



**House Ways and Means Education Reported Substitute
for HB51**

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A BILL
TO BE ENTITLED
AN ACT

To amend Section 40-23-4, Code of Alabama 1975,
relating to sales and use tax exemptions, to exempt the gross
proceeds from the sale or sales of hearing instruments,
including hearing aids from sales and use tax.

BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

Section 1. Section 40-23-4, Code of Alabama 1975, is
amended to read as follows:

"§40-23-4

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

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



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

33 (3) The gross proceeds of the sale, or sales, of seeds
34 for planting purposes and baby chicks and poults. Nothing
35 herein shall be construed to exempt or exclude from the
36 computation of the tax levied, assessed, or payable, the gross
37 proceeds of the sale or sales of plants, seedlings, nursery
38 stock, or floral products.

39 (4) The gross proceeds of sales of insecticides and
40 fungicides when used for agricultural purposes or when used by
41 persons properly permitted by the Department of Agriculture
42 and Industries or any applicable local or state governmental
43 authority for structural pest control work and feed for
44 livestock and poultry, but not including prepared food for
45 dogs and cats.

46 (5) The gross proceeds of sales of all livestock by
47 whomsoever sold, and also the gross proceeds of poultry and
48 other products of the farm, dairy, grove, or garden, when in
49 the original state of production or condition of preparation
50 for sale, when such sale or sales are made by the producer or
51 members of the producer's immediate family or for the producer
52 by those employed by the producer to assist in the production
53 thereof. Nothing herein shall be construed to exempt or
54 exclude from the measure or computation of the tax levied,
55 assessed, or payable hereunder, the gross proceeds of sales of
56 poultry or poultry products when not products of the farm.



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57 (6) Cottonseed meal exchanged for cottonseed at or by
58 cotton gins.

59 (7) The gross receipts from the business on which, or
60 for engaging in which, a license or privilege tax is levied by
61 or under Sections 40-21-50, 40-21-53, and 40-21-56 through
62 40-21-60; provided, that nothing contained in this subdivision
63 shall be construed to exempt or relieve the person or persons
64 operating the business enumerated in these sections from the
65 payments of the tax levied by this division upon or measured
66 by the gross proceeds of sales of any tangible personal
67 property, except gas and water, the gross receipts from the
68 sale of which are the measure of the tax levied by Section
69 40-21-50, merchandise or other tangible commodities sold at
70 retail by the persons, unless the gross proceeds of sale
71 thereof are otherwise specifically exempted by this division.

72 (8) The gross proceeds of sales or gross receipts of or
73 by any person, firm, or corporation, from the sale of
74 transportation, gas, water, or electricity, of the kinds and
75 natures, the rates and charges for which, when sold by public
76 utilities, are customarily fixed and determined by the Public
77 Service Commission of Alabama or like regulatory bodies.

78 (9) The gross proceeds of the sale, or sales of wood
79 residue, coal, or coke to manufacturers, electric power
80 companies, and transportation companies for use or consumption
81 in the production of by-products, or the generation of heat or
82 power used in manufacturing tangible personal property for
83 sale, for the generation of electric power or energy for use
84 in manufacturing tangible personal property for sale or for



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85 resale, or for the generation of motive power for
86 transportation.

87 (10) The gross proceeds from the sale or sales of fuel
88 and supplies for use or consumption aboard ships, vessels,
89 towing vessels, or barges, or drilling ships, rigs or barges,
90 or seismic or geophysical vessels, or other watercraft (herein
91 for purposes of this exemption being referred to as "vessels")
92 engaged in foreign or international commerce or in interstate
93 commerce; provided, that nothing in this division shall be
94 construed to exempt or exclude from the measure of the tax
95 herein levied the gross proceeds of sale or sales of material
96 and supplies to any person for use in fulfilling a contract
97 for the painting, repair, or reconditioning of vessels,
98 barges, ships, other watercraft, and commercial fishing
99 vessels of over five tons load displacement as registered with
100 the U.S. Coast Guard and licensed by the State of Alabama
101 Department of Conservation and Natural Resources.

