

1 HB82
2 216172-2
3 By Representative Garrett
4 RFD: Ways and Means Education
5 First Read: 11-JAN-22

1 Section 2. For tax years ending after the enactment
2 of the federal American Rescue Plan Act of 2021, any amount of
3 cancellation of indebtedness income resulting from a loan
4 forgiven under Section 1005 of the federal American Rescue
5 Plan Act shall be all of the following:

6 (1) Exempt from income taxes imposed by Chapter 18
7 of Title 40, Code of Alabama 1975, to the same extent as the
8 amount is exempt from federal income tax under Section 1005 of
9 the federal American Rescue Plan Act of 2021.

10 (2) Not considered in determining the deductibility
11 of otherwise deductible expenses allowed to be paid with the
12 exempt funds, including, but not limited to, payroll,
13 utilities, mortgage interest, or rent, to the same extent as
14 the expenses remain deductible in calculating federal income
15 tax under Section 1005 of the federal American Rescue Plan Act
16 of 2021.

17 (3) Excluded from any and all calculations in
18 determining a taxpayer's federal income tax deduction pursuant
19 to Chapter 18 of Title 40, Code of Alabama 1975.

20 Section 3. Sections 40-16-3.1 and ~~40-18-39.1~~
21 40-18-39.2 are added to the Code of Alabama 1975, to read as
22 follows:

23 §40-16-3.1.

24 (a) (1) For tax years beginning on or after January
25 1, 2021, a financial institution excise taxpayer shall be
26 allowed one month following the due date of the corresponding
27 federal income tax return, including applicable extensions, to

1 file the Alabama financial institution excise tax return as
2 required by Section 40-16-3, Code of Alabama 1975.

3 (2) For tax years beginning on or after January 1,
4 2020, but prior to January 1, 2021, the department may allow a
5 financial institution excise taxpayer one additional month
6 following the due date of the corresponding federal income tax
7 return, including applicable extensions, to file the Alabama
8 financial institution excise tax return, upon request by the
9 taxpayer and approval by the department.

10 (b) The extension provided in this section shall not
11 allow a taxpayer to defer payment of a financial institution
12 excise tax liability beyond the original due date provided in
13 Section 40-16-3, Code of Alabama 1975.

14 ~~§40-18-39.1.~~ 40-18-39.2

15 (a) (1) For tax years beginning on or after January
16 1, 2021, a corporate income taxpayer shall be allowed one
17 month following the due date of the corresponding federal
18 income tax return, including applicable extensions, to file
19 the Alabama corporate income tax return as required by Section
20 40-18-39, Code of Alabama 1975.

21 (2) For tax years beginning on or after January 1,
22 2020, but prior to January 1, 2021, the department may allow a
23 corporate income taxpayer one additional month following the
24 due date of the corresponding federal income tax return,
25 including applicable extensions, to file the Alabama corporate
26 income tax return, upon request by the taxpayer and approval
27 by the department.

1 (b) The extension provided in subsection (a) shall
2 not allow a taxpayer to defer payment of a corporate income
3 tax liability beyond the original due date provided in Section
4 40-18-39, Code of Alabama 1975.

5 Section 4. Section 40-9-1, Code of Alabama 1975, is
6 amended to read as follows:

7 "§40-9-1.

8 "The following property and persons shall be exempt
9 from ad valorem taxation and none other:

10 "(1) All bonds of the United States and this state
11 and all county and municipal bonds issued by counties and
12 municipalities in this state, all property, real and personal,
13 of the United States and this state and of county and
14 municipal corporations in this state; all cemeteries, all
15 property, real and personal, used exclusively for religious
16 worship, for schools or for purposes purely charitable;
17 provided, that property, real or personal, owned by any
18 educational, religious or charitable institution, society or
19 corporation let for rent or hire or for use for business
20 purposes shall not be exempt from taxation, notwithstanding
21 that the income from such property shall be used exclusively
22 for education, religious or charitable purposes; all
23 mortgages, together with the notes, debts and credits secured
24 thereby on real and personal property situated in this state,
25 which mortgages have been filed for record and the privilege
26 tax paid thereon; all security agreements and security
27 interests under the Uniform Commercial Code, together with the

1 notes, debts and credits secured thereby; all money on deposit
2 in any bank or banking institution and all other solvent
3 credits; all warrants issued by county boards of education and
4 city boards of education for the purpose of erecting,
5 repairing, furnishing school buildings or for other school
6 purposes;

