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3 HOUSE WAYS AND MEANS EDUCATION COMMITTEE SUBSTITUTE FOR HB238  
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8 SYNOPSIS:           Currently, the State of Alabama imposes a  
9 sales and use tax on the gross proceeds from the  
10 sale of gold, silver, platinum, and palladium  
11 bullion, and money.

12                   This bill will exempt the gross proceeds  
13 from the sale of gold, silver, platinum, and  
14 palladium bullion, and money from the sales and use  
15 tax in the state for five years.  
16

17                                   A BILL  
18                                   TO BE ENTITLED  
19                                   AN ACT  
20

21                   To amend Sections 40-23-4 and 40-23-62, Code of  
22 Alabama 1975, relating to sales and use tax exemptions, to  
23 exempt the gross proceeds from the sales of gold, silver,  
24 platinum, and palladium bullion, and money from sales and use  
25 tax for five years.

26 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

1           Section 1. Sections 40-23-4 and 40-23-62, Code of  
2 Alabama 1975, are amended to read as follows:

3           "§40-23-4.

4           "(a) There are exempted from the provisions of this  
5 division and from the computation of the amount of the tax  
6 levied, assessed, or payable under this division the  
7 following:

8           "(1) The gross proceeds of the sales of lubricating  
9 oil and gasoline as defined in Sections 40-17-30 and 40-17-170  
10 and the gross proceeds from those sales of lubricating oil  
11 destined for out-of-state use which are transacted in a manner  
12 whereby an out-of-state purchaser takes delivery of such oil  
13 at a distributor's plant within this state and transports it  
14 out-of-state, which are otherwise taxed.

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

19           "(3) The gross proceeds of the sale, or sales, of  
20 seeds for planting purposes and baby chicks and poults.  
21 Nothing herein shall be construed to exempt or exclude from  
22 the computation of the tax levied, assessed, or payable, the  
23 gross proceeds of the sale or sales of plants, seedlings,  
24 nursery stock, or floral products.

25           "(4) The gross proceeds of sales of insecticides and  
26 fungicides when used for agricultural purposes or when used by  
27 persons properly permitted by the Department of Agriculture

1 and Industries or any applicable local or state governmental  
2 authority for structural pest control work and feed for  
3 livestock and poultry, but not including prepared food for  
4 dogs and cats.

5 "(5) The gross proceeds of sales of all livestock by  
6 whomsoever sold, and also the gross proceeds of poultry and  
7 other products of the farm, dairy, grove, or garden, when in  
8 the original state of production or condition of preparation  
9 for sale, when such sale or sales are made by the producer or  
10 members of his immediate family or for him by those employed  
11 by him to assist in the production thereof. Nothing herein  
12 shall be construed to exempt or exclude from the measure or  
13 computation of the tax levied, assessed, or payable hereunder,  
14 the gross proceeds of sales of poultry or poultry products  
15 when not products of the farm.

16 "(6) Cottonseed meal exchanged for cottonseed at or  
17 by cotton gins.

18 "(7) The gross receipts from the business on which,  
19 or for engaging in which, a license or privilege tax is levied  
20 by or under the provisions of Sections 40-21-50, 40-21-53, and  
21 40-21-56 through 40-21-60; provided, that nothing contained in  
22 this subdivision shall be construed to exempt or relieve the  
23 person or persons operating the business enumerated in said  
24 sections from the payments of the tax levied by this division  
25 upon or measured by the gross proceeds of sales of any  
26 tangible personal property, except gas and water, the gross  
27 receipts from the sale of which are the measure of the tax

1 levied by said Section 40-21-50, merchandise or other tangible  
2 commodities sold at retail by said persons, unless the gross  
3 proceeds of sale thereof are otherwise specifically exempted  
4 by the provisions of this division.

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

11 "(9) The gross proceeds of the sale, or sales of  
12 wood residue, coal, or coke to manufacturers, electric power  
13 companies, and transportation companies for use or consumption  
14 in the production of by-products, or the generation of heat or  
15 power used in manufacturing tangible personal property for  
16 sale, for the generation of electric power or energy for use  
17 in manufacturing tangible personal property for sale or for  
18 resale, or for the generation of motive power for  
19 transportation.

20 "(10) The gross proceeds from the sale or sales of  
21 fuel and supplies for use or consumption aboard ships,  
22 vessels, towing vessels, or barges, or drilling ships, rigs or  
23 barges, or seismic or geophysical vessels, or other watercraft  
24 (herein for purposes of this exemption being referred to as  
25 "vessels") engaged in foreign or international commerce or in  
26 interstate commerce; provided, that nothing in this division  
27 shall be construed to exempt or exclude from the measure of

1 the tax herein levied the gross proceeds of sale or sales of  
2 material and supplies to any person for use in fulfilling a  
3 contract for the painting, repair, or reconditioning of  
4 vessels, barges, ships, other watercraft, and commercial  
5 fishing vessels of over five tons load displacement as  
6 registered with the U.S. Coast Guard and licensed by the State  
7 of Alabama Department of Conservation and Natural Resources.

