



**House Ways and Means Education Reported Substitute  
for HB244**

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28

A BILL  
TO BE ENTITLED  
AN ACT

Relating to the utility gross receipts tax and utility service use tax; to amend Sections 40-21-83 and 40-21-103, Code of Alabama 1975, to exclude the use of natural gas or electricity in commercial greenhouses, pivot irrigation systems, and poultry houses from the taxes.

BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

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

"§40-21-83

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

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

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

(3) Wholesale sales.

(4) The furnishing of electricity, natural gas, or



**House Ways and Means Education Reported Substitute  
for HB244**

29 domestic water for use or consumption by, in, or for the  
30 direct production, generation, processing, storage, delivery,  
31 or transmission of electricity, natural gas, or domestic  
32 water.

33 (5) The furnishing of electricity to a manufacturer or  
34 compounder for use in an electrolytic or electrothermal  
35 manufacturing or compounding process.

36 (6) The furnishing of natural gas to a manufacturer or  
37 compounder as a chemical raw material in the manufacturing or  
38 compounding of tangible personal property, but not as fuel or  
39 energy.

40 (7) The furnishing of natural gas to be used by a  
41 manufacturer or compounder to chemically convert raw materials  
42 prior to the use of the converted raw materials in an  
43 electrolytic or electrothermal manufacturing or compounding  
44 process.

45 (8) The use or consumption of electricity by an  
46 incorporated municipality, a board, or corporation organized  
47 under the authority of any incorporated municipality in  
48 furnishing or providing street lighting or traffic-control  
49 systems; the use or consumption of telephone services by an  
50 incorporated municipality in providing fire alarm systems; and  
51 the use or consumption of domestic water by an incorporated  
52 municipality in extinguishing fires, explosions, or  
53 conflagrations.

54 (9) **a.** The furnishing of natural gas or electricity for  
55 use or consumption as fuel or energy in ~~and for the heating of~~  
56 commercial greenhouses, pivot irrigation systems, and poultry



**House Ways and Means Education Reported Substitute  
for HB244**

57 houses.

58 b. The exclusion provided in this subdivision shall not  
59 include the furnishing of natural gas or electricity for use  
60 or consumption as fuel or energy in the production of  
61 industrial hemp or hemp, as defined in Section 2-8-381, or  
62 cannabis, as defined in Section 20-2A-3.

63 (10) The furnishing of utility services through the use  
64 of a prepaid telephone calling card."

65 "§40-21-103

66 The storage, use, or other consumption of utility  
67 services in the State of Alabama is hereby specifically  
68 excluded from the tax herein levied:

69 (1) Whenever the State of Alabama is prohibited from  
70 taxing such storage, use, or consumption under the  
71 Constitution or laws of the United States of America or the  
72 Constitution of ~~the State of~~ Alabama of 2022;

73 (2) Whenever any tax relating to the sale, use,  
74 storage, or consumption of said utility services shall be  
75 levied under the provisions of Article 2 of Chapter 23 of this  
76 title, or under the provisions of Sections 40-23-1 through  
77 40-23-36 or the Alabama Transaction Tax Act of 1992 if enacted  
78 into law;

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

81 (4) Whenever electricity, natural gas, or domestic  
82 water shall have been used or consumed directly in or for the  
83 production, generation, processing, storage, delivery, or  
84 transmission of electricity, natural gas, or domestic water;



**House Ways and Means Education Reported Substitute  
for HB244**

85 (5) Whenever electricity purchased for storage, use, or  
86 other consumption is used or consumed by a manufacturer or  
87 compounder in an electrolytic or electrothermal manufacturing  
88 or compounding process;

89 (6) Whenever natural gas purchased for storage, use, or  
90 other consumption is used or consumed by a manufacturer or  
91 compounder as a chemical raw material in the manufacturing or  
92 compounding of tangible personal property, but not as fuel or  
93 energy;

94 (7) Whenever natural gas purchased for storage, use, or  
95 other consumption is used by a manufacturer or compounder to  
96 chemically convert raw materials prior to the use of such  
97 converted raw materials in an electrolytic or electrothermal  
98 manufacturing or compounding process;

99 (8) Whenever the sales price of said utility services  
100 shall be included as a part of the gross receipts or gross  
101 sales of a utility subject to the utility gross receipts tax  
102 for the purpose of calculating the utility gross receipts tax  
103 payable by said utility;

104 (9) Whenever electricity purchased for storage, use, or  
105 other consumption is used or consumed in a process for the  
106 isotopic enrichment of uranium and when said electricity is  
107 purchased from a subsidiary corporation of the corporation  
108 engaged in the isotopic enrichment of uranium; ~~and~~

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

111 (11) a. Whenever natural gas or electricity purchased  
112 for storage, use, or other consumption is used or consumed as



**House Ways and Means Education Reported Substitute  
for HB244**

113 fuel or energy in commercial greenhouses, pivot irrigation  
114 systems, and poultry houses.

115 b. The exclusion provided in this subdivision shall not  
116 include natural gas or electricity purchased for storage, use,  
117 or other consumption as fuel or energy in the production of  
118 industrial hemp or hemp, as defined in Section 2-8-381, or  
119 cannabis, as defined in Section 20-2A-3."

120 Section 2. This act shall become effective on  
121 September 1, 2026.