



**House Ways and Means General Fund Reported  
Substitute for HB105**

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A BILL  
TO BE ENTITLED  
AN ACT

Relating to the transient occupancy tax; to amend Section 40-26-1, Code of Alabama 1975, to exempt certain registered vehicles and vessels from the transient occupancy tax under certain conditions; relating to the rental or lease tax; to amend Section 40-12-223, Code of Alabama 1975, to exempt certain vehicles and vessels from the rental or lease tax under certain conditions.

BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

Section 1. Sections 40-26-1 and 40-12-223, Code of Alabama 1975, are amended to read as follows:

"§40-26-1

(a) There is levied and imposed, in addition to all other taxes of every kind now imposed by law, a privilege or license tax upon every person, firm, or corporation engaging in the business of renting or furnishing any room or rooms, lodging, or accommodations to transients in any hotel, motel, inn, tourist camp, tourist cabin, marine slip, place or space for tent camping, place or space provided for a motor home, travel trailer, self-propelled camper or house car, truck camper, or similar recreational vehicle commonly known as a



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29 R.V., or any other place in which rooms, lodgings, or  
30 accommodations are regularly furnished to transients for a  
31 consideration, in any county which is located in the  
32 geographic region comprising the Alabama mountain lakes area,  
33 those being Blount, Cherokee, Colbert, Cullman, DeKalb,  
34 Etowah, Franklin, Jackson, Lauderdale, Lawrence, Limestone,  
35 Madison, Marion, Marshall, Morgan, and Winston, in an amount  
36 to be determined by the application of the rate of five  
37 percent of the charge for such room, rooms, lodgings, or  
38 accommodations, including the charge for use or rental of  
39 personal property and services furnished in such room, and the  
40 rate of four percent of the charge in every other county.  
41 There is exempted from the tax levied under this chapter any  
42 rentals or services taxed under Division 1 of Article 1 of  
43 Chapter 23 of this title.

44 (b) The tax shall not apply to rooms, lodgings, or  
45 accommodations supplied: (i) For a period of 180 continuous  
46 days or more in any place; (ii) by camps, conference centers,  
47 or similar facilities operated by nonprofit organizations  
48 primarily for the benefit of, and in connection with,  
49 recreational or educational programs for children, students,  
50 or members or guests of other nonprofit organizations during  
51 any calendar year; or (iii) by privately operated camps,  
52 conference centers, or similar facilities that provide lodging  
53 and recreational or educational programs exclusively for the  
54 benefit of children, students, or members or guests of  
55 nonprofit organizations during any calendar year.

56 (c) For purposes of subsection (b): "Children" means



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57 individuals under age 21; "student" is defined in accordance  
 58 with 26 U.S.C. § 151(c)(4), as in effect from time to time or  
 59 by any successor law; "nonprofit organization" is an  
 60 organization exempt from federal income tax under 26 U.S.C. §  
 61 501(c)(3), as in effect from time to time or any successor  
 62 law; and "privately operated" refers to any camp, conference  
 63 center, or similar facility other than those operated by a  
 64 nonprofit organization as herein defined.

65 (d) For transactions entered into on or after  
 66 ~~October~~September 1, ~~2019~~2024, the tax shall not apply to any  
 67 of the following which are supplied for a period of 90  
 68 continuous days or more:

69 (1) Marine~~marine~~ slips~~.~~.

70 (2) Places~~places~~ or spaces for tent camping~~.~~.

71 (3) Places~~places~~ or spaces provided for motor homes,  
 72 travel trailers, self-propelled campers or house cars, truck  
 73 campers, or similar recreational vehicles commonly known as  
 74 R.V.~~s~~.

75 (4) Any vehicle or vessel required to be registered  
 76 pursuant to Title 40 or Title 32, respectively, continuously  
 77 occupying any slip, place, or space provided in subdivisions  
 78 (1) through (3) which are supplied for a period of 90  
 79 continuous days or more in any place.