8 "For purposes of this subdivision, it shall be  
9 presumed that vessels engaged in the transportation of cargo  
10 between ports in the State of Alabama and ports in foreign  
11 countries or possessions or territories of the United States  
12 or between ports in the State of Alabama and ports in other  
13 states are engaged in foreign or international commerce or  
14 interstate commerce, as the case may be. For the purposes of  
15 this subdivision, the engaging in foreign or international  
16 commerce or interstate commerce shall not require that the  
17 vessel involved deliver cargo to or receive cargo from a port  
18 in the State of Alabama. For purposes of this subdivision,  
19 vessels carrying passengers for hire, and no cargo, between  
20 ports in the State of Alabama and ports in foreign countries  
21 or possessions or territories of the United States or between  
22 ports in the State of Alabama and ports in other states shall  
23 be engaged in foreign or international commerce or interstate  
24 commerce, as the case may be, if, and only if, both of the  
25 following conditions are met: (i) The vessel in question is a  
26 vessel of at least 100 gross tons; and (ii) the vessel in  
27 question has an unexpired certificate of inspection issued by

1 the United States Coast Guard or by the proper authority of a  
2 foreign country for a foreign vessel, which certificate is  
3 recognized as acceptable under the laws of the United States.  
4 Vessels which are engaged in foreign or international commerce  
5 or interstate commerce shall be deemed for the purposes of  
6 this subdivision to remain in such commerce while awaiting or  
7 under repair in a port of the State of Alabama if such vessel  
8 returns after such repairs are completed to engaging in  
9 foreign or international commerce or interstate commerce. For  
10 purposes of this subdivision, seismic or geophysical vessels  
11 which are engaged either in seismic or geophysical tests or  
12 evaluations exclusively in offshore federal waters or in  
13 traveling to or from conducting such tests or evaluations  
14 shall be deemed to be engaged in international or foreign  
15 commerce. For purposes of this subdivision, proof that fuel  
16 and supplies purchased are for use or consumption aboard  
17 vessels engaged in foreign or international commerce or in  
18 interstate commerce may be accomplished by the merchant or  
19 seller securing the duly signed certificate of the vessel  
20 owner, operator, or captain or their respective agent on a  
21 form prescribed by the department that the fuel and supplies  
22 purchased are for use or consumption aboard vessels engaged in  
23 foreign or international commerce or in interstate commerce.  
24 Any person filing a false certificate shall be guilty of a  
25 misdemeanor and upon conviction shall be fined not less than  
26 \$25 nor more than \$500 for each offense. Each false  
27 certificate filed shall constitute a separate offense. Any

1 person filing a false certificate shall be liable to the  
2 department for all taxes imposed by this division upon the  
3 merchant or seller, together with any interest or penalties  
4 thereon, by reason of the sale or sales of fuel and supplies  
5 applicable to such false certificate. If a merchant or seller  
6 of fuel and supplies secures the certificate herein mentioned,  
7 properly completed, such merchant or seller shall not be  
8 liable for the taxes imposed by this division, if such  
9 merchant or seller had no knowledge that such certificate was  
10 false when it was filed with such merchant or seller.

11 "(11) The gross proceeds of sales of tangible  
12 personal property to the State of Alabama, to the counties  
13 within the state and to incorporated municipalities of the  
14 State of Alabama.

15 "(12) The gross proceeds of the sale or sales of  
16 railroad cars, vessels, barges, and commercial fishing vessels  
17 of over five tons load displacement as registered with the  
18 U.S. Coast Guard and licensed by the State of Alabama  
19 Department of Conservation and Natural Resources, when sold by  
20 the manufacturers or builders thereof.

21 "(13) The gross proceeds of the sale or sales of  
22 materials, equipment, and machinery which, at any time, enter  
23 into and become a component part of ships, vessels, towing  
24 vessels or barges, or drilling ships, rigs or barges, or  
25 seismic or geophysical vessels, other watercraft and  
26 commercial fishing vessels of over five tons load displacement  
27 as registered with the U.S. Coast Guard and licensed by the

1 State of Alabama Department of Conservation and Natural  
2 Resources. Additionally, the gross proceeds from the sale or  
3 sales of lifeboats, personal flotation devices, ring life  
4 buoys, survival craft equipment, distress signals, EPIRB's,  
5 fire extinguishers, injury placards, waste management plans  
6 and logs, marine sanitation devices, navigation rulebooks,  
7 navigation lights, sound signals, navigation day shapes, oil  
8 placard cards, garbage placards, FCC SSL, stability  
9 instructions, first aid equipment, compasses, anchor and radar  
10 reflectors, general alarm systems, bilge pumps, piping, and  
11 discharge and electronic position fixing devices which are  
12 used on the aforementioned watercraft.

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

16 "(15) The gross proceeds of the sale or sales of  
17 tangible personal property to county and city school boards  
18 within the State of Alabama, independent school boards within  
19 the State of Alabama, all educational institutions and  
20 agencies of the State of Alabama, the counties within the  
21 state, or any incorporated municipalities of the State of  
22 Alabama, and private educational institutions operating within  
23 the State of Alabama offering conventional and traditional  
24 courses of study, such as those offered by public schools,  
25 colleges, or universities within the State of Alabama; but not  
26 including nurseries, day care centers, and home schools.



1           "(16) The gross proceeds from the sale of all  
2 devices or facilities, and all identifiable components  
3 thereof, or materials for use therein, acquired primarily for  
4 the control, reduction, or elimination of air or water  
5 pollution and the gross proceeds from the sale of all  
6 identifiable components of or materials used or intended for  
7 use in structures built primarily for the control, reduction,  
8 or elimination of air and water pollution.

9           "(17) The gross proceeds of sales of tangible  
10 personal property or the gross receipts of any business which  
11 the state is prohibited from taxing under the Constitution or  
12 laws of the United States or under the Constitution of this  
13 state.