102 For purposes of this subdivision, it shall be presumed
103 that vessels engaged in the transportation of cargo between
104 ports in the State of Alabama and ports in foreign countries
105 or possessions or territories of the United States or between
106 ports in the State of Alabama and ports in other states are
107 engaged in foreign or international commerce or interstate
108 commerce, as the case may be. For the purposes of this
109 subdivision, the engaging in foreign or international commerce
110 or interstate commerce shall not require that the vessel
111 involved deliver cargo to or receive cargo from a port in the
112 State of Alabama. For purposes of this subdivision, vessels



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113 carrying passengers for hire, and no cargo, between ports in
114 the State of Alabama and ports in foreign countries or
115 possessions or territories of the United States or between
116 ports in the State of Alabama and ports in other states shall
117 be engaged in foreign or international commerce or interstate
118 commerce, as the case may be, if, and only if, both of the
119 following conditions are met: (i) The vessel in question is a
120 vessel of at least 100 gross tons; and (ii) the vessel in
121 question has an unexpired certificate of inspection issued by
122 the United States Coast Guard or by the proper authority of a
123 foreign country for a foreign vessel, which certificate is
124 recognized as acceptable under the laws of the United States.
125 Vessels that are engaged in foreign or international commerce
126 or interstate commerce shall be deemed for the purposes of
127 this subdivision to remain in such commerce while awaiting or
128 under repair in a port of the State of Alabama if the vessel
129 returns after such repairs are completed to engaging in
130 foreign or international commerce or interstate commerce. For
131 purposes of this subdivision, seismic or geophysical vessels
132 which are engaged either in seismic or geophysical tests or
133 evaluations exclusively in offshore federal waters or in
134 traveling to or from conducting such tests or evaluations
135 shall be deemed to be engaged in international or foreign
136 commerce. For purposes of this subdivision, proof that fuel
137 and supplies purchased are for use or consumption aboard
138 vessels engaged in foreign or international commerce or in
139 interstate commerce may be accomplished by the merchant or
140 seller securing the duly signed certificate of the vessel



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141 owner, operator, or captain or such person's respective agent,
142 on a form prescribed by the department, that the fuel and
143 supplies purchased are for use or consumption aboard vessels
144 engaged in foreign or international commerce or in interstate
145 commerce. Any person filing a false certificate shall be
146 guilty of a misdemeanor and upon conviction shall be fined not
147 less than twenty-five dollars (\$25) nor more than five hundred
148 dollars (\$500) for each offense. Each false certificate filed
149 shall constitute a separate offense. Any person filing a false
150 certificate shall be liable to the department for all taxes
151 imposed by this division upon the merchant or seller, together
152 with any interest or penalties thereon, by reason of the sale
153 or sales of fuel and supplies applicable to the false
154 certificate. If a merchant or seller of fuel and supplies
155 secures the certificate herein mentioned, properly completed,
156 the merchant or seller shall not be liable for the taxes
157 imposed by this division, if the merchant or seller had no
158 knowledge that the certificate was false when it was filed
159 with the merchant or seller.

160 (11) The gross proceeds of sales of tangible personal
161 property to the State of Alabama, to the counties within the
162 state and to incorporated municipalities of the State of
163 Alabama.

164 (12) The gross proceeds of the sale or sales of
165 railroad cars, vessels, barges, and commercial fishing vessels
166 of over five tons load displacement as registered with the
167 U.S. Coast Guard and licensed by the State of Alabama
168 Department of Conservation and Natural Resources, when sold by



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169 the manufacturers or builders thereof.

170 (13) The gross proceeds of the sale or sales of
171 materials, equipment, and machinery that, at any time, enter
172 into and become a component part of ships, vessels, towing
173 vessels or barges, or drilling ships, rigs or barges, or
174 seismic or geophysical vessels, other watercraft and
175 commercial fishing vessels of over five tons load displacement
176 as registered with the U.S. Coast Guard and licensed by the
177 State of Alabama Department of Conservation and Natural
178 Resources. Additionally, the gross proceeds from the sale or
179 sales of lifeboats, personal flotation devices, ring life
180 buoys, survival craft equipment, distress signals, EPIRB's,
181 fire extinguishers, injury placards, waste management plans
182 and logs, marine sanitation devices, navigation rulebooks,
183 navigation lights, sound signals, navigation day shapes, oil
184 placard cards, garbage placards, FCC SSL, stability
185 instructions, first aid equipment, compasses, anchor and radar
186 reflectors, general alarm systems, bilge pumps, piping, and
187 discharge and electronic position fixing devices which are
188 used on the aforementioned watercraft.

189 (14) The gross proceeds of the sale or sales of fuel
190 oil purchased as fuel for kiln use in manufacturing
191 establishments.

