

**REPORT ON**  
**ALABAMA TAX EXPENDITURES**



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**Legislative Services Agency**  
**Fiscal Division**  
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## Overview

Tax expenditures are provisions of law that allow for special treatment of a source of income or certain types of expenses that results in a reduction in the tax liability for a taxpayer or group of taxpayers. In Alabama, these expenditures are established by statute and, in some cases, the Constitution. In most cases, the tax benefits realized by the taxpayer or group of taxpayers could be provided by direct appropriation; therefore, the provisions are referred to as “expenditures”. Expenditures represent revenues that would have otherwise been generated if not for the preferential treatment.

Tax expenditures are intended to achieve a policy objective or encourage some activity. The value or cost of any tax expenditure can be thought of as the amount of money required to provide the same level of support through direct appropriation rather than preferential tax treatment. The benefits of tax expenditures are received by businesses and individual taxpayers and are present in all of Alabama’s major taxes, including the individual income tax, corporate income tax, and sales and use taxes.

The purpose of this report is to list the tax expenditures for major tax sources and, where possible, provide an estimate of the value of the tax expenditures. This report **does not** include:

1. An evaluation or recommendation regarding the various tax expenditures as to their effectiveness in fulfilling the desired public policy objective.
2. Estimates of the impact of the various exemptions on local government revenues, although many of the exemptions also apply to local governments.
3. Estimates of the tax expenditures associated with professional and recreational license fees. Those funds are utilized to regulate the affected profession or activity and do not generate funds for the general benefit of the state.
4. With certain exceptions, revenue lost due to government exemptions is not estimated. The state generally does not tax other governments and many taxes include those types of exemptions.
5. Any incentives or other matters included in the report required by Section 40-18-379, *Code of Alabama 1975*.

d: Indicates a value of \$100,000 or less

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## **Tax Expenditure Report Requirement**

Section 29-5A-46, *Code of Alabama 1975*, requires the Fiscal Division of the Legislative Services Agency to prepare and submit an annual report to the Legislature which lists all state tax expenditures and the estimated costs associated with each of the tax expenditures. For the purposes of this report, tax expenditures mean state revenue losses attributable to a special exclusion, exemption, or deduction, or which provide a special credit or preferential tax rate.

The statute outlines the information required to be included in the report as follows:

1. Each annual tax exemption and its constitutional and/or statutory citation.
2. An estimate of the revenue loss to the state caused by each of the tax expenditures for the most recently completed fiscal year.
3. Tax expenditures, organized by the funds into which the tax expenditures would be dedicated, but for the exemptions and rate differentials.

We will modify future reports as necessary to present any additional information required or eliminate information that is no longer useful.

## **Data Sources and Methodology**

To the extent possible, data from the Alabama Department of Revenue (DOR) was used to estimate the expenditures included in this report. When the required information was not available from the Department, other data sources such as information from other state agencies, the U.S. Census Bureau, the U.S. Bureau of Economic Analysis, the U.S. Department of Labor, proprietary information and secondary sources were used. For the purposes of this report, the Fiscal Division made every effort to provide reliable, well supported estimates of the expenditures. In many instances, certain assumptions were made in an attempt to provide a reasonable estimate. Because of the time required to process income tax returns, the most recent data available from the Department of Revenue for individual income tax is Tax Year (TY) 2017 and Tax Year (TY) 2017 for corporate income tax.

The following methodology was utilized in compiling the estimates:

1. Each tax expenditure item was estimated independently of other tax expenditures although the existence of a tax provision may impact the use of another provision.

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2. Tax expenditure estimates do not consider the impact on other taxes that might result from the elimination of a tax provision.
3. Provisions assigned a value of “(m)” represent a tax expenditure that is estimated to reduce state revenues by less than \$1 million. Provisions assigned a “(d)” represent a tax expenditure that is estimated to reduce state revenues by less than \$100,000.
4. If a lack of information prevents the Fiscal Division from making a reasonable estimate for any tax expenditure, the expenditure is listed with a notation that no estimate is available at this time “NEA”.

