

SB159 INTRODUCED



1 SB159
2 7BY7N22-1
3 By Senators Williams, Sessions, Kitchens, Shelnuttt, 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



SYNOPSIS:

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

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

A BILL
TO BE ENTITLED
AN ACT

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

BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

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



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"§40-21-83

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

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

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

(3) Wholesale sales.

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

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

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

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



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(8) The use or consumption of electricity by an incorporated municipality, a board, or corporation organized under the authority of any incorporated municipality in furnishing or providing street lighting or traffic-control systems; the use or consumption of telephone services by an incorporated municipality in providing fire alarm systems; and the use or consumption of domestic water by an incorporated municipality in extinguishing fires, explosions, or conflagrations.

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

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

"§40-21-103

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

(1) Whenever the State of Alabama is prohibited from taxing such storage, use, or consumption under the Constitution or laws of the United States of America or the Constitution of ~~the State of~~ Alabama of 2022;

(2) Whenever any tax relating to the sale, use, storage, or consumption of said utility services shall be levied under the provisions of Article 2 of Chapter 23 of this title, or under the provisions of Sections 40-23-1 through 40-23-36 or the Alabama Transaction Tax Act of 1992 if enacted



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into law;

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

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

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

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

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

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

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



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

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

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

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