192 (15) The gross proceeds of the sale or sales of
193 tangible personal property to county and city school boards
194 within the State of Alabama, independent school boards within
195 the State of Alabama, all educational institutions and
196 agencies of the State of Alabama, the counties within the



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197 state, or any incorporated municipalities of the State of
198 Alabama, and private educational institutions operating within
199 the State of Alabama offering conventional and traditional
200 courses of study, such as those offered by public schools,
201 colleges, or universities within the State of Alabama; but not
202 including nurseries, day care centers, and home schools.

203 (16) The gross proceeds from the sale of all devices or
204 facilities, and all identifiable components thereof, or
205 materials for use therein, acquired primarily for the control,
206 reduction, or elimination of air or water pollution and the
207 gross proceeds from the sale of all identifiable components
208 of, or materials used or intended for use in, structures built
209 primarily for the control, reduction, or elimination of air
210 and water pollution.

211 (17) The gross proceeds of sales of tangible personal
212 property or the gross receipts of any business which the state
213 is prohibited from taxing under the Constitution or laws of
214 the United States or under the Constitution of this state.

215 (18) When dealers or distributors use parts taken from
216 stocks owned by them in making repairs without charge for the
217 parts to the owner of the property repaired pursuant to
218 warranty agreements entered into by manufacturers, such use
219 shall not constitute taxable sales to the manufacturers,
220 distributors, or to the dealers, under this division or under
221 any county sales tax law.

222 (19) The gross proceeds received from the sale or
223 furnishing of food, including potato chips, candy, fruit and
224 similar items, soft drinks, tobacco products, and stationery



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225 and other similar or related articles by hospital canteens
226 operated by Alabama state hospitals at Bryce Hospital and
227 Partlow State School for Mental Deficients at Tuscaloosa,
228 Alabama, and Searcy Hospital at Mt. Vernon, Alabama, for the
229 benefit of the patients therein.

230 (20) The gross proceeds of the sale, or sales, of
231 wrapping paper and other wrapping materials when used in
232 preparing poultry or poultry products for delivery, shipment,
233 or sale by the producer, processor, packer, or seller of such
234 poultry or poultry products, including pallets used in
235 shipping poultry and egg products, paper or other materials
236 used for lining boxes or other containers in which poultry or
237 poultry products are packed together with any other materials
238 placed in such containers for the delivery, shipment, or sale
239 of poultry or poultry products.

240 (21) The gross proceeds of the sales of all
241 antibiotics, hormones and hormone preparations, drugs,
242 medicines or medications, vitamins, minerals or other
243 nutrients, and all other feed ingredients including
244 concentrates, supplements, and other feed ingredients when
245 such substances are used as ingredients in mixing and
246 preparing feed for fish raised to be sold on a commercial
247 basis, livestock, and poultry. Such exemption herein granted
248 shall be in addition to exemptions now provided by law for
249 feed for fish raised to be sold on a commercial basis,
250 livestock, and poultry, but not including prepared foods for
251 dogs or cats.

252 (22) The gross proceeds of the sale, or sales, of



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253 seedlings, plants, shoots, and slips which are to be used for
254 planting vegetable gardens or truck farms and other
255 agricultural purposes. Nothing herein shall be construed to
256 exempt, or exclude from the computation of the tax levied,
257 assessed, or payable, the gross proceeds of the sale, or the
258 use of plants, seedlings, shoots, slips, nursery stock, and
259 floral products, except as hereinabove exempted.

260 (23) The gross proceeds of the sale, or sales, of
261 fabricated steel tube sections, when produced and fabricated
262 in this state by any person, firm, or corporation for any
263 vehicular tunnel for highway vehicular traffic, when sold by
264 the manufacturer or fabricator thereof, and also the gross
265 proceeds of the sale, or sales, of steel which enters into and
266 becomes a component part of such fabricated steel tube
267 sections of said tunnel.

268 (24) The gross proceeds from sales of admissions to any
269 theatrical production, symphonic or other orchestral concert,
270 ballet, or opera production when the concert or production is
271 presented by any society, association, guild, or workshop
272 group, organized within this state, whose members or some of
273 whose members regularly and actively participate in the
274 concerts or productions for the purposes of providing a
275 creative outlet for the cultural and educational interests of
276 its members, and of promoting such interests for the
277 betterment of the community by presenting the productions to
278 the general public for an admission charge. The employment of
279 a paid director or conductor to assist in any such
280 presentation described in this subdivision shall not be



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281 construed to prohibit the exemptions herein provided.