### **Summary Charts**

The following pages provide: (1) a recap of the amount of expenditures estimated by tax, including the total estimated revenue loss from the expenditures; (2) the funds affected by the tax expenditures and the revenue loss from the tax expenditures where estimates could be provided; (3) a chart comparing the taxes included in the report with the highest collections in FY2019 and the estimated tax expenditures for those taxes; and (4) a chart illustrating the five tax sources with the largest total tax expenditures.

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## Estimated Cost of Exemptions, Credits, Exclusions, Discounts, and Rate Differentials

(Dollars in Thousands)

Item Number	Tax	Number of Expenditures	Value of Exemptions	Value of Rate Differentials	Value of Discounts	Value of Expenditures (TOTAL)
1	Ad Valorem Tax	53	\$95,116	\$493,684		\$588,800
2	Aviation Gasoline Tax	5	\$374			\$374
3	Business Privilege Tax	21	\$35,670			\$35,670
4	Cigarette Tax	8	\$93,212		\$8,023	\$101,235
5	Contractors' Gross Receipts	3			\$205	\$205
6	Corporate Income Tax	46	\$441,127			\$441,127
7	Financial Institutions Excise Tax (FIET)	10	\$33,967			\$33,967
8	Gasoline Tax	9	\$6,767		\$3,674	\$10,441
9	Individual Income Tax	110	\$2,722,246			\$2,722,246
10	Insurance Premium Tax	20	\$124,661			\$124,661
11	Leasing or Rental Tax	18	\$24,729	\$50,265		\$74,994
12	Liquor Tax	2	\$7,225			\$7,225
13	Lodgings Tax	22	\$550		\$1,632	\$2,182
14	Motor Fuels (Diesel) Tax	10	\$10,385		\$1,700	\$12,085
15	Motor Vehicle Registrations	18	\$2,545	\$10,113		\$12,658
16	Oil and Gas Privilege Tax	5		\$10,959		\$10,959
17	Public Utilities License Tax	7	\$50,096			\$50,096
18	Sales & Use Tax	90	\$791,133	\$377,480	\$26,518	\$1,195,131
19	Tobacco Tax	7	\$3,906			\$3,906
20	Utility Gross Receipts and Utilities Service Use Tax	29	\$91,160			\$91,160
<b>TOTAL</b>		<b>493</b>	<b>\$4,534,870</b>	<b>\$942,50</b>	<b>\$41,752</b>	<b>\$5,519,122</b>
<b>% of TOTAL</b>			<b>82.17%</b>	<b>17.08%</b>	<b>0.76%</b>	<b>100.00%</b>