14           "(18) When dealers or distributors use parts taken  
15 from stocks owned by them in making repairs without charge for  
16 such parts to the owner of the property repaired pursuant to  
17 warranty agreements entered into by manufacturers, such use  
18 shall not constitute taxable sales to the manufacturers,  
19 distributors, or to the dealers, under this division or under  
20 any county sales tax law.

21           "(19) The gross proceeds received from the sale or  
22 furnishing of food, including potato chips, candy, fruit and  
23 similar items, soft drinks, tobacco products, and stationery  
24 and other similar or related articles by hospital canteens  
25 operated by Alabama state hospitals at Bryce Hospital and  
26 Partlow State School for Mental Deficients at Tuscaloosa,

1 Alabama, and Searcy Hospital at Mt. Vernon, Alabama, for the  
2 benefit of the patients therein.

3 "(20) The gross proceeds of the sale, or sales, of  
4 wrapping paper and other wrapping materials when used in  
5 preparing poultry or poultry products for delivery, shipment,  
6 or sale by the producer, processor, packer, or seller of such  
7 poultry or poultry products, including pallets used in  
8 shipping poultry and egg products, paper or other materials  
9 used for lining boxes or other containers in which poultry or  
10 poultry products are packed together with any other materials  
11 placed in such containers for the delivery, shipment, or sale  
12 of poultry or poultry products.

13 "(21) The gross proceeds of the sales of all  
14 antibiotics, hormones and hormone preparations, drugs,  
15 medicines or medications, vitamins, minerals or other  
16 nutrients, and all other feed ingredients including  
17 concentrates, supplements, and other feed ingredients when  
18 such substances are used as ingredients in mixing and  
19 preparing feed for fish raised to be sold on a commercial  
20 basis, livestock, and poultry. Such exemption herein granted  
21 shall be in addition to exemptions now provided by law for  
22 feed for fish raised to be sold on a commercial basis,  
23 livestock, and poultry, but not including prepared foods for  
24 dogs or cats.

25 "(22) The gross proceeds of the sale, or sales, of  
26 seedlings, plants, shoots, and slips which are to be used for  
27 planting vegetable gardens or truck farms and other

1 agricultural purposes. Nothing herein shall be construed to  
2 exempt, or exclude from the computation of the tax levied,  
3 assessed, or payable, the gross proceeds of the sale, or the  
4 use of plants, seedlings, shoots, slips, nursery stock, and  
5 floral products, except as hereinabove exempted.

6 "(23) The gross proceeds of the sale, or sales, of  
7 fabricated steel tube sections, when produced and fabricated  
8 in this state by any person, firm, or corporation for any  
9 vehicular tunnel for highway vehicular traffic, when sold by  
10 the manufacturer or fabricator thereof, and also the gross  
11 proceeds of the sale, or sales, of steel which enters into and  
12 becomes a component part of such fabricated steel tube  
13 sections of said tunnel.

14 "(24) The gross proceeds from sales of admissions to  
15 any theatrical production, symphonic or other orchestral  
16 concert, ballet, or opera production when such concert or  
17 production is presented by any society, association, guild, or  
18 workshop group, organized within this state, whose members or  
19 some of whose members regularly and actively participate in  
20 such concerts or productions for the purposes of providing a  
21 creative outlet for the cultural and educational interests of  
22 such members, and of promoting such interests for the  
23 betterment of the community by presenting such productions to  
24 the general public for an admission charge. The employment of  
25 a paid director or conductor to assist in any such  
26 presentation described in this subdivision shall not be  
27 construed to prohibit the exemptions herein provided.

1           "(25) The gross proceeds of sales of herbicides for  
2 agricultural uses by whomsoever sold. The term herbicides, as  
3 used in this subdivision, means any substance or mixture of  
4 substances intended to prevent, destroy, repel, or retard the  
5 growth of weeds or plants. It shall include preemergence  
6 herbicides, postemergence herbicides, lay-by herbicides,  
7 pasture herbicides, defoliant herbicides, and desiccant  
8 herbicides.

9           "(26) The Alabama Chapter of the Cystic Fibrosis  
10 Research Foundation and the Jefferson Tuberculosis Sanatorium  
11 and any of their departments or agencies, heretofore or  
12 hereafter organized and existing in good faith in the State of  
13 Alabama for purposes other than for pecuniary gain and not for  
14 individual profit, shall be exempted from the computation of  
15 the tax on the gross proceeds of all sales levied, assessed,  
16 or payable.

17           "(27) The gross proceeds from the sale or sales of  
18 fuel for use or consumption aboard commercial fishing vessels  
19 are hereby exempt from the computation of all sales taxes  
20 levied, assessed, or payable under the provisions of this  
21 division or levied under any county or municipal sales tax  
22 law.

23           "The words commercial fishing vessels shall mean  
24 vessels whose masters and owners are regularly and exclusively  
25 engaged in fishing as their means of livelihood.

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

4           "(29) The gross proceeds of the sales of all  
5 antibiotics, hormones and hormone preparations, drugs,  
6 medicines, and other medications including serums and  
7 vaccines, vitamins, minerals, or other nutrients for use in  
8 the production and growing of fish, livestock, and poultry by  
9 whomsoever sold. Such exemption as herein granted shall be in  
10 addition to the exemption provided by law for feed for fish,  
11 livestock, and poultry, and in addition to the exemptions  
12 provided by law for the above-enumerated substances and  
13 products when mixed and used as ingredients in fish,  
14 livestock, and poultry feed.