7 "(2) All property, real or personal, used
8 exclusively for hospital purposes, to the amount of \$75,000,
9 where such hospitals maintain wards for charity patients or
10 give treatment to such patients; provided, that the treatment
11 of charity patients constitutes at least 15 percent of the
12 business of such hospitals; provided further, that such
13 hospital need not be assessed for taxation if the owner or
14 manager shall file with the county tax assessor wherein such
15 hospital is located within the time allowed for assessing such
16 property for taxation a certificate that such hospital has
17 done 15 percent charity work in the preceding tax year; and
18 further provided, that such hospital through its owner or
19 manager shall have until the expiration of the preceding tax
20 year to class its work and ascertain whether or not such
21 hospital has done 15 percent of its treatment of patients as
22 charity work;

23 "(3) The shares of the capital stock of any
24 corporation owning and operating a hospital, to the extent of
25 \$75,000 in value; provided, that said corporation maintains
26 wards for charity patients and gives treatment to such
27 patients, which treatment constitutes at least 15 percent of

1 the business of the hospital of said corporation; provided,
2 that the total exemption granted to any such corporation shall
3 not exceed \$75,000, taking into consideration its real and
4 personal property and the value of its shares of capital
5 stock;

6 "(4) All property owned by the American Legion or by
7 Veterans of Foreign Wars or by the Disabled American Veterans,
8 or any post thereof; provided, that such property is used and
9 occupied exclusively by said organization;

10 "(5) All the property of literary and scientific
11 institutions and literary societies, when employed or used in
12 the regular business of such institutions;

13 "(6) The libraries of ministers of the gospel, all
14 libraries other than those of a professional character and all
15 religious books kept for sale by ministers of the gospel and
16 colporteurs;

17 "(7) The property of deaf mutes and insane persons
18 to the extent of \$3,000 and the property of blind persons to
19 the extent of \$12,000;

20 "(8) All family portraits;

21 "(9) All cotton, livestock or agricultural products
22 which have been raised or grown in the State of Alabama and
23 which shall remain in the hands of the producer thereof, or
24 his landlord, or in the hands of a cooperative association for
25 all time, and for a period of one year in the hands of the
26 purchaser or the manufacturer;

1 "(10) All cotton, wherever grown, stored in licensed
2 warehouses in the State of Alabama for a period not exceeding
3 12 months;

4 "(11) Provisions and supplies on hand for the
5 current year for the use of the family and the making of
6 crops; all wearing apparel; farming tools; tools and
7 implements of mechanics to the value of \$200; all livestock,
8 including mules, studs, jacks and jennets, cattle, horses,
9 cows, calves, hogs, sheep and goats; household and kitchen
10 furniture and one sewing machine;

11 "(12) No license or taxation of any character,
12 except franchise taxes provided by Section 229 of the
13 Constitution of the State of Alabama, shall be collected or
14 required to be paid to the state or any county or municipality
15 therein by any state or county fair, agricultural association,
16 stock, kennel or poultry show. Athletic stadiums owned and
17 controlled by universities, schools or colleges and which are
18 used exclusively for the purpose of promoting intercollegiate
19 or interschool athletics; provided, that the revenue received
20 from athletic stadiums, when admission is charged, shall be
21 used for the benefit of athletic associations of such
22 universities, colleges or schools. Nothing contained in this
23 subdivision shall be construed to prohibit any municipality,
24 county or state from imposing any license tax upon or for the
25 privilege of engaging in the business of supplying services
26 for hire or reward or selling commodities other than
27 livestock, farm products or farm implements or conducting or

1 operating devices or games of skill or amusements or other
2 games or devices, or conducting or operating shows, displays
3 or exhibits other than shows, displays or exhibits of
4 agricultural implements, farm products, livestock and athletic
5 prowess;

6 "(13) All material, including without limitation
7 coke, to be compounded or further manufactured, when stocked
8 at any plant or furnace for manufacturing purposes in Alabama;

9 "(14) All articles manufactured in Alabama,
10 including pig iron, in the hands of the producer or
11 manufacturer thereof, for 12 months after its production or
12 manufacture;

13 "(15) All property, both real and personal, owned by
14 any unit or organization of the Alabama National Guard
15 officially recognized as such by the federal government and
16 organized and maintained by the state, and all property owned
17 by shares and used exclusively by and kept exclusively in the
18 possession of any such unit or organization of the Alabama
19 National Guard, the annual rent or hire of which is not in
20 excess of the annual state, county and municipal taxes on said
21 property shall be exempt from taxation by the state, and the
22 county and municipality in which the same may be situated;