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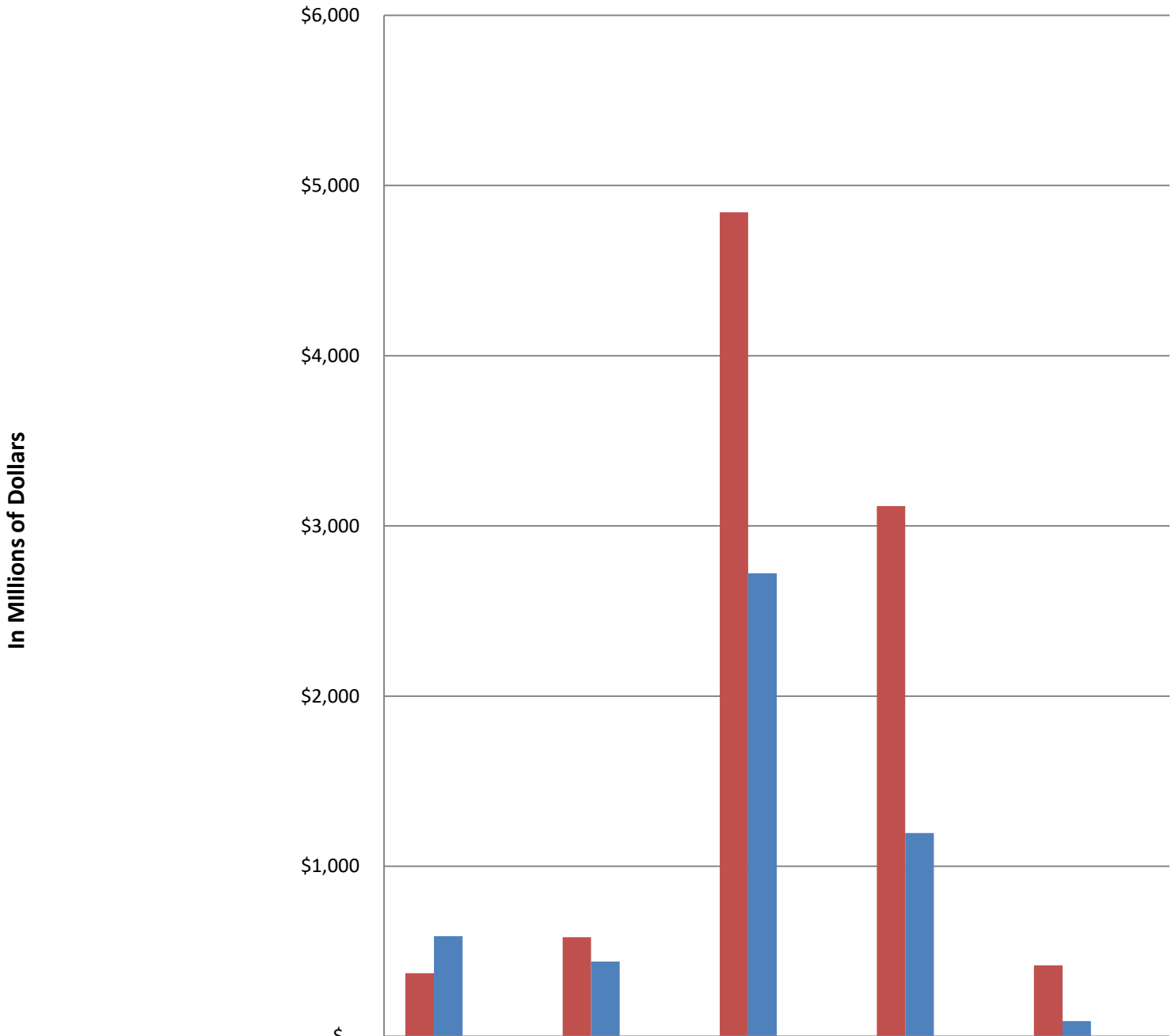
## Estimated Loss to the ETF, SGF, and Other State Funds

(Dollars in Thousands)

Item Number	Tax	ETF	SGF	Other	All State Funds (TOTAL)
1	Ad Valorem Tax		\$223,744	\$365,056	\$588,800
2	Aviation Gasoline Tax			\$374	\$374
3	Business Privilege Tax		\$35,670		\$35,670
4	Cigarette Tax		\$93,136	\$8,099	\$101,235
5	Contractors' Gross Receipts			\$205	\$205
6	Corporate Income Tax	\$441,127			\$441,127
7	Financial Institutions Excise Tax (FIET)		\$33,967		\$33,967
8	Gasoline Tax			\$10,441	\$10,441
9	Individual Income Tax	\$2,722,246			\$2,722,246
10	Insurance Premium Tax		\$124,661		\$124,661
11	Leasing or Rental Tax		\$74,994		\$74,994
12	Liquor Tax		\$1,228	\$5,997	\$7,225
13	Lodgings Tax		\$1,636	\$546	\$2,182
14	Motor Fuels (Diesel) Tax			\$12,085	\$12,085
15	Motor Vehicle Registrations		\$2,546	\$10,112	\$12,658
16	Oil and Gas Privilege Tax		\$10,959		\$10,959
17	Public Utilities License Tax		\$7,514	\$42,582	\$50,096
18	Sales & Use Tax	\$991,959	\$203,172		\$1,195,131
19	Tobacco Tax		\$3,906		\$3,906
20	Utility Gross Receipts and Utilities Service Use Tax	\$91,160			\$91,160
<b>TOTAL</b>		<b>\$4,246,492</b>	<b>\$817,133</b>	<b>\$455,497</b>	<b>\$5,519,122</b>
<b>% of TOTAL</b>		<b>76.94%</b>	<b>14.81%</b>	<b>8.25%</b>	<b>100.00%</b>

