

SB159 INTRODUCED



1 SB159

2 7BY7N22-1

3 By Senators Williams, Sessions, Kitchens, Shelnutt, Roberts,
4 Woods, Bell, Price, Butler, Barfoot, Allen, Carnley, Melson,
5 Jones, Hovey, Kelley

6 RFD: Finance and Taxation General Fund

7 First Read: 14-Jan-26



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4 SYNOPSIS:

5 Under existing law, a utility gross receipts tax
6 is levied on utility services, and a utility service
7 use tax is levied on the storage, use, or other
8 consumption of electricity, domestic water, natural
9 gas, telegraph, and telephone in the state.

10 This bill would exclude the use or purchase of
11 natural gas or electricity for use or consumption in
12 commercial greenhouses, pivot irrigation systems, and
13 poultry houses from the utility gross receipts tax and
14 utility service use tax.

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17 A BILL

18 TO BE ENTITLED

19 AN ACT

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21 Relating to the utility gross receipts tax and utility
22 service use tax; to amend Sections 40-21-83 and 40-21-103,
23 Code of Alabama 1975, to exclude the use of natural gas or
24 electricity in commercial greenhouses, pivot irrigation
25 systems, and poultry houses from the taxes.

26 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

27 Section 1. Sections 40-21-83 and 40-21-103 of the Code
28 of Alabama 1975, are amended to read as follows:



29 "§40-21-83

30 There are specifically excluded from the gross receipts
31 or gross sales of a utility, all revenues derived from any of
32 the following:

33 (1) The furnishing of utility services which the State
34 of Alabama is prohibited from taxing under the Constitution or
35 laws of the United States of America or the Constitution of
36 ~~the State of~~ Alabama of 2022.

37 (2) The furnishing of utility services which are
38 otherwise taxed under Sections 40-23-1 to 40-23-36, inclusive.

39 (3) Wholesale sales.

40 (4) The furnishing of electricity, natural gas, or
41 domestic water for use or consumption by, in, or for the
42 direct production, generation, processing, storage, delivery,
43 or transmission of electricity, natural gas, or domestic
44 water.

45 (5) The furnishing of electricity to a manufacturer or
46 compounder for use in an electrolytic or electrothermal
47 manufacturing or compounding process.

48 (6) The furnishing of natural gas to a manufacturer or
49 compounder as a chemical raw material in the manufacturing or
50 compounding of tangible personal property, but not as fuel or
51 energy.

52 (7) The furnishing of natural gas to be used by a
53 manufacturer or compounder to chemically convert raw materials
54 prior to the use of the converted raw materials in an
55 electrolytic or electrothermal manufacturing or compounding
56 process.



66 (9) The furnishing of natural gas or electricity for
67 use or consumption as fuel or energy in ~~and for the heating of~~
68 commercial greenhouses, pivot irrigation systems, and poultry
69 houses.

70 (10) The furnishing of utility services through the use
71 of a prepaid telephone calling card."

72 "§40-21-103

73 The storage, use, or other consumption of utility
74 services in the State of Alabama is hereby specifically
75 excluded from the tax herein levied:



85 into law;

86 (3) Whenever the purchase of said utility services
87 shall have been at a wholesale sale;

88 (4) Whenever electricity, natural gas, or domestic
89 water shall have been used or consumed directly in or for the
90 production, generation, processing, storage, delivery, or
91 transmission of electricity, natural gas, or domestic water;

92 (5) Whenever electricity purchased for storage, use, or
93 other consumption is used or consumed by a manufacturer or
94 compounder in an electrolytic or electrothermal manufacturing
95 or compounding process;

96 (6) Whenever natural gas purchased for storage, use, or
97 other consumption is used or consumed by a manufacturer or
98 compounder as a chemical raw material in the manufacturing or
99 compounding of tangible personal property, but not as fuel or
100 energy;

101 (7) Whenever natural gas purchased for storage, use, or
102 other consumption is used by a manufacturer or compounder to
103 chemically convert raw materials prior to the use of such
104 converted raw materials in an electrolytic or electrothermal
105 manufacturing or compounding process;

106 (8) Whenever the sales price of said utility services
107 shall be included as a part of the gross receipts or gross
108 sales of a utility subject to the utility gross receipts tax
109 for the purpose of calculating the utility gross receipts tax
110 payable by said utility;

111 (9) Whenever electricity purchased for storage, use, or
112 other consumption is used or consumed in a process for the

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113 isotopic enrichment of uranium and when said electricity is
114 purchased from a subsidiary corporation of the corporation
115 engaged in the isotopic enrichment of uranium; ~~and~~

116 (10) Whenever utility services are furnished through
117 the use of a prepaid telephone calling card; and

118 (11) Whenever natural gas or electricity purchased for
119 storage, use, or other consumption is used or consumed as fuel
120 or energy in commercial greenhouses, pivot irrigation systems,
121 and poultry houses."

122 Section 2. This act shall become effective on
123 September 1, 2026.