282 (25) The gross proceeds of sales of "herbicides" for
283 agricultural uses by whomsoever sold. The term herbicides, as
284 used in this subdivision, means any substance or mixture of
285 substances intended to prevent, destroy, repel, or retard the
286 growth of weeds or plants. The term includes preemergence
287 herbicides, postemergence herbicides, lay-by herbicides,
288 pasture herbicides, defoliant herbicides, and desiccant
289 herbicides.

290 (26) The Alabama Chapter of the Cystic Fibrosis
291 Research Foundation and the Jefferson Tuberculosis Sanatorium
292 and any of their departments or agencies, heretofore or
293 hereafter organized and existing in good faith in the State of
294 Alabama for purposes other than for pecuniary gain and not for
295 individual profit, shall be exempted from the computation of
296 the tax on the gross proceeds of all sales levied, assessed,
297 or payable.

298 (27) The gross proceeds from the sale or sales of fuel
299 for use or consumption aboard commercial fishing vessels are
300 exempt from the computation of all sales taxes levied,
301 assessed, or payable under this division or levied under any
302 county or municipal sales tax law.

303 (28) The gross proceeds from the sales of rope, fishing
304 nets, tools, or any substitute used directly in the process of
305 commercial fishing by a holder of a commercial license issued
306 pursuant to Chapter 12 of Title 9.

307 (29) The gross proceeds of sales of sawdust, wood
308 shavings, wood chips, and other like materials sold for use as



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309 chicken litter by poultry producers and poultry processors.

310 (30) The gross proceeds of the sales of all
311 antibiotics, hormones and hormone preparations, drugs,
312 medicines, and other medications including serums and
313 vaccines, vitamins, minerals, or other nutrients for use in
314 the production and growing of fish, livestock, and poultry by
315 whomsoever sold. The exemption herein granted shall be in
316 addition to the exemption provided by law for feed for fish,
317 livestock, and poultry, and in addition to the exemptions
318 provided by law for the above-enumerated substances and
319 products when mixed and used as ingredients in fish,
320 livestock, and poultry feed.

321 (31) The gross proceeds of the sale or sales of all
322 medicines prescribed by physicians for persons who are 65
323 years of age or older, and when the prescriptions are filled
324 by licensed pharmacists, shall be exempted under this division
325 or under any county or municipal sales tax law. The exemption
326 provided in this section shall not apply to any medicine
327 purchased in any manner other than as is herein provided.

328 For the purposes of this subdivision, proof of age may
329 be accomplished by filing with the dispensing pharmacist any
330 one or more of the following documents:

331 a. The name and claim number as shown on a Medicare
332 card issued by the United States Social Security
333 Administration.

334 b. A certificate executed by any adult person having
335 knowledge of the fact that the person for whom the medicine
336 was prescribed is not less than 65 years of age.



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337 c. An affidavit executed by any adult person having
338 knowledge of the fact that the person for whom the medicine
339 was prescribed is not less than 65 years of age.

340 For the purposes of this subdivision, any person filing
341 a false proof of age shall be guilty of a misdemeanor and upon
342 conviction thereof shall be punished by a fine of one hundred
343 dollars (\$100).

344 (32) There shall be exempted from the tax levied by
345 this division the gross receipts of sales of grass sod of all
346 kinds and character when in the original state of production
347 or condition of preparation for sale, when the sales are made
348 by the producer or members of the producer's family or for the
349 producer by those employed by the producer to assist in the
350 production thereof; provided, that nothing herein shall be
351 construed to exempt sales of sod by a person engaged in the
352 business of selling plants, seedlings, nursery stock, or
353 floral products.

354 (33) The gross receipts of sales of the following items
355 or materials that are necessary in the farm-to-market
356 production of tomatoes when such items or materials are used
357 by the producer or members of the producer's family or for the
358 producer by those employed by the producer to assist in the
359 production thereof: Twine for tying tomatoes, tomato stakes,
360 field boxes (wooden boxes used to take tomatoes from the
361 fields to shed), and tomato boxes used in shipments to
362 customers.

363 (34) The gross proceeds from the sale of liquefied
364 petroleum gas or natural gas sold to be used for agricultural



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365 purposes.