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## Analysis of Tax Collections vs. Expenditures

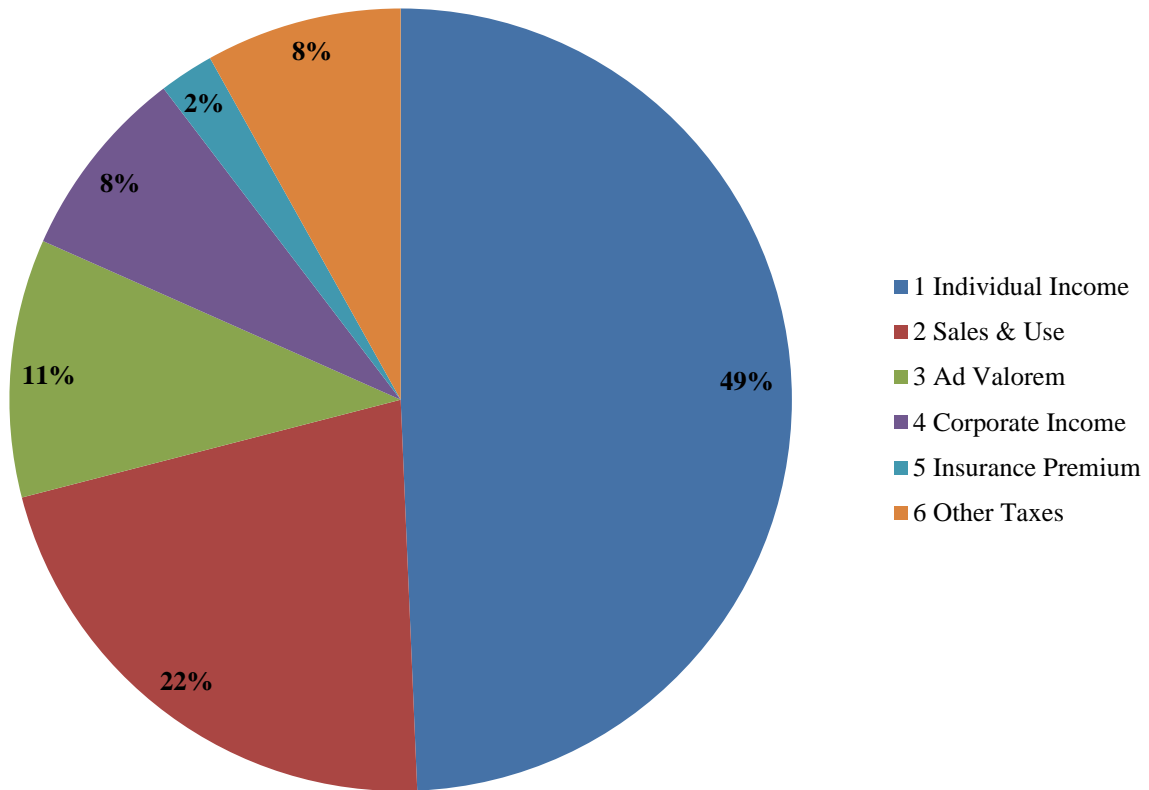


	Ad Valorem	Corporate Income	Individual Income	Sales & Use	Utility Gross Receipts/Service Use
■ FY 2019 Actual Collections	\$372	\$583	\$4,843	\$3,116	\$418
■ Estimated Expenditures	\$589	\$441	\$2,722	\$1,195	\$91
Total Potential Collections	\$961	\$1,024	\$7,565	\$4,311	\$509
Percentage of Total Potential Collections	61.29%	43.07%	35.98%	27.72%	17.88%

