

SB159 ENROLLED



1 SB159
2 7BY7N22-3
3 By Senators Williams, Sessions, Kitchens, Shelnut, Roberts,
4 Woods, Bell, Price, Butler, Barfoot, Allen, Carnley, Melson,
5 Jones, Hovey, Kelley
6 RFD: Finance and Taxation General Fund
7 First Read: 14-Jan-26



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1 Enrolled, An Act,

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

10 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

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

13 "§40-21-83

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

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

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

23 (3) Wholesale sales.

24 (4) The furnishing of electricity, natural gas, or
25 domestic water for use or consumption by, in, or for the
26 direct production, generation, processing, storage, delivery,
27 or transmission of electricity, natural gas, or domestic
28 water.



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29 (5) The furnishing of electricity to a manufacturer or
30 compounder for use in an electrolytic or electrothermal
31 manufacturing or compounding process.

32 (6) The furnishing of natural gas to a manufacturer or
33 compounder as a chemical raw material in the manufacturing or
34 compounding of tangible personal property, but not as fuel or
35 energy.

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

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

50 (9) a. The furnishing of natural gas or electricity for
51 use or consumption as fuel or energy in ~~and for the heating of~~
52 commercial aquaculture aeration systems, commercial
53 greenhouses, pivot irrigation systems, and poultry houses.

54 b. The exclusion provided in this subdivision shall not
55 include the furnishing of natural gas or electricity for use
56 or consumption as fuel or energy in the production of



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57 industrial hemp or hemp, as defined in Section 2-8-381, or
58 cannabis, as defined in Section 20-2A-3.

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

61 "§40-21-103

62 The storage, use, or other consumption of utility
63 services in the State of Alabama is hereby specifically
64 excluded from the tax herein levied:

65 (1) Whenever the State of Alabama is prohibited from
66 taxing such storage, use, or consumption under the
67 Constitution or laws of the United States of America or the
68 Constitution of ~~the State of Alabama~~ of 2022;

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

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

77 (4) Whenever electricity, natural gas, or domestic
78 water shall have been used or consumed directly in or for the
79 production, generation, processing, storage, delivery, or
80 transmission of electricity, natural gas, or domestic water;

81 (5) Whenever electricity purchased for storage, use, or
82 other consumption is used or consumed by a manufacturer or
83 compounder in an electrolytic or electrothermal manufacturing
84 or compounding process;



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

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

95 (8) Whenever the sales price of said utility services
96 shall be included as a part of the gross receipts or gross
97 sales of a utility subject to the utility gross receipts tax
98 for the purpose of calculating the utility gross receipts tax
99 payable by said utility;

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

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

107 (11)a. Whenever natural gas or electricity purchased
108 for storage, use, or other consumption is used or consumed as
109 fuel or energy in commercial aquaculture aeration systems,
110 commercial greenhouses, pivot irrigation systems, and poultry
111 houses.

112 b. The exclusion provided in this subdivision shall not



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113 include natural gas or electricity purchased for storage, use,
114 or other consumption as fuel or energy in the production of
115 industrial hemp or hemp, as defined in Section 2-8-381, or
116 cannabis, as defined in Section 20-2A-3."

117 Section 2. The amendatory language proposed by this
118 act shall be repealed effective August 31, 2029.

119 Section 3. This act shall become effective on September
120 1, 2026.



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President and Presiding Officer of the Senate

Speaker of the House of Representatives

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Senate 17-Mar-26

I hereby certify that the within Act originated in and passed the Senate, as amended.

Patrick Harris,
Secretary.

House of Representatives

Passed: 09-Apr-26

By: Senator Williams