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

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

25           "a. The name and claim number as shown on a  
26 "Medicare" card issued by the United States Social Security  
27 Administration.

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

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

7            "For the purposes of this subdivision, any person  
8 filing a false proof of age shall be guilty of a misdemeanor  
9 and upon conviction thereof shall be punished by a fine of  
10 \$100.

11           " (31) There shall be exempted from the tax levied by  
12 this division the gross receipts of sales of grass sod of all  
13 kinds and character when in the original state of production  
14 or condition of preparation for sale, when such sales are made  
15 by the producer or members of his family or for him by those  
16 employed by him to assist in the production thereof; provided,  
17 that nothing herein shall be construed to exempt sales of sod  
18 by a person engaged in the business of selling plants,  
19 seedlings, nursery stock, or floral products.

20           " (32) The gross receipts of sales of the following  
21 items or materials which are necessary in the farm-to-market  
22 production of tomatoes when such items or materials are used  
23 by the producer or members of his family or for him by those  
24 employed by him to assist in the production thereof: Twine for  
25 tying tomatoes, tomato stakes, field boxes (wooden boxes used  
26 to take tomatoes from the fields to shed), and tomato boxes  
27 used in shipments to customers.

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

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

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

8           "(36) The gross receipts of sales of Lespedeza  
9 bicolor and other species of perennial plant seed and  
10 seedlings sold for wildlife and game food production purposes  
11 by the state.

12           "(37) The gross receipts of any aircraft  
13 manufactured, sold, and delivered in this state if said  
14 aircraft are not permanently domiciled in Alabama and are  
15 removed to another state.

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

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

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

22           "b. Is hosted by a not-for-profit corporation  
23 organized and existing under the laws of the State of Alabama;  
24 and

25           "c. Determines a national championship of a national  
26 organization, including but not limited to the Professional  
27 Golfers Association of America, the Tournament Players

1 Association, the United States Golf Association, the United  
2 States Tennis Association, and the National Collegiate  
3 Athletic Association; and

4 "d. Has not been held in the State of Alabama on  
5 more than one prior occasion, provided, however, that for such  
6 purpose the Professional Golfers Association Championship, the  
7 United States Open Golf Championship, the United States  
8 Amateur Golf Championship of the United States Golf  
9 Association, and the United States Open Tennis Championship  
10 shall each be treated as a separate event.

11 "(40) The gross receipts from the sale of any  
12 aircraft and replacement parts, components, systems, supplies,  
13 and sundries affixed or used on said aircraft and ground  
14 support equipment and vehicles used by or for the aircraft to  
15 or by a certificated or licensed air carrier with a hub  
16 operation within this state, for use in conducting intrastate,  
17 interstate, or foreign commerce for transporting people or  
18 property by air. For the purpose of this subdivision, the  
19 words "hub operation within this state" shall be construed to  
20 have all of the following criteria:

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

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



1           "(41) The gross receipts from the sale of hot or  
2 cold food and beverage products sold to or by a certificated  
3 or licensed air carrier with a hub operation within this  
4 state, for use in conducting intrastate, interstate, or  
5 foreign commerce for transporting people or property by air.  
6 For the purpose of this subdivision, the words "hub operation  
7 within this state" shall be construed to have all of the  
8 following criteria:

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

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

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

22           "a. Air Carrier. Any person, firm, corporation, or  
23 entity undertaking by any means, directly or indirectly, to  
24 provide air transportation.

25           "b. All-Cargo Operations. Any flight conducted by an  
26 air carrier for compensation or hire other than a passenger

1 carrying flight, except passengers as specified in 14 C.F.R.  
2 §121.583(a) or 14 C.F.R. §135.85, as amended.

3 "c. International Commerce. Any air carrier engaged  
4 in all-cargo operations transporting goods for compensation or  
5 hire on international flights.

6 "d. International Flights. Any air carrier  
7 conducting scheduled all-cargo operations between any point  
8 within the 50 states of the United States and the District of  
9 Columbia and any point outside the 50 states of the United  
10 States and the District of Columbia, including any interim  
11 stops within the United States so long as the ultimate origin  
12 or destination of the aircraft is outside the United States  
13 and the District of Columbia.

14 "(43) The gross proceeds of the sale or sales of the  
15 following:

16 "a. Drill pipe, casing, tubing, and other pipe used  
17 for the exploration for or production of oil, gas, sulphur, or  
18 other minerals in offshore federal waters.

19 "b. Tangible personal property exclusively used for  
20 the exploration for or production of oil, gas, sulphur, or  
21 other minerals in offshore federal waters.

22 "c. Fuel and supplies for use or consumption aboard  
23 boats, ships, aircraft, and towing vessels when used  
24 exclusively in transporting persons or property between a  
25 point in Alabama and a point or points in offshore federal  
26 waters for the exploration for or production of oil, gas,  
27 sulphur, or other minerals in offshore federal waters.

1           "d. Drilling equipment that is used for the  
2 exploration for or production of oil, gas, sulphur, or other  
3 minerals, that is built for exclusive use outside this state  
4 and that is, on completion, removed forthwith from this state.

5           "The delivery of items exempted by this subdivision  
6 to the purchaser or lessee in this state does not disqualify  
7 the purchaser or lessee from the exemption if the property is  
8 removed from the state by any means, including by the use of  
9 the purchaser's or lessee's own facilities.