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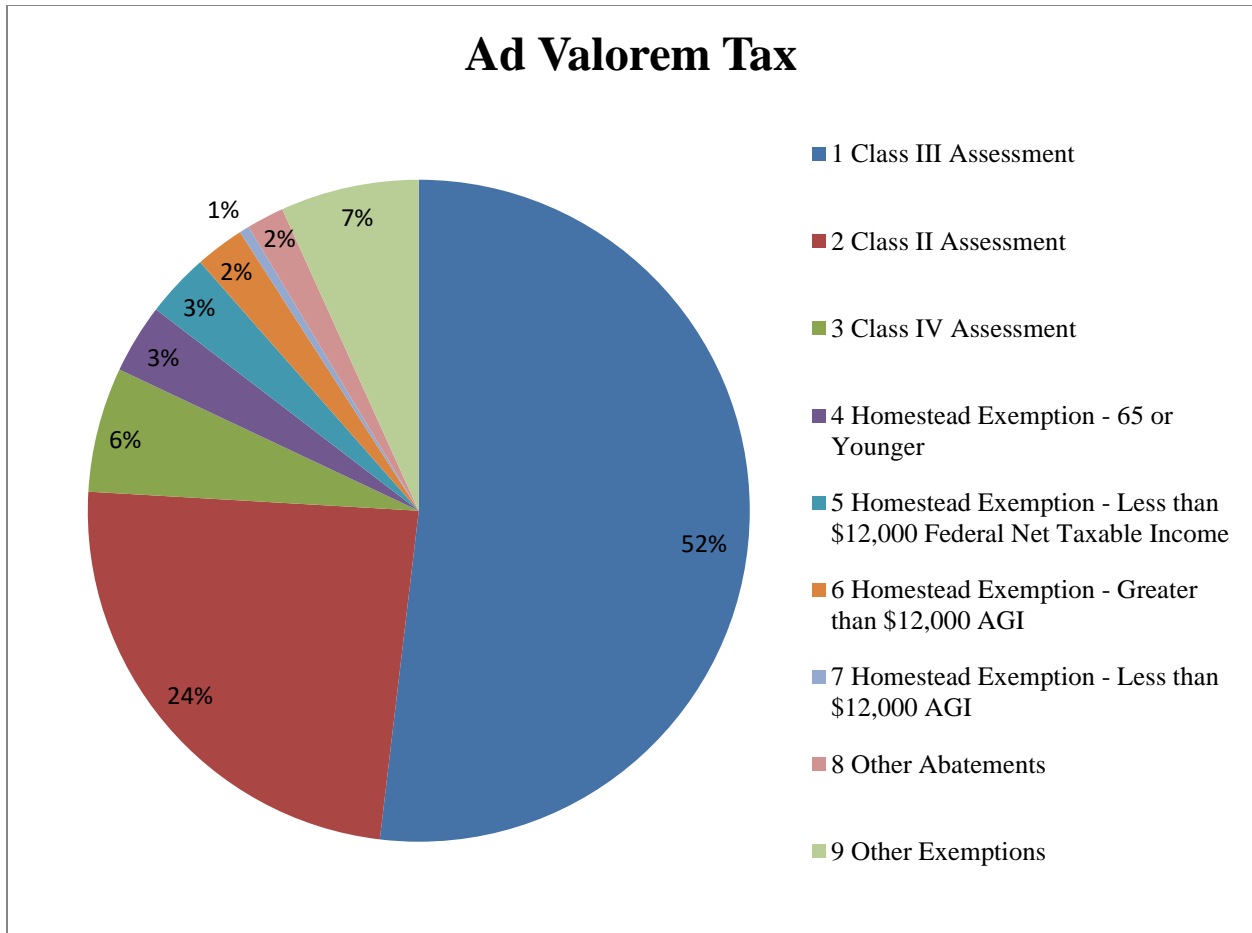
### Top Five Tax Expenditures



