

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

31 "§40-21-83

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

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

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

41 (3) Wholesale sales.

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

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

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

54 (7) The furnishing of natural gas to be used by a
55 manufacturer or compounder to chemically convert raw materials
56 prior to the use of the converted raw materials in an



57 electrolytic or electrothermal manufacturing or compounding
58 process.

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

68 (9) The furnishing of natural gas or electricity for
69 use or consumption as fuel or energy in and for the heating of
70 poultry houses.

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

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

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

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

84 2. Studio equipment and studio facilities for



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

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

89 "§40-21-103

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

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

97 (2) Whenever any tax relating to the sale, use,
98 storage, or consumption of said utility services shall be
99 levied under the provisions of Article 2 of Chapter 23 of this
100 title, or under the provisions of Sections 40-23-1 through
101 40-23-36 or the Alabama Transaction Tax Act of 1992 if enacted
102 into law;

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

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

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



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

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

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

128 (9) Whenever electricity purchased for storage, use, or
129 other consumption is used or consumed in a process for the
130 isotopic enrichment of uranium and when said electricity is
131 purchased from a subsidiary corporation of the corporation
132 engaged in the isotopic enrichment of uranium; ~~and~~

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

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

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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.