10           "The shipment to a place in this state of equipment  
11 exempted by this subdivision for further assembly or  
12 fabrication does not disqualify the purchaser or lessee from  
13 the exemption if on completion of the further assembly or  
14 fabrication the equipment is removed forthwith from this  
15 state. This subdivision applies to a sale that may occur when  
16 the equipment exempted is further assembled or fabricated if  
17 on completion the equipment is removed forthwith from this  
18 state.

19           "(44) The gross receipts derived from all bingo  
20 games and operations which are conducted in compliance with  
21 validly enacted legislation authorizing the conduct of such  
22 games and operations, and which comply with the distribution  
23 requirements of the applicable local laws; provided that the  
24 exemption from sales taxation granted by this subdivision  
25 shall apply only to gross receipts taxable under subdivision  
26 (2) of Section 40-23-2. It is further provided that this  
27 exemption shall not apply to any gross receipts from the sale

1 of tangible personal property, such as concessions, novelties,  
2 food, beverages, etc. The exemption provided for in this  
3 section shall be limited to those games and operations by  
4 organizations which have qualified for exemption under the  
5 provisions of 26 U.S.C. § 501 (c) (3), (4), (7), (8), (10), or  
6 (19), or which are defined in 26 U.S.C. § 501(d).

7 "(45) The gross receipts derived from the sale or  
8 sales of fruit or other agricultural products by the person or  
9 corporation that planted, cultivated, and harvested such fruit  
10 or agricultural product.

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

14 "(47) The gross receipts from the sale or sales of  
15 metal, other than gold or silver, when such metal is purchased  
16 for the purpose of transferring such metal to an investment  
17 trust in exchange for shares or other units, each of which are  
18 both publicly traded and represent fractional undivided  
19 beneficial interests in the trust's net assets, including  
20 metal stored in warehouses located in this state, as well as  
21 the gross proceeds from the sale or other transfer of such  
22 metal to or from such investment trust in exchange for shares  
23 or other units that are publicly traded and represent  
24 fractional undivided beneficial interests in the trust's net  
25 assets but not to the extent that metal is transferred to or  
26 from the investment trust in exchange for consideration other  
27 than such publicly traded shares or other units. For purposes

1 of this subdivision, the term metals includes, but is not  
2 limited to, copper, aluminum, nickel, zinc, tin, lead, and  
3 other similar metals typically used in commercial and  
4 industrial applications.

5 "(48) For the period commencing on October 1, 2012,  
6 and ending May 30, 2022, unless extended by joint resolution,  
7 the gross receipts from the sale of parts, components, and  
8 systems that become a part of a fixed or rotary wing military  
9 aircraft or certified transport category aircraft that  
10 undergoes conversion, reconfiguration, or general maintenance  
11 so long as the address of the aircraft for FAA registration is  
12 not in the state; provided, however, that this exemption shall  
13 not apply to a local sales tax unless previously exempted by  
14 local law or approved by resolution of the local governing  
15 body.

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

20 "(50) a. For the period commencing on September 1,  
21 2017, and ending on September 30, 2022, unless extended by  
22 joint resolution, the gross proceeds of sales of bullion or  
23 money, as defined in Section 40-1-1(7).

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

26 "1. Bullion. Gold, silver, platinum, palladium, or a  
27 combination of each such precious metal, that has gone through

1 a refining process and for which the item's value depends on  
2 its mass and purity, and not on its form, numismatic value, or  
3 other value. This definition includes bullion in the form of  
4 bars, ingots, or coins that meet the requirements set forth  
5 above. Qualifying bullion may contain other metals or  
6 substances, provided that the other substances are minimal in  
7 value compared with the value of the gold, silver, platinum,  
8 or palladium and the other substances do not add value to the  
9 item. "Gold, silver, platinum, or palladium" does not include  
10 jewelry or works of art.

11 "2. Mass purity. An item's mass is its weight in  
12 precious metal, and its purity is the amount of precious metal  
13 contained within the item. Numismatic value is an external  
14 value above and beyond the base value of the underlying  
15 precious metal, due to the item's rarity, condition, age, or  
16 other external factor.

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

20 "1. Must be refined.

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

24 "3. The sales price of the item must fluctuate with  
25 and depend on the market price of the underlying precious  
26 metal, and not on the item's rarity, condition, age, or other  
27 external factor.

1           "(b) Any violation of any provision of this section  
2 shall be punishable in a court of competent jurisdiction by a  
3 fine of not less than \$500 and no more than \$2,000 and  
4 imprisonment of not less than six months nor more than one  
5 year in the county jail."

6           "§40-23-62.

7           "The storage, use, or other consumption in this  
8 state of the following tangible personal property is hereby  
9 specifically exempted from the tax imposed by this article:

10           "(1) Property, on which the sales tax imposed by the  
11 provisions of Article 1 of this chapter is paid by the  
12 consumer to a person licensed under the provisions of Article  
13 1 of this chapter.

14           "(2) Property, the storage, use, or other  
15 consumption of which this state is prohibited from taxing  
16 under the Constitution or laws of the United States of America  
17 or under the constitution of this state.

18           "(3) Tangible personal property, not to be used in  
19 the performance of a contract, brought into this state by a  
20 nonresident thereof for his own storage, use, or consumption  
21 while temporarily within this state.

22           "(4) Lubricating oil and gasoline as defined in  
23 Sections 40-17-30 and 40-17-170, the storage, use, or other  
24 consumption of which is otherwise taxed.

25           "(5) All fertilizer; provided, that the word  
26 "fertilizer" as used in this article shall not be construed to

1 include cottonseed meal when not in combination with other  
2 material.