1	Individual Income	\$2,722,246,000
2	Sales & Use	\$1,195,132,000
3	Ad Valorem	\$588,800,000
4	Corporate Income	\$441,127,000
5	Insurance Premium	\$124,661,000
6	Other Taxes	\$447,131,000
<b>TOTAL</b>		<b>\$5,519,097,000</b>

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# **Ad Valorem Tax**



1	Class III Assessment	\$305,464,000
2	Class II Assessment	\$141,534,000
3	Class IV Assessment	\$35,893,000
4	Homestead Exemption - 65 or Younger	\$19,968,000
5	Homestead Exemption - Less than \$12,000 Federal Net Taxable Income	\$18,336,000
6	Homestead Exemption - Greater than \$12,000 AGI	\$14,138,000
7	Homestead Exemption - Less than \$12,000 AGI	\$2,835,000
8	Other Abatements	\$10,793,000
9	Other Exemptions	\$39,839,000
<b>TOTAL</b>		<b>\$588,800,000</b>

Expenditure	Tax	Full Description	Legal Citation	Actual Value
				Included in Total
1.1.01	Ad Valorem	Industrial Development Property (limited to 10 years).	40-9B-1 - 40-9B-13	Abatements
				Included in Total
1.1.02	Ad Valorem	Brownfield Development Tax Abatement.	40-9C-1 - 40-9C-8	Abatements
				Included in Total
1.1.03	Ad Valorem	Alabama Economic Incentive Enhancement Act of 2007.	40-9D-1 - 40-9D-4	Abatements
				Included in Total
1.1.04	Ad Valorem	Tax Increment Districts.	40-9E-1 - 40-9E-2	Abatements
				Included in Total
1.1.05	Ad Valorem	Alabama Reinvestment and Abatement Act.	40-9G-1 - 40-9G-2	Abatements
		<b>Total Abatements (1.1.01-1.1.05)</b>		<b>\$10,792,904</b>
1.2.01	Ad Valorem	Class II - Commercial 20% assessment ratio.	Amendment 373	\$141,533,819
1.2.02	Ad Valorem	Class III - Agriculture, Forest, and Homes, etc. 10% assessment ratio.	Amendment 373	\$305,464,096
1.2.03	Ad Valorem	Class IV – Automobiles 15% assessment ratio.	Amendment 373	\$35,893,081
1.3.01	Ad Valorem	Homesteads (full state exemption for those over age 65 with more than \$12,000 annual adjusted gross income; cap of \$2,000 county exemption).	40-9-19	\$14,138,324
1.3.02	Ad Valorem	Homesteads (full state exemption for those over age 65 with less than \$12,000 annual adjusted gross income or blind or totally disabled; cap of \$5,000 county exemption).	40-9-19	\$2,834,536
1.3.03	Ad Valorem	Homesteads (up to \$4,000 on state taxes).	40-9-19	\$19,967,779

