

HB286 INTRODUCED



1 HB286
2 FK8U8CD-1
3 By Representative Crawford
4 RFD: Ways and Means Education
5 First Read: 20-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 services in the state.

10 This bill would exclude the use or purchase of
11 natural gas, electricity, telephone services, or other
12 connectivity services for use or consumption in radio
13 and television broadcast stations from the utility
14 gross receipts tax and utility service use tax.

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18 A BILL
19 TO BE ENTITLED
20 AN ACT
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22 Relating to the utility gross receipts tax and utility
23 service use tax; to amend Sections 40-21-83 and 40-21-103,
24 Code of Alabama 1975, to exclude the use of natural gas,
25 electricity, telephone services, or other connectivity
26 services in radio and television broadcast stations from the
27 taxes.

28 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:



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

"§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



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electrolytic or electrothermal manufacturing or compounding process.

(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 poultry houses.

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

(11)(a) The furnishing of natural gas, electricity, or telephone services or other connective services for use or consumption by or in radio and television broadcast stations licensed by the Federal Communications Commission.

(b) For the purposes of this section, "telephone services or other connective services" means telephone services or other voice or data interconnectivity services of any type, including, but not limited to, the following:

1. Transmitters, transmission lines, antennas, and monitoring and other equipment, which amplifies, modifies, and transmits or otherwise controls broadcast signals.

2. Studio equipment and studio facilities for



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preparation and production of programming and other content
and for distributing such programming and content.

3. Computers, power supplies, generators, and any other
standby power supplies, attenuators, and converters."

"§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
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;



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(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 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) (a) Whenever natural gas, electricity, or telephone services or other connective services are purchased for use or consumption by or in radio and television broadcast stations licensed by the Federal Communications Commission.

(b) For the purposes of this section, "telephone services or other connective services" means telephone



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141 services or other voice or data interconnectivity services of
142 any type, including, but not limited to, the following:

143 1. Transmitters, transmission lines, antennas, and
144 monitoring and other equipment, which amplifies, modifies, and
145 transmits or otherwise controls broadcast signals.

146 2. Studio equipment and studio facilities for
147 preparation and production of programming and other content
148 and for distributing such programming and content.

149 3. Computers, power supplies, generators, and any other
150 standby power supplies, attenuators, and converters."

151 Section 2. This act shall become effective on September
152 1, 2026.