3 "(6) All seeds for planting purposes and baby chicks  
4 and poults; provided, that nothing herein shall be construed  
5 to exempt plants, seedlings, nursery stock or floral products.

6 "(7) Insecticides and fungicides and feed for  
7 livestock and poultry, but not including prepared foods for  
8 dogs and cats.

9 "(8) The use, storage, or consumption of all  
10 livestock by whomsoever sold; and also the gross proceeds of  
11 poultry and other products of the farm, dairy, grove or  
12 garden, when in the original state of production or condition  
13 of preparation for sale, when such sale or sales are made by  
14 the producer or members of his immediate family or for him by  
15 those employed by him to assist in the production thereof.  
16 Nothing herein shall be construed to exempt or exclude from  
17 the measure or computation of the tax levied, assessed, or  
18 payable hereunder, the gross proceeds of sales of poultry or  
19 poultry products when not products of the farm.

20 "(9) Cottonseed meal exchanged for cottonseed at or  
21 by cotton gins.

22 "(10) Transportation, gas, water, or electricity, of  
23 the kinds and natures, the rates and charges for which when  
24 sold by public utilities, are customarily fixed and determined  
25 by the Public Service Commission of Alabama or like regulatory  
26 bodies.



1           "(11) Coal or coke to be stored, used, or consumed  
2 by manufacturers, electric power companies and transportation  
3 companies for use or consumption in the production of  
4 by-products or the generation of heat or power used:

5           "a. In manufacturing tangible personal property for  
6 sale;

7           "b. For the generation of electric power or energy  
8 for use in manufacturing tangible personal property for sale  
9 or for resale; or

10          "c. For the generation of motive power for  
11 transportation.

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

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

1 purposes of this subdivision, seismic or geophysical vessels  
2 which are engaged either in seismic or geophysical tests or  
3 evaluations exclusively in offshore federal waters or in  
4 traveling to or from conducting such tests or evaluations  
5 shall be deemed to be engaged in international or foreign  
6 commerce. For purposes of this subdivision, proof that fuel  
7 and supplies purchased are for use or consumption aboard  
8 vessels engaged in foreign or international commerce or in  
9 interstate commerce may be accomplished by the merchant or  
10 seller securing the duly signed certificate of the vessel  
11 owner, operator or captain or their respective agent on a form  
12 prescribed by the department that the fuel and supplies  
13 purchased are for use or consumption aboard vessels engaged in  
14 foreign or international commerce or in interstate commerce.  
15 Any person filing a false certificate shall be guilty of a  
16 misdemeanor and upon conviction shall be fined not less than  
17 \$25 nor more than \$500 for each offense. Each false  
18 certificate filed shall constitute a separate offense. Any  
19 person filing a false certificate shall be liable to the  
20 department for all taxes imposed by this division upon the  
21 merchant or seller, together with any interest or penalties  
22 thereon, by reason of the sale or sales of fuel and supplies  
23 applicable to such false certificate. If a merchant or seller  
24 of fuel and supplies secures the certificate herein mentioned,  
25 properly completed, such merchant or seller shall not be  
26 liable for the taxes imposed by this division, if such

1 merchant or seller had no knowledge that such certificate was  
2 false when it was filed with such merchant or seller.

3 "(13) Property stored, used, or consumed by the  
4 State of Alabama, by the counties within the state or by  
5 incorporated municipalities of the State of Alabama.

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

24 "(15) The use, storage, or consumption of fuel oil  
25 purchased as fuel for kilns used in manufacturing  
26 establishments.

1           "(16) Tangible personal property stored, used, or  
2 consumed by county and city school boards within the State of  
3 Alabama, independent school boards within the State of  
4 Alabama, all educational institutions and agencies of the  
5 State of Alabama, the counties within the state or any  
6 incorporated municipality of the State of Alabama, and private  
7 educational institutions operating within the State of Alabama  
8 offering conventional and traditional courses of study, such  
9 as those offered by public schools, colleges, or universities  
10 within the State of Alabama; but not including nurseries, day  
11 care centers, and home schools.

12           "(17) The storage, use, or consumption of railroad  
13 cars, vessels, and barges and commercial fishing vessels of  
14 over five tons load displacement as registered with the U.S.  
15 Coast Guard and licensed by the State of Alabama Department of  
16 Conservation and Natural Resources when purchased from the  
17 manufacturers or builders thereof.

18           "(18) The storage, use, or consumption of all  
19 devices or facilities, and all identifiable components thereof  
20 or materials for use therein, used or placed in operation  
21 primarily for the control, reduction or elimination of air or  
22 water pollution, and the storage, use, or consumption of all  
23 identifiable components of or materials used or intended for  
24 use in structures built primarily for the control, reduction  
25 or elimination of air or water pollution.

26           "(19) When dealers or distributors use parts taken  
27 from stocks owned by them in making repairs without charge for

1 such parts to the owner of the property required pursuant to  
2 warranty agreements entered into by manufacturers, such use  
3 shall not constitute taxable sales to the manufacturers,  
4 distributors or to the dealers, under this article, or under  
5 any county use tax law.

6 "(20) The storage, use, or other consumption in this  
7 state of religious magazines and publications. For the purpose  
8 of this subdivision the words "religious magazines and  
9 publications" shall be construed to mean printed or  
10 illustrated lessons, notes and explanations distributed by  
11 churches or other religious organizations free of charge to  
12 pupils or students in Sunday schools, Bible classes or other  
13 educational facilities established and maintained by churches  
14 or similar religious organizations in this state.