366 (35) The gross receipts of sales from state nurseries
367 of forest tree seedlings.

368 (36) The gross receipts of sales of forest tree seed by
369 the state.

370 (37) The gross receipts of sales of Lespedeza bicolor
371 and other species of perennial plant seed and seedlings sold
372 for wildlife and game food production purposes by the state.

373 (38) The gross receipts of any aircraft manufactured,
374 sold, and delivered in this state if the aircraft are not
375 permanently domiciled in Alabama and are removed to another
376 state.

377 (39) The gross proceeds from the sale or sales of all
378 diesel fuel used for off-highway agricultural purposes.

379 (40) The gross proceeds from sales of admissions to any
380 sporting event that:

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

383 b. Is hosted by a not-for-profit corporation organized
384 and existing under the laws of the State of Alabama; and

385 c. Determines a national championship of a national
386 organization, including, but not limited to, the Professional
387 Golfers Association of America, the Tournament Players
388 Association, the United States Golf Association, the United
389 States Tennis Association, and the National Collegiate
390 Athletic Association; and

391 d. Has not been held in the State of Alabama on more
392 than one prior occasion, provided, however, that for such



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393 purpose the Professional Golfers Association Championship, the
394 United States Open Golf Championship, the United States
395 Amateur Golf Championship of the United States Golf
396 Association, and the United States Open Tennis Championship
397 shall each be treated as a separate event.

398 (41) The gross receipts from the sale of any aircraft
399 and replacement parts, components, systems, supplies, and
400 sundries affixed or used on the aircraft and ground support
401 equipment and vehicles used by or for the aircraft to or by a
402 certificated or licensed air carrier with a hub operation
403 within this state, for use in conducting intrastate,
404 interstate, or foreign commerce for transporting people or
405 property by air. For the purpose of this subdivision, the
406 words "hub operation within this state" shall be construed to
407 have both of the following criteria:

408 a. There originates from the location 15 or more flight
409 departures and five or more different first-stop destinations
410 five days per week for six or more months during the calendar
411 year.

412 b. Passengers or property or both are regularly
413 exchanged at the location between flights of the same or a
414 different certificated or licensed air carrier.

415 (42) The gross receipts from the sale of hot or cold
416 food and beverage products sold to or by a certificated or
417 licensed air carrier with a hub operation within this state,
418 for use in conducting intrastate, interstate, or foreign
419 commerce for transporting people or property by air. For the
420 purpose of this subdivision, the words "hub operation within



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421 this state" shall be construed to have all of the following
422 criteria:

423 a. There originates from the location 15 or more flight
424 departures and five or more different first-stop destinations
425 five days per week for six or more months during the calendar
426 year.

427 b. Passengers or property or both are regularly
428 exchanged at the location between flights of the same or a
429 different certificated or licensed air carrier.

430 (43) The gross receipts from the sale of any aviation
431 jet fuel to a certificated or licensed air carrier purchased
432 for use in scheduled all-cargo operations being conducted on
433 international flights or in international commerce. For
434 purposes of this subdivision, the following words or terms
435 shall be defined and interpreted as follows:

436 a. Air Carrier. Any person, firm, corporation, or
437 entity undertaking by any means, directly or indirectly, to
438 provide air transportation.

439 b. All-Cargo Operations. Any flight conducted by an air
440 carrier for compensation or hire other than a passenger
441 carrying flight, except passengers as specified in 14 C.F.R. §
442 121.583(a) or 14 C.F.R. § 135.85, as amended.

443 c. International Commerce. Any air carrier engaged in
444 all-cargo operations transporting goods for compensation or
445 hire on international flights.

446 d. International Flights. Any air carrier conducting
447 scheduled all-cargo operations between any point within the 50
448 states of the United States and the District of Columbia and



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449 any point outside the 50 states of the United States and the
450 District of Columbia, including any interim stops within the
451 United States so long as the ultimate origin or destination of
452 the aircraft is outside the United States and the District of
453 Columbia.

454 (44) The gross proceeds of the sale or sales of the
455 following:

456 a. Drill pipe, casing, tubing, and other pipe used for
457 the exploration for or production of oil, gas, sulphur, or
458 other minerals in offshore federal waters.

459 b. Tangible personal property exclusively used for the
460 exploration for or production of oil, gas, sulphur, or other
461 minerals in offshore federal waters.