23 "(16) All poultry;

24 "(17) The property of all incompetent veterans to
25 the value of \$3,000;

26 "(18) The following items of personal property when
27 owned by individuals for personal use in the home or usually

1 kept at the home of the owner and not carried as stocks of
2 merchandise, namely: Libraries; phonographs; pianos and other
3 musical instruments; paintings; precious stones, jewelry,
4 plate silverware, ornaments and articles of taste; watches and
5 clocks; wagons, buggies, bicycles, guns, pistols, canes, golf
6 sticks, golf bags and sporting goods; money hoarded; radios;
7 mechanical and electrical refrigerators; electrical
8 appliances;

9 "(19) All property owned by the Benevolent and
10 Protective Order of Elks, Fraternal Order of Police, Fraternal
11 Order of Eagles or Loyal Order of Moose, or lodge thereof;
12 provided, that such property is used and occupied exclusively
13 by such organization;

14 "(20) All devices, facilities or structures, and all
15 identifiable components thereof or materials for use therein,
16 acquired or constructed primarily for the control, reduction
17 or elimination of air or water pollution;

18 "(21) Tobacco leaf stored in hogsheads;

19 "(22) All farm tractors, as that term is defined in
20 subdivision (19) of Section 32-1-1.1; and all farming
21 implements, as that term is used in subdivision (b) (5) of
22 Section 40-11-1, as amended, when used exclusively in
23 connection with agricultural property as defined in
24 subdivision (b) (3) of Section 40-8-1, as amended;

25 "(23) All stocks of goods, wares and merchandise
26 described in subdivision (b) (4) of Section 40-11-1, as
27 amended; and

1 "(24) All aircraft, replacement parts, components,
2 systems, supplies and sundries affixed or used on said
3 aircraft, and ground support equipment and vehicles used by or
4 for the aircraft, when used by a certificated or licensed air
5 carrier with a hub operation within this state, for use in
6 conducting intrastate, interstate or foreign commerce for
7 transporting people or property by air. For the purpose of
8 this subdivision, the words "hub operation within this state"
9 shall be construed to have all of the following criteria:

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

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

17 "(25) All property described in Title 12 U.S.C.
18 §1701(Q), commonly known as HUD 202 property, is hereby exempt
19 from any and all ad valorem taxes.

20 "(26) All vessels and equipment thereon, used
21 predominantly in the business of commercial shrimping by the
22 owners thereof.

23 "(27)a. The tangible personal property owned by a
24 business and reported in accordance with the provisions of
25 Article 1 of Chapter 7, Title 40, to the extent of forty
26 thousand dollars (\$40,000) in market value is hereby exempt
27 from the state levied ad valorem tax.

1 "b. Any county or municipality may, by resolution or
2 ordinance, adopt the exemption provided in subdivision (27)a.
3 for county or municipal ad valorem taxes levied on tangible
4 personal property. Such ordinance or resolution must be
5 adopted at least 90 days prior to October 1 of the effective
6 date of this act or 90 days prior to October 1 of the electing
7 year."

8 Section 5. Sections 40-23-6, 40-23-6.1, and 40-23-7,
9 Code of Alabama 1975, are amended to read as follows:

10 "§40-23-6.

11 "(a) If any person shall engage in or continue in
12 any business for which a privilege tax is imposed by Section
13 40-23-2 as a condition precedent to engaging or continuing in
14 such business, the person shall apply for and obtain from the
15 Department of Revenue a license to engage in and to conduct
16 such business for the current tax year upon the condition that
17 the person shall pay the taxes accruing to the State of
18 Alabama under the provisions of this division; provided, that
19 no license shall be issued under the provisions of this
20 division to any person who has not complied with the
21 provisions of this division, and no provision of this division
22 shall be construed as relieving any person from the payment of
23 any license or privilege tax now or hereafter imposed by law.

24 "(b) (1) Any person applying for an initial license
25 or the renewal of an expired or cancelled license on or after
26 January 1, 2020, who is in the business of selling at retail
27 products that may be purchased from a seller, as defined in

1 Section 40-23-260, shall be required to purchase and maintain
2 a one-time surety bond for a two-year period, executed by the
3 applicant as principal and by a corporate surety company
4 qualified to do business in this state as surety, in the
5 amount of twenty-five thousand dollars (\$25,000). The bond
6 shall be in a form to be approved by the commissioner and
7 shall be conditioned upon the licensee collecting and
8 remitting sales tax pursuant to this chapter and any rules
9 promulgated thereunder. The bond shall be payable to the
10 commissioner and to his or her successors in office.

