in the production thereof; provided,
3 that nothing herein shall be construed to exempt sales of sod
4 by a person engaged in the business of selling plants,
5 seedlings, nursery stock, or floral products.

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

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

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

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

21 "(36) The gross receipts of sales of Lespedeza
22 bicolor and other species of perennial plant seed and
23 seedlings sold for wildlife and game food production purposes
24 by the state.

25 "(37) The gross receipts of any aircraft
26 manufactured, sold, and delivered in this state if said

1 aircraft are not permanently domiciled in Alabama and are
2 removed to another state.

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

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

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

9 "b. Is hosted by a not-for-profit corporation
10 organized and existing under the laws of the State of Alabama;
11 and

12 "c. Determines a national championship of a national
13 organization, including but not limited to the Professional
14 Golfers Association of America, the Tournament Players
15 Association, the United States Golf Association, the United
16 States Tennis Association, and the National Collegiate
17 Athletic Association; and

18 "d. Has not been held in the State of Alabama on
19 more than one prior occasion, provided, however, that for such
20 purpose the Professional Golfers Association Championship, the
21 United States Open Golf Championship, the United States
22 Amateur Golf Championship of the United States Golf
23 Association, and the United States Open Tennis Championship
24 shall each be treated as a separate event.

25 "(40) The gross receipts from the sale of any
26 aircraft and replacement parts, components, systems, supplies,
27 and sundries affixed or used on said aircraft and ground

1 support equipment and vehicles used by or for the aircraft to
2 or by a certificated or licensed air carrier with a hub
3 operation within this state, for use in conducting intrastate,
4 interstate, or foreign commerce for transporting people or
5 property by air. For the purpose of this subdivision, the
6 words "hub operation within this state" shall be construed to
7 have all of the following criteria:

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

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

15 "(41) The gross receipts from the sale of hot or
16 cold food and beverage products sold to or by a certificated
17 or licensed air carrier with a hub operation within this
18 state, for use in conducting intrastate, interstate, or
19 foreign commerce for transporting people or property by air.
20 For the purpose of this subdivision, the words "hub operation
21 within this state" shall be construed to have all of the
22 following criteria:

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

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

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

10 "a. Air Carrier. Any person, firm, corporation, or
11 entity undertaking by any means, directly or indirectly, to
12 provide air transportation.

13 "b. All-Cargo Operations. Any flight conducted by an
14 air carrier for compensation or hire other than a passenger
15 carrying flight, except passengers as specified in 14 C.F.R. §
16 121.583(a) or 14 C.F.R. § 135.85, as amended.

17 "c. International Commerce. Any air carrier engaged
18 in all-cargo operations transporting goods for compensation or
19 hire on international flights.

20 "d. International Flights. Any air carrier
21 conducting scheduled all-cargo operations between any point
22 within the 50 states of the United States and the District of
23 Columbia and any point outside the 50 states of the United
24 States and the District of Columbia, including any interim
25 stops within the United States so long as the ultimate origin
26 or destination of the aircraft is outside the United States
27 and the District of Columbia.

1 "(43) The gross proceeds of the sale or sales 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 "The delivery of items exempted by this subdivision
20 to the purchaser or lessee in this state does not disqualify
21 the purchaser or lessee from the exemption if the property is
22 removed from the state by any means, including by the use of
23 the purchaser's or lessee's own facilities.

24 "The shipment to a place in this state of equipment
25 exempted by this subdivision for further assembly or
26 fabrication does not disqualify the purchaser or lessee from
27 the exemption if on completion of the further assembly or

1 fabrication the equipment is removed forthwith from this
2 state. This subdivision applies to a sale that may occur when
3 the equipment exempted is further assembled or fabricated if
4 on completion the equipment is removed forthwith from this
5 state.

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

21 "(45) The gross receipts derived from the sale or
22 sales of fruit or other agricultural products by the person or
23 company, as defined in Section 40-23-1, that planted or
24 cultivated and harvested the fruit or agricultural product,
25 when the land is owned or leased by the seller.