462 c. Fuel and supplies for use or consumption aboard
463 boats, ships, aircraft, and towing vessels when used
464 exclusively in transporting persons or property between a
465 point in Alabama and a point or points in offshore federal
466 waters for the exploration for or production of oil, gas,
467 sulphur, or other minerals in offshore federal waters.

468 d. Drilling equipment that is used for the exploration
469 for or production of oil, gas, sulphur, or other minerals,
470 that is built for exclusive use outside this state and that
471 is, on completion, removed forthwith from this state.

472 The delivery of items exempted by this subdivision to
473 the purchaser or lessee in this state does not disqualify the
474 purchaser or lessee from the exemption if the property is
475 removed from the state by any means, including by the use of
476 the purchaser's or lessee's own facilities.



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477 The shipment to a place in this state of equipment
478 exempted by this subdivision for further assembly or
479 fabrication does not disqualify the purchaser or lessee from
480 the exemption if on completion of the further assembly or
481 fabrication the equipment is removed forthwith from this
482 state. This subdivision applies to a sale that may occur when
483 the equipment exempted is further assembled or fabricated if
484 on completion the equipment is removed forthwith from this
485 state.

486 (45) The gross receipts derived from all bingo games
487 and operations that are conducted in compliance with validly
488 enacted legislation authorizing the conduct of such games and
489 operations, and which comply with the distribution
490 requirements of the applicable local laws; provided that the
491 exemption from sales taxation granted by this subdivision
492 shall apply only to gross receipts taxable under subdivision
493 (2) of Section 40-23-2. It is further provided that this
494 exemption shall not apply to any gross receipts from the sale
495 of tangible personal property, such as concessions, novelties,
496 food, beverages, etc. The exemption provided for in this
497 section shall be limited to those games and operations by
498 organizations that have qualified for exemption under the
499 provisions of 26 U.S.C. § 501 (c) (3), (4), (7), (8), (10), or
500 (19), or which are defined in 26 U.S.C. § 501(d).

501 (46) The gross receipts derived from the sale or sales
502 of fruit or other agricultural products by the person or
503 company, as defined in Section 40-23-1, that planted or
504 cultivated and harvested the fruit or agricultural product,



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505 when the land is owned or leased by the seller.

506 (47) The gross receipts derived from the sale or sales
507 of all domestically mined or produced coal, coke, and coke
508 by-products used in cogeneration plants.

509 (48) The gross receipts from the sale or sales of
510 metal, other than gold or silver, when such metal is purchased
511 for the purpose of transferring such metal to an investment
512 trust in exchange for shares or other units, each of which are
513 both publicly traded and represent fractional undivided
514 beneficial interests in the trust's net assets, including
515 metal stored in warehouses located in this state, as well as
516 the gross proceeds from the sale or other transfer of such
517 metal to or from the investment trust in exchange for shares
518 or other units that are publicly traded and represent
519 fractional undivided beneficial interests in the trust's net
520 assets but not to the extent that metal is transferred to or
521 from the investment trust in exchange for consideration other
522 than such publicly traded shares or other units. For purposes
523 of this subdivision, the term "metals" includes, but is not
524 limited to, copper, aluminum, nickel, zinc, tin, lead, and
525 other similar metals typically used in commercial and
526 industrial applications.

527 (49)a. For the period commencing on October 1, 2012,
528 and ending May 30, 2027, the gross receipts from the sale of
529 parts, components, and systems that become a part of a fixed
530 or rotary wing military aircraft or certified transport
531 category aircraft that undergoes conversion, reconfiguration,
532 or general maintenance so long as the address of the aircraft



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533 for FAA registration is not in the state; provided, however,
534 that this exemption shall not apply to a local sales tax
535 unless previously exempted by local law or approved by
536 resolution of the local governing body.

537 b. The exemption authorized by this subdivision shall
538 not be available for sales of parts, components, or systems
539 for new contracts or projects entered into after May 30, 2027,
540 unless the Legislature enacts legislation to continue or
541 reinstate the exemption for new contracts or projects after
542 that date. No action or inaction on the part of the
543 Legislature shall reduce, suspend, or disqualify sales of
544 parts, components, or systems from the exemption in any past
545 year or future years until May 30, 2030, with respect to
546 contracts or projects entered into on or before May 30, 2027;
547 it being the sole intent that failure of the Legislature to
548 enact legislation to reinstate the exemption for new contracts
549 or projects after May 30, 2027, shall affect only the
550 availability of the exemption to new contracts and projects
551 after that date and shall not affect availability of the
552 exemption for contracts or projects entered into on or before
553 May 30, 2027, for which the exemption shall be available until
554 May 30, 2030.