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Expenditure	Tax	Full Description	Legal Citation	Actual Value
1.3.04	Ad Valorem	Homesteads (full state and county exemption for those over age 65 with \$12,000 or less of Federal net taxable income).	40-9-21	\$18,336,469
1.3.05	Ad Valorem	The State of Alabama and all counties and cities in the state.	Section 91, Amendment 373; 40-8-1, 40-9-1(1)	Included in Total Exemptions
1.3.06	Ad Valorem	Household and Kitchen furniture.	Amendment 373; 40-9-1(11)	Included in Total Exemptions
1.3.07	Ad Valorem	Farm tractors.	Amendment 373; 40-9-1(22)	Included in Total Exemptions
1.3.08	Ad Valorem	Farming implements when used exclusively in connection with agricultural property.	Amendment 373; 40-9-1(22)	Included in Total Exemptions
1.3.09	Ad Valorem	Inventories.	Amendment 373; 40-9-1(23)	Included in Total Exemptions
1.3.10	Ad Valorem	U. S. Government bonds and bonds issued by the State of Alabama and local governments in Alabama.	40-9-1	Included in Total Exemptions
1.3.11	Ad Valorem	Bank deposits and other solvent credits.	40-9-1(1)	Included in Total Exemptions
1.3.12	Ad Valorem	Cemeteries.	40-9-1(1)	Included in Total Exemptions

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<b>Expenditure</b>	<b>Tax</b>	<b>Full Description</b>	<b>Legal Citation</b>	<b>Actual Value</b>
1.3.13	Ad Valorem	Warrants issued by county or city boards of education for the purpose of erecting, repairing, furnishing school buildings or for other school purposes.	40-9-1(1)	Included in Total Exemptions
1.3.14	Ad Valorem	Debt secured on real and personal property in Alabama (if recordation tax has been paid).	40-9-1(1)	Included in Total Exemptions
1.3.15	Ad Valorem	Security agreements and security interests (under the UCC).	40-9-1(1)	Included in Total Exemptions
1.3.16	Ad Valorem	Hospital property (up to \$75,000 in value, and only if at least 15% of the hospital's business is charity related).	40-9-1 (2)	Included in Total Exemptions
1.3.17	Ad Valorem	Shares of stock in corporations owning hospital property (up to \$75,000 in value, and only if at least 15% of the hospital's business is charity related).	40-9-1(3)	Included in Total Exemptions
1.3.18	Ad Valorem	Libraries of ministers of the gospel.	40-9-1(6)	Included in Total Exemptions
1.3.19	Ad Valorem	Property owned by deaf mutes and insane persons (up to \$3,000 in value) and blind persons (up to \$12,000 in value).	40-9-1(7)	Included in Total Exemptions
1.3.20	Ad Valorem	Family portraits.	40-9-1(8)	Included in Total Exemptions
1.3.21	Ad Valorem	Cotton, livestock, or agricultural products raised or grown in Alabama.	40-9-1(9)	Included in Total Exemptions

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<b>Expenditure</b>	<b>Tax</b>	<b>Full Description</b>	<b>Legal Citation</b>	<b>Actual Value</b>
1.3.22	Ad Valorem	Cotton warehoused in Alabama under a year.	40-9-1(10)	Included in Total Exemptions
1.3.23	Ad Valorem	Provisions and supplies, wearing apparel, farming tools and mechanic's tools valued up to \$200.	40-9-1(11)	Included in Total Exemptions
1.3.24	Ad Valorem	One sewing machine.	40-9-1(11)	Included in Total Exemptions
1.3.25	Ad Valorem	Raw materials used in manufacturing.	40-9-1(13)	Included in Total Exemptions
1.3.26	Ad Valorem	All items manufactured in Alabama, in the hands of the manufacturer (for a period of up to 12 months following production).	40-9-1(14)	Included in Total Exemptions
1.3.27	Ad Valorem	All poultry.	40-9-1(16)	Included in Total Exemptions
1.3.28	Ad Valorem	Property owned by incompetent veterans (up to \$3,000 in value)	40-9-1(17)	Included in Total Exemptions
1.3.29	Ad Valorem	Items owned for personal use in the home (examples: jewelry, bicycles, etc.).	40-9-1(18)	Included in Total Exemptions
1.3.30	Ad Valorem	Devices, facilities or structures used for the control, reduction or elimination of water or air pollution.	40-9-1(20)	Included in Total Exemptions