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

25 "(22) The storage, use, or other consumption of all  
26 antibiotics, hormones and hormone preparations, drugs,  
27 medicines or medications, vitamins, minerals, or other

1 nutrients and all other feed ingredients including  
2 concentrates, supplements and other feed ingredients when such  
3 substances are used as ingredients in mixing and preparing  
4 feed for livestock and poultry. Such exemption herein granted  
5 shall be in addition to exemptions now provided by law for  
6 feed for livestock and poultry, but not including prepared  
7 foods for dogs and cats.

8 "(23) The use of seedlings, plants, shoots, and  
9 slips which are to be used for planting vegetable gardens or  
10 truck farms. Nothing herein shall be construed to exempt, or  
11 exclude from the computation of the tax levied, assessed, or  
12 payable, the use of plants, seedlings, shoots, slips, nursery  
13 stock and floral products except as hereinabove exempted.

14 "(24) Fabricated steel tube sections, when produced  
15 and fabricated in this state by any person, firm, or  
16 corporation, for any vehicular tunnel for highway vehicular  
17 traffic, when sold by the manufacturer or fabricator thereof,  
18 and also steel which enters into and becomes a component part  
19 of such fabricated steel tube sections of said tunnel, shall  
20 be exempted from the provisions of this article and from the  
21 computation of the amount of the tax levied, assessed or  
22 payable under this article.

23 "(25) The storage, use, or other consumption of  
24 herbicides for agricultural uses by whomsoever sold. The term  
25 "herbicides" as used in this subdivision means any substance  
26 or mixture of substances intended to prevent, destroy, repel,  
27 or retard the growth of weeds or plants. It shall include

1 preemergence herbicides, postemergence herbicides, lay-by  
2 herbicides, pasture herbicides, defoliant herbicides, and  
3 desiccant herbicides.

4 "(26) The Alabama Chapter of the Cystic Fibrosis  
5 Research Foundation, and the Jefferson Tuberculosis Sanatorium  
6 and any of their departments or agencies, heretofore or  
7 hereafter organized and existing in good faith in the State of  
8 Alabama for purposes other than for pecuniary gain and not for  
9 individual profit, shall be exempted from the payment of the  
10 state use tax levied under this article.

11 "(27) Fuel for use or consumption aboard commercial  
12 fishing vessels are hereby exempt from the payment of the  
13 state use tax levied under this article, or levied under any  
14 county or municipal use tax law.

15 "The words commercial fishing vessels shall mean  
16 vessels whose masters and owners are regularly and exclusively  
17 engaged in fishing as their means of livelihood.

18 "(28) The storage, use, or withdrawal of sawdust,  
19 wood shavings, wood chips, and other like materials purchased  
20 for use as chicken litter by poultry producers and poultry  
21 processors shall be exempt under this article.

22 "(29) The storage, use, or other consumption of all  
23 antibiotics, hormones and hormone preparations, drugs,  
24 medicines and other medications including serums and vaccines,  
25 vitamins, minerals or other nutrients for use in the  
26 production and growing of fish, livestock, and poultry are  
27 hereby specifically exempted from the payment of the state use



1 tax levied by this article. Such exemption as herein granted  
2 shall be in addition to the exemptions now provided by law for  
3 feed for fish, livestock, and poultry, and in addition to the  
4 exemptions now provided by law for the above-enumerated  
5 substances and products when mixed and used as ingredients in  
6 fish, livestock and poultry feeds.

7 "(30) All medicines prescribed by physicians for  
8 persons who are 65 years of age or older, and when said  
9 prescriptions are filled by licensed pharmacists, shall be  
10 exempted from the operation of the state use tax law levied by  
11 this article, or by any county or municipal use tax law. The  
12 exemptions provided in this subdivision shall not apply to any  
13 medicine purchased in any manner other than as is herein  
14 provided.

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

18 "a. The name and claim number as shown on a  
19 "Medicare" card issued by the United States Social Security  
20 Administration.

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

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

1           "For the purposes of this subdivision any person  
2 filing a false proof of age shall be guilty of a misdemeanor  
3 and upon conviction thereof shall be punished by a fine of  
4 \$100.

5           "(31) All diesel fuel used for off-highway  
6 agricultural purposes.

7           "(32) The storage, use, or other consumption of any  
8 aircraft and replacement parts, components, systems, supplies  
9 and sundries affixed or used on said aircraft and ground  
10 support equipment and vehicles used by or for the aircraft by  
11 a certificated or licensed air carrier with a hub operation  
12 within this state, for use in conducting intrastate,  
13 interstate or foreign commerce for transporting people or  
14 property by air. For the purpose of this subdivision, the  
15 words "hub operation within this state" shall be construed to  
16 have all of the following criteria:

17           "a. There originates from the location 15 or more  
18 flight departures and five or more different first-stop  
19 destinations five days per week for six or more months during  
20 the calendar year; and

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

24           "(33) The storage, use, or other consumption of any  
25 aviation jet fuel used by an aircraft operated by a  
26 certificated or licensed air carrier that purchases jet fuel  
27 for use in scheduled all-cargo operations being conducted on

1 international flights or in international commerce. For  
2 purposes of this subdivision, the following words or terms  
3 shall be defined and interpreted as follows:

4 "a. Air Carrier. Any person, firm, corporation, or  
5 entity undertaking by any means, directly or indirectly, to  
6 provide air transportation.

7 "b. All-Cargo Operations. Any flight conducted by an  
8 air carrier for compensation or hire other than a passenger  
9 carrying flight, except passengers as specified in 14 C.F.R.  
10 §121.583(a) or 14 C.F.R. §135.85, as amended.