555 (50) The gross proceeds from the sale or sales within
556 school buildings of lunches to pupils of kindergarten,
557 grammar, and high schools, either public or private, that are
558 not sold for profit.

559 (51) The gross proceeds of services provided by
560 photographers, including, but not limited to, sitting fees and



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561 consultation fees, even when provided as part of a transaction
562 ultimately involving the sale of one or more photographs, so
563 long as the exempt services are separately stated to the
564 customer on a bill of sale, invoice, or like memorialization
565 of the transaction. For transactions occurring before October
566 1, 2017, neither the Department of Revenue nor local tax
567 officials may seek payment for sales tax not collected. With
568 regard to such transactions in which sales tax was collected
569 and remitted on services provided by photographers, neither
570 the taxpayer nor the entity remitting sales tax shall have the
571 right to seek refund of such tax.

572 (52) a. For the period commencing on June 1, 2018, and
573 ending 10 years thereafter, unless extended by an act of the
574 Legislature, the gross proceeds of sales of bullion or money,
575 as defined in Section 40-1-1(7).

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

578 1. Bullion. Gold, silver, platinum, palladium, or a
579 combination of each precious metal, that has gone through a
580 refining process and for which the item's value depends on its
581 mass and purity, and not on its form, numismatic value, or
582 other value. The term includes bullion in the form of bars,
583 ingots, rounds, or coins that meet the requirements set forth
584 above. Qualifying bullion may contain other metals or
585 substances, provided that the other substances are minimal in
586 value compared with the value of the gold, silver, platinum,
587 or palladium and the other substances do not add value to the
588 item. For purposes of this subparagraph, "gold, silver,



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589 platinum, or palladium" does not include jewelry or works of
590 art.

591 2. Mass. An item's mass is its weight in precious
592 metal.

593 3. Numismatic Value. An external value above and beyond
594 the base value of the underlying precious metal, due to the
595 item's rarity, condition, age, or other external factor.

596 4. Purity. An item's purity is the proportion of
597 precious metal contained within.

598 c. In order for bullion to qualify for the sales tax
599 exemption, gold, silver, platinum, and palladium items must
600 meet all of the following requirements:

601 1. Must be refined.

602 2. Must contain at least 80 percent gold, silver,
603 platinum, or palladium or some combination of these metals.

604 3. The sales price of the item must fluctuate with and
605 depend on the market price of the underlying precious metal,
606 and not on the item's rarity, condition, age, or other
607 external factor.

608 (53) a. The gross proceeds of the initial retail sales
609 of adaptive equipment that is permanently affixed to a motor
610 vehicle.

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

613 1. Adaptive Equipment. Equipment not generally used by
614 persons with normal mobility that is appropriate for use in a
615 motor vehicle and that is not normally provided by a motor
616 vehicle manufacturer.



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617 2. Motor Vehicle. A vehicle as defined in Section
618 40-12-240.

619 3. Motor Vehicle Manufacturer. Every person engaged in
620 the business of constructing or assembling vehicles or
621 manufactured homes.

622 c. In order to qualify for the exemption provided for
623 herein, the adaptive equipment must be separately stated to
624 the customer on a bill of sale, invoice, or like
625 memorialization of the transaction.

626 (54) For the period commencing on October 1, 2022, and
627 ending September 30, 2027, unless extended by an act of the
628 Legislature, the gross receipts derived from the sale of
629 producer value added agricultural products when the sale is
630 made by the producer or by the producer's immediate family, or
631 for the producer by the producer's employees.

632 (55) The gross proceeds of the sale or sales of hearing
633 instruments as defined in Section 34-14-1, including hearing
634 aids. The exemption provided in this subdivision shall not
635 apply to county or municipal sales taxes unless approved by
636 resolution or ordinance adopted by the local governing body.

637 (b) Any violation of any provision of this section
638 shall be punishable in a court of competent jurisdiction by a
639 fine of not less than five hundred dollars (\$500) and no more
640 than two thousand dollars (\$2,000) and imprisonment of not
641 less than six months nor more than one year in the county
642 jail."

643 Section 2. This act shall become effective on September
644 1, 2024.