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

4 "(47) The gross receipts from the sale or sales of
5 metal, other than gold or silver, when such metal is purchased
6 for the purpose of transferring such metal to an investment
7 trust in exchange for shares or other units, each of which are
8 both publicly traded and represent fractional undivided
9 beneficial interests in the trust's net assets, including
10 metal stored in warehouses located in this state, as well as
11 the gross proceeds from the sale or other transfer of such
12 metal to or from such investment trust in exchange for shares
13 or other units that are publicly traded and represent
14 fractional undivided beneficial interests in the trust's net
15 assets but not to the extent that metal is transferred to or
16 from the investment trust in exchange for consideration other
17 than such publicly traded shares or other units. For purposes
18 of this subdivision, the term metals includes, but is not
19 limited to, copper, aluminum, nickel, zinc, tin, lead, and
20 other similar metals typically used in commercial and
21 industrial applications.

22 "(48) For the period commencing on October 1, 2012,
23 and ending May 30, 2022, unless extended by joint resolution,
24 the gross receipts from the sale of parts, components, and
25 systems that become a part of a fixed or rotary wing military
26 aircraft or certified transport category aircraft that
27 undergoes conversion, reconfiguration, or general maintenance

1 so long as the address of the aircraft for FAA registration is
2 not in the state; provided, however, that this exemption shall
3 not apply to a local sales tax unless previously exempted by
4 local law or approved by resolution of the local governing
5 body.

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

10 "(50) The gross proceeds of services provided by
11 photographers, including but not limited to sitting fees and
12 consultation fees, even when provided as part of a transaction
13 ultimately involving the sale of one or more photographs, so
14 long as the exempt services are separately stated to the
15 customer on a bill of sale, invoice, or like memorialization
16 of the transaction. For transactions occurring before October
17 1, 2017, neither the Department of Revenue nor local tax
18 officials may seek payment for sales tax not collected. With
19 regard to such transactions in which sales tax was collected
20 and remitted on services provided by photographers, neither
21 the taxpayer nor the entity remitting sales tax shall have the
22 right to seek refund of such tax.

23 "(51) a. For the period commencing on June 1, 2018,
24 and ending five years thereafter, unless extended by an act of
25 the Legislature, the gross proceeds of sales of bullion or
26 money, as defined in Section 40-1-1(7).

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

3 "1. Bullion. Gold, silver, platinum, palladium, or a
4 combination of each precious metal, that has gone through a
5 refining process and for which the item's value depends on its
6 mass and purity, and not on its form, numismatic value, or
7 other value. The term includes bullion in the form of bars,
8 ingots, or coins that meet the requirements set forth above.
9 Qualifying bullion may contain other metals or substances,
10 provided that the other substances are minimal in value
11 compared with the value of the gold, silver, platinum, or
12 palladium and the other substances do not add value to the
13 item. For purposes of this subparagraph, "gold, silver,
14 platinum, or palladium" does not include jewelry or works of
15 art.

16 "2. Mass Purity. An item's mass is its weight in
17 precious metal, and its purity is the amount of precious metal
18 contained within the item.

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

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

25 "1. Must be refined.

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

4 "3. The sales price of the item must fluctuate with
5 and depend on the market price of the underlying precious
6 metal, and not on the item's rarity, condition, age, or other
7 external factor.

8 "(52) a. The gross proceeds of the initial retail
9 sales of adaptive equipment that is permanently affixed to a
10 motor vehicle.

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

14 "1. Adaptive Equipment. Equipment not generally used
15 by persons with normal mobility that is appropriate for use in
16 a motor vehicle and that is not normally provided by a motor
17 vehicle manufacturer.

18 "2. Motor Vehicle. A vehicle as defined in Section
19 40-12-240.

20 "3. Motor Vehicle Manufacturer. Every person engaged
21 in the business of constructing or assembling vehicles or
22 manufactured homes.

23 "c. In order to qualify for the exemption provided
24 for herein, the adaptive equipment must be separately stated
25 to the customer on a bill of sale, invoice, or like
26 memorialization of the transaction.

1 "(53) The gross receipts from the sale of detection
2 dogs when the detection dog is purchased from or by a
3 certified detection dog trainer or a company employing
4 certified detection dog trainers.

5 "a. For the purpose of this subdivision, a detection
6 dog is a dog trained to use its senses to detect substances
7 such as weapons, explosives, illegal drugs, accelerants,
8 wildlife scat, currency, blood, plant and mammalian viruses,
9 bed bugs, and contraband electronics.

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

16 Section 2. This act shall become effective on the
17 first day of the third month following its passage and
18 approval by the Governor, or its otherwise becoming law.