80 (e) (1) Charges made for the rental of a ballroom,  
 81 dining room, club room, sample room, conference room, wedding  
 82 chapel, or similar room or space that is not intended nor  
 83 suitable for overnight sleeping purposes and that is not used  
 84 for overnight sleeping purposes is not subject to the tax



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85 levied pursuant to this chapter if the charges for the rental  
86 are separately stated by the facility and the room or space is  
87 used exclusively as a room or space for a meeting, conference,  
88 seminar, club meeting, private party, or similar activity.

89 (2) The exclusion provided in subdivision (1) applies  
90 solely to the transient occupancy tax levied under this  
91 chapter and does not apply to any other taxes, licenses, or  
92 fees except a separately stated rental charge for a meeting  
93 room or other space excluded pursuant to subdivision (1) is  
94 also excluded from the tax levied by Chapter 23 of Title 40."

95 "§40-12-223

96 There are exempted from the computation of the amount  
97 of the tax levied, assessed, or payable under this article all  
98 of the following:

99 (1) The gross proceeds accruing from the leasing or  
100 rental of a film or films to a lessee who charges, or proposes  
101 to charge, admission for viewing the film or films.

102 (2) The gross proceeds accruing from any charge in  
103 respect to the use of docks or docking facilities furnished  
104 for boats or other craft operated on waterways.

105 (3) The gross proceeds accruing from any charge made by  
106 a landlord to a tenant in respect of the leasing or furnishing  
107 of tangible personal property to be used on the premises of  
108 real property leased by the same landlord to the same tenant  
109 for use as a residence or dwelling place, including mobile  
110 homes.

111 (4) The gross proceeds accruing from the leasing or  
112 rental of tangible personal property to a lessee who acquires



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113 possession of the property for the purpose of leasing or  
114 renting to another the same property under a leasing or rental  
115 transaction subject to this article.

116 (5) The gross proceeds accruing from any charge made by  
117 a landlord to a tenant in respect to the leasing or furnishing  
118 of tangible personal property to be used on the premises of  
119 any room or rooms, lodging, or accommodations leased or rented  
120 to transients in any hotel, motel, inn, tourist camp, tourist  
121 cabin, or any other place in which rooms, lodgings, or  
122 accommodations are regularly furnished to transients for a  
123 consideration.

124 (6) The gross proceeds accruing from the leasing or  
125 rental of tangible personal property which the state is  
126 prohibited from taxing under the Constitution or laws of the  
127 United States or under the constitution of the state.

128 (7) The gross proceeds accruing from the leasing or  
129 rental of nuclear fuel assemblies together with the nuclear  
130 material contained therein and other nuclear material used or  
131 useful in the production of electricity and assemblies  
132 containing ionizing radiation sources together with the  
133 ionizing radiation sources contained therein used or useful in  
134 medical treatment or scientific research.

135 (8) A transaction in which the lessor leases a truck or  
136 tractor-trailer or semitrailer for operation over the public  
137 roads and highways and such lessor furnishes a driver or  
138 drivers for each vehicle, and the transaction shall be deemed  
139 to constitute the rendition of service and not a "leasing or  
140 rental" within the meaning of this article.



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141           (9) The gross proceeds accruing from the leasing or  
142 rental of vehicles in interchange between regulated motor  
143 carriers on a per diem basis.

144           (10) The gross proceeds accruing from the leasing or  
145 rental of all structures, devices, facilities, and  
146 identifiable components of any thereof acquired primarily for  
147 the control, reduction, or elimination of air or water  
148 pollution, and the gross proceeds accruing from the leasing or  
149 rental of all materials used or intended for use in structures  
150 built primarily for the control, reduction, or elimination of  
151 air and water pollution.

152           (11) The gross proceeds derived by the lessor, which  
153 term includes a sublessor, from the leasing or rental of  
154 tangible personal property when the lessor and lessee, which  
155 term includes a sublessee, are wholly-owned subsidiary  
156 corporations of the same parent corporation or one is the  
157 wholly-owned subsidiary of the other; provided, that the  
158 appropriate sales or use tax, if any was due, has been paid on  
159 the item of personal property; and provided further, that in  
160 the event of any subsequent subleasing of the tangible  
161 personal property to any person other than any sister, parent,  
162 or subsidiary corporation, any privilege or license tax due  
163 and payable with respect to that subsequent subleasing under  
164 the provisions of this article shall be paid.