11 "(2) Any person required to purchase and maintain a
12 one-time surety bond as provided for in subdivision (1) may,
13 in lieu of purchasing the surety bond, deposit with the
14 department certified funds equivalent to the amount of the
15 surety bond.

16 ~~"(2)~~ (3) The department shall provide a waiver for
17 the surety bond as required pursuant to subdivision (1) where
18 the person applying for an initial license or the renewal of
19 an expired or cancelled license and a current licensee are
20 related parties as defined in Section 40-23-190(b), or members
21 of a controlled group of corporations as defined in 26 U.S.C.
22 § 1563, or with respect to any other business, whether or not
23 incorporated, which would be members of a controlled group if
24 similar rules applied to the business, and the related party's
25 current licensee has been compliant over the previous two-year
26 period.

1 "(c) (1) Any licensee who becomes non-compliant in
2 the collection and remittance of sales tax during any period
3 occurring on or after January 1, 2020, shall be required to
4 purchase and maintain a one-time surety bond for a two-year
5 period in the amount of the actual sales tax liability for the
6 three months immediately preceding the non-compliant period,
7 however not less than the amount as prescribed in subsection
8 (b) (1). For the purpose of this section, a licensee shall be
9 deemed non-compliant when a final assessment that has been
10 entered against the licensee is no longer subject to appeal
11 and the licensee has not paid or otherwise satisfied the
12 liability associated with the final assessment within 30 days
13 from the date on which the final assessment was no longer
14 subject to appeal. The surety bond shall be in a form to be
15 approved by the commissioner and shall be conditioned upon the
16 licensee collecting and remitting sales tax pursuant to this
17 chapter and any rules promulgated thereunder. The bond shall
18 be payable to the commissioner and to his or her successors in
19 office.

20 "(2) Any licensee required to purchase and maintain
21 a one-time surety bond as provided for in subdivision (1) may,
22 in lieu of purchasing the surety bond, deposit with the
23 department certified funds equivalent to the amount of the
24 surety bond.

25 "~~(2)~~ (3) The department shall notify a licensee at
26 his or her last known address by first class U.S. mail or by
27 certified mail, return receipt requested, when a bond is being

1 required pursuant to subdivision (1). The licensee, within 30
2 days from the date the notice is mailed by the department,
3 shall file the bond or make a deposit of certified funds as
4 requested by the department or file a notice of appeal with
5 the Alabama Tax Tribunal as allowed under Section 40-2A-8(a).
6 The department may immediately cancel a license upon the
7 expiration of the 30-day period set out above if the licensee
8 fails to either provide the required surety bond, make a
9 deposit of certified funds, or timely appeal to the Alabama
10 Tax Tribunal. Furthermore, a cancelled license shall not be
11 renewed until the licensee provides the required surety bond
12 or deposit of certified funds.

13 "(d) After two years of continuous compliance, a
14 licensee shall be exempt from the surety bond requirement so
15 long as the licensee collects and timely remits sales tax
16 pursuant to this chapter and any rules promulgated thereunder.

17 "§40-23-6.1.

18 "(a) The commissioner, subject to the appeal
19 provisions allowed in Chapter 2A, may suspend or revoke a
20 license, or deny a license application or renewal, issued
21 under Section 40-12-221, 40-23-6, or 40-23-66 for reasonable
22 cause including the following:

23 "(1) Fraud practiced or any material misstatement in
24 the license application.

25 "(2) Changes of conditions in ownership or business
26 structure after a license is granted or the failure to engage

1 in or continue to engage in business for which the license is
2 issued.

3 "(3) Failure to comply with Chapter 12 and this
4 chapter, or any rule adopted thereunder.

5 "(4) Failure to provide or maintain a surety bond or
6 in lieu of purchasing the surety bond, deposit with the
7 department certified funds equivalent to the amount of the
8 surety bond, as required in Section 40-23-6.

9 "(b) The Department of Revenue may adopt rules to
10 administer this section.

11 "§40-23-7.

12 "(a) The taxes levied under this division, except as
13 otherwise provided in subsection (d), shall be due and payable
14 in monthly installments on or before the 20th day of the month
15 next succeeding the month in which the tax accrues.