11 "c. International Commerce. Any air carrier engaged  
12 in all-cargo operations transporting goods for compensation or  
13 hire on international flights.

14 "d. International Flights. Any air carrier  
15 conducting scheduled all-cargo operations between any point  
16 within the 50 states of the United States and the District of  
17 Columbia and any point outside the 50 states of the United  
18 States and the District of Columbia, including any interim  
19 stops within the United States so long as the ultimate origin  
20 or destination of the aircraft is outside the United States  
21 and the District of Columbia.

22 "(34) The storage, use, or other consumption of hot  
23 or cold food and beverage products by a certificated or  
24 licensed air carrier with a hub operation within this state,  
25 for use in conducting intrastate, interstate, or foreign  
26 commerce for transporting people or property by air. For the  
27 purpose of this subdivision, the words "hub operation within

1 this state" shall be construed to have all of the following  
2 criteria:

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

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

10 "(35) The storage, use, or other consumption of the  
11 following:

12 "a. Drill pipe, casing, tubing, and other pipe used  
13 for the exploration for or production of oil, gas, sulphur, or  
14 other minerals in offshore federal waters.

15 "b. Tangible personal property exclusively used for  
16 the exploration for or production of oil, gas, sulphur, or  
17 other minerals in offshore federal waters.

18 "c. Fuel and supplies for use or consumption aboard  
19 boats, ships, aircraft, and towing vessels when used  
20 exclusively in transporting persons or property between a  
21 point in Alabama and a point or points in offshore federal  
22 waters for the exploration for or production of oil, gas,  
23 sulphur, or other minerals in offshore federal waters.

24 "d. Drilling equipment that is used for the  
25 exploration for or production of oil, gas, sulphur, or other  
26 minerals, that is built for exclusive use outside this state  
27 and that is, on completion, removed forthwith from this state.

1            "e. All domestically mined or produced coal, coke,  
2 and coke by-products used in cogeneration plants in Alabama.

3            "The delivery of items exempted by this subdivision  
4 to the purchaser or lessee in this state does not disqualify  
5 the purchaser or lessee from the exemption if the property is  
6 removed from the state by any means, including by the use of  
7 the purchaser's or lessee's own facilities.

8            "The shipment to a place in this state of equipment  
9 exempted by this subdivision for further assembly or  
10 fabrication does not disqualify the purchaser or lessee from  
11 the exemption if on completion of the further assembly or  
12 fabrication the equipment is removed forthwith from this  
13 state. This subdivision applies to a sale that may occur when  
14 the equipment exempted is further assembled or fabricated if  
15 on completion the equipment is removed forthwith from this  
16 state.

17            "(36) The storage or use of metal, other than gold  
18 or silver, when such metal is held by an investment trust the  
19 shares or other units in the trust's net assets of which have  
20 been issued in exchange for such metal and are publicly  
21 traded, including metal stored in warehouses located in this  
22 state. For purposes of this subdivision, the term metals  
23 includes, but is not limited to, copper, aluminum, nickel,  
24 zinc, tin, lead, and other similar metals typically used in  
25 commercial and industrial applications.

26            "(37) For the period commencing October 1, 2012, and  
27 ending May 30, 2022, unless extended by joint resolution, all

1 parts, components, and systems that become a part of a fixed  
2 or rotary wing military aircraft or certified transport  
3 category aircraft which undergoes conversion, reconfiguration,  
4 or general maintenance so long as the address of the aircraft  
5 for FAA registration is not in the state; provided, however,  
6 that this exemption shall not apply to a local use tax unless  
7 previously exempted by local law or approved by resolution of  
8 the local governing body.

9 "(38) Lunches sold not for profit and within school  
10 buildings to pupils of kindergarten, grammar, and high  
11 schools, either public or private.

12 "(39) a. For the period commencing on September 1,  
13 2017, and ending on September 30, 2022, unless extended by  
14 joint resolution, the gross proceeds of sales of bullion or  
15 money, as defined in Section 40-1-1(7).

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

18 "1. Bullion. Gold, silver, platinum, palladium, or a  
19 combination of each such precious metal, that has gone through  
20 a refining process and for which the item's value depends on  
21 its mass and purity, and not on its form, numismatic value, or  
22 other value. This definition includes bullion in the form of  
23 bars, ingots, or coins that meet the requirements set forth  
24 above. Qualifying bullion may contain other metals or  
25 substances, provided that the other substances are minimal in  
26 value compared with the value of the gold, silver, platinum,  
27 or palladium and the other substances do not add value to the

1 item. "Gold, silver, platinum, or palladium" does not include  
2 jewelry or works of art.

3 "2. Mass purity. An item's mass is its weight in  
4 precious metal, and its purity is the amount of precious metal  
5 contained within the item. Numismatic value is an external  
6 value above and beyond the base value of the underlying  
7 precious metal, due to the item's rarity, condition, age, or  
8 other external factor.

9 "c. In order for bullion to qualify for the use tax  
10 exemption, gold, silver, platinum, and palladium items must  
11 meet all of the following requirements:

12 "1. Must be refined.

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

16 "3. The sales price of the item must fluctuate with  
17 and depend on the market price of the underlying precious  
18 metal, and not on the item's rarity, condition, age, or other  
19 external factor."

20 Section 2. This act shall become effective on  
21 September 1, 2017, following its passage and approval by the  
22 Governor, or upon its otherwise becoming law.