165           (12) The gross proceeds accruing from a transaction  
166 which involves the leasing or rental of vessels or railroad  
167 equipment which are engaged in interstate or foreign commerce,  
168 or both.



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169           (13) The gross proceeds accruing from the leasing or  
170 rental of aircraft, replacement parts, components, systems,  
171 sundries, and supplies affixed or used on the aircraft and all  
172 ground support equipment and vehicles used by or for the  
173 aircraft to or by a certificated or licensed air carrier with  
174 a hub operation within this state, for use in conducting  
175 intrastate, interstate, or foreign commerce for transporting  
176 people or property by air. For the purpose of this  
177 subdivision, the words "hub operation within this state" shall  
178 be construed to have both of the following criteria:

179           a. There originates from the location 15 or more flight  
180 departures and five or more different first-stop destinations  
181 five days per week for six or more months during the calendar  
182 year.

183           b. Passengers, property, or both, are regularly  
184 exchanged at the location between flights of the same or a  
185 different certificated or licensed air carrier.

186           (14) The gross proceeds derived by the lessor, which  
187 term includes a sublessor, from the leasing of tangible  
188 personal property under all of the following conditions:

189           a. Prior to being leased under the lease subject to  
190 this exemption, the leased tangible personal property shall  
191 have been owned, or considered to be owned for either Alabama  
192 or federal income tax purposes or both, or subject to  
193 acquisition pursuant to a binding contract, by the lessee or  
194 by a corporation, partnership, or other entity controlled by,  
195 or under common control with, the lessee.

196           b. The leased tangible personal property, or the right



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197 to ownership thereof, shall have been acquired by the lessor  
198 from the lessee or a corporation, partnership, or other entity  
199 controlled by, or under common control with, that lessee and  
200 leased back to the lessee under a lease that is considered a  
201 lease and not a sale for either Alabama or federal income tax  
202 purposes, or both, and that has a term of not less than 15  
203 years, except that the lessor and the lessee may agree in the  
204 lease or any subsequent amendment thereof for the termination  
205 of the lease on any date through purchase of the leased  
206 tangible personal property by the lessee, which right to  
207 purchase the property shall be exercisable solely at the  
208 option of the lessee.

209 c. The appropriate sales or use tax levied by the state  
210 shall have been paid with respect to the acquisition or use of  
211 the leased tangible personal property, or, alternatively, the  
212 acquisition or use of that property shall be exempt by law  
213 from such sales or use tax.

214 d. The leased tangible personal property shall be  
215 installed in or about an industrial plant or other real  
216 property that was specially constructed or modified for the  
217 location and use of the tangible personal property and that is  
218 owned, or considered to be owned, for either Alabama or  
219 federal income tax purposes or both, by a corporation,  
220 partnership, or other entity controlled by, or under common  
221 control with, the lessee of such tangible personal property.

222 e. The leased tangible property shall be used only by a  
223 lessee engaged in the iron and steel industry, and the  
224 exemption from the tax levied by this article shall apply only





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225 to the gross proceeds derived from leases that become binding  
226 contracts of the parties thereto within 180 calendar days  
227 following the date on which the act adding the exemption  
228 contained in this subsection (14) shall become effective.

229 (15) The gross proceeds accruing from a motor vehicle  
230 lease transaction for a duration of at least 180 days with the  
231 federal government, or any state, county, or municipal entity  
232 within the state, including a public school board or an  
233 individual public school, or any entity eligible for a sales  
234 tax exemption under federal law or Section 40-23-5.

235 (16) The gross proceeds accruing from the leasing or  
236 rental of a vehicle or vessel exempt from taxation pursuant to  
237 of Section 40-26-1(d)."

238 Section 2. This act shall become effective on September  
239 1, 2024.