16 "(b) Except as otherwise provided in subsection (d),
17 on or before the 20th day of each month, every person on whom
18 the taxes levied by this division are imposed shall report to
19 the department, on a form prescribed by the department, a true
20 and correct statement showing such information as the
21 department may require, and shall pay to the department the
22 amount of taxes shown to be due.

23 "(c) Any taxpayer liable for taxes under this
24 division whose average monthly state sales tax liability was
25 ~~two thousand five hundred dollars (\$2,500)~~ five thousand
26 dollars (\$5,000) or greater during the preceding calendar year
27 shall make estimated payments to the department on or before

1 the 20th day of the month in which the liability occurs as
2 follows:

3 "(1) The amount of the first estimated payment shall
4 be 66 2/3 percent of the taxpayer's actual tax liability for
5 the month of October 1983; thereafter the amounts of the
6 payment shall be the lesser of 66 2/3 percent of the
7 taxpayer's actual tax liability for the same calendar month of
8 the preceding year or 66 2/3 percent of the current month's
9 estimated liability.

10 "(2) Any outstanding credit or deficit arising from
11 the taxpayer's overpayment or underpayment of his or her final
12 liability shall be applied to either increase or reduce that
13 month's final tax liability which shall be reported and paid
14 not later than the 20th day of the month next succeeding the
15 month in which the tax accrues.

16 "(3) This subsection shall not apply to Sections
17 11-51-180, 11-51-200, 40-12-4, nor to any municipal or county
18 taxes levied by past or future special or local acts of the
19 Legislature.

20 "(d) Taxpayers meeting the criteria set forth in
21 this subsection may elect to file quarterly, semi-annually, or
22 annually. Any election to file quarterly, semi-annually, or
23 annually shall be made in writing no later than February 20 of
24 each year and shall be filed with the department in the manner
25 prescribed by the department. Qualifying taxpayers electing to
26 file quarterly, semi-annually, or annually, shall report to
27 the department, on a form prescribed by the department, a true

1 and correct statement showing such information as the
2 department may require. Qualifying taxpayers shall pay to the
3 department the amount of tax shown to be due on or before the
4 applicable deadlines, under any rules as may be prescribed, as
5 follows:

6 "(1) When the total state sales tax for which any
7 person is liable under this division is less than \$2,400
8 during the preceding calendar year, the person may elect to
9 file quarterly returns. Quarterly returns and payments of the
10 amount of tax shown to be due shall be due on or before the
11 20th day of the month next succeeding the end of the quarter
12 for which the tax is due.

13 "(2) When the total state sales tax for which any
14 person is liable under this division is less than \$1,200
15 during the preceding calendar year, or the person liable for
16 the tax has made retail sales in this state during no more
17 than two, 30 consecutive day periods during the preceding
18 calendar year, the person may file semi-annual returns. The
19 semi-annual returns and payment of the amount of the tax shown
20 to be due shall be due on or before July 20 and January 20
21 following the end of the six-month period for which the tax is
22 due.

23 "(3) When the total state sales tax for which any
24 person is liable under this division during the preceding
25 calendar year is less than six hundred dollars (\$600), or the
26 person liable for the tax has made retail sales in this state
27 during no more than one, 30 consecutive day period during the

1 preceding calendar year, the person may elect to file an
2 annual return. The annual return and payment of the tax shown
3 to be due shall be due on or before January 20 following the
4 end of the annual period for which the tax is due.

5 "(e) The department, for good cause, may extend the
6 time for making any state or state-administered return
7 required under this division, but the time for filing any such
8 return shall not be extended for a period greater than 30 days
9 from the date such return is due to be made."

10 Section 6. The Department of Revenue may adopt rules
11 for the implementation and administration of this act.

12 Section 7. Section 4 of this act shall become
13 effective October 1, 2023. Section 5 of this act shall be
14 effective on the first day of the third month, following its
15 passage and approval by the Governor, or its otherwise
16 becoming law. All other sections of this act shall be
17 effective immediately, following its passage and approval by
18 the Governor, or its otherwise becoming law.

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House of Representatives

Read for the first time and re-
ferred to the House of Representa-
tives committee on Ways and Means
Education..... 11-JAN-22

Read for the second time and placed
on the calendar 1 amendment 02-FEB-22

Read for the third time and passed
as amended..... 03-FEB-22

Yeas 99, Nays 0, Abstains 0

Jeff Woodard
Clerk