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<b>Expenditure</b>	<b>Tax</b>	<b>Full Description</b>	<b>Legal Citation</b>	<b>Actual Value</b>
1.3.31	Ad Valorem	Tobacco leaf stored in hogsheads.	40-9-1(21)	Included in Total Exemptions
1.3.32	Ad Valorem	Aircraft, replacement parts, components, systems, supplies, and sundries used by air carriers maintaining a hub operation in Alabama.	40-9-1(24)	Included in Total Exemptions
1.3.33	Ad Valorem	HUD 202 property.	40-9-1(25)	Included in Total Exemptions
1.3.34	Ad Valorem	Commercial shrimping vessels and equipment.	40-9-1(26)	Included in Total Exemptions
1.3.35	Ad Valorem	Peanuts and Pecans stored up to 12 months in licensed warehouses in Alabama.	40-9-3	Included in Total Exemptions
1.3.36	Ad Valorem	Products and materials used in textile manufacturing.	40-9-4	Included in Total Exemptions
1.3.37	Ad Valorem	Factories producing calcium cyanamide, aluminum, or aluminum products (up to 10 years; does not include the land on which the facility is located).	40-9-5	Included in Total Exemptions
1.3.38	Ad Valorem	Personal Property stored for shipment outside Alabama.	40-9-6	Included in Total Exemptions
1.3.39	Ad Valorem	Personal property stored in licensed warehouses.	40-9-7	Included in Total Exemptions

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<b>Expenditure</b>	<b>Tax</b>	<b>Full Description</b>	<b>Legal Citation</b>	<b>Actual Value</b>
1.3.40	Ad Valorem	Artesian wells leased to municipalities.	40-9-8	Included in Total Exemptions
1.3.41	Ad Valorem	Public lands.	40-9-14	Included in Total Exemptions
1.3.42	Ad Valorem	College housing and construction.	40-9-17	Included in Total Exemptions
1.3.43	Ad Valorem	Certain homes owned by veterans or their widows.	40-9-20	Included in Total Exemptions
1.3.44	Ad Valorem	Oil or gas produced, in production, or underground on producing properties in Alabama.	40-20-12	Included in Total Exemptions
<b>Total Exemptions (1.3.05-1.3.44)</b>				<b>\$39,499,125</b>
1.3.45	Ad Valorem	Industrial Exemptions ( <b>Repealed by Act 1992-599</b> )	40-9-40 – 40-9-49	\$339,751

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# **Aviation Gasoline Tax**

<b>Expenditure</b>	<b>Tax</b>	<b>Full Description</b>	<b>Legal Citation</b>	<b>Actual Value</b>
2.1.01	Aviation Gasoline	K-1 kerosene or aviation jet fuel that is produced at a refinery in Alabama and is either exported directly by the operator of the refinery or sold for immediate export by the operator to a licensed exporter and with proper documentation.	40-17-329	NEA
2.2.01	Aviation Gasoline	Exporter to pay tax as in Section 40-17-325, then apply to the department on a monthly basis for a refund of the taxes paid to this state on the gallons of motor fuel that are ultimately exported by the exporter.	40-17-329	Included in Total Refunds
2.2.02	Aviation Gasoline	Purchaser to pay tax as in Section 40-17-325, then apply to the department on a monthly basis for a refund of the taxes paid to this state on the gallons of jet fuel sold to a certificated or licensed air carrier that purchases jet fuel within this state and uses the jet fuel to propel aircraft powered by jet or turbine engines operated in scheduled all-cargo operations being conducted on international flights or in international commerce.	40-17-329	Included in Total Refunds
<b>2.2.04</b>	<b>Aviation Gasoline</b>	<b>Having first paid the tax, a licensed air carrier with a hub operation within this state shall have the right to apply to the department for a refund on a quarterly basis for any purchases of jet fuel used to propel aircraft.</b>	<b>40-17-329</b>	<b>Included in Total Refunds</b>
<b>Total Refunds (2.2.01-2.2.04)</b>				<b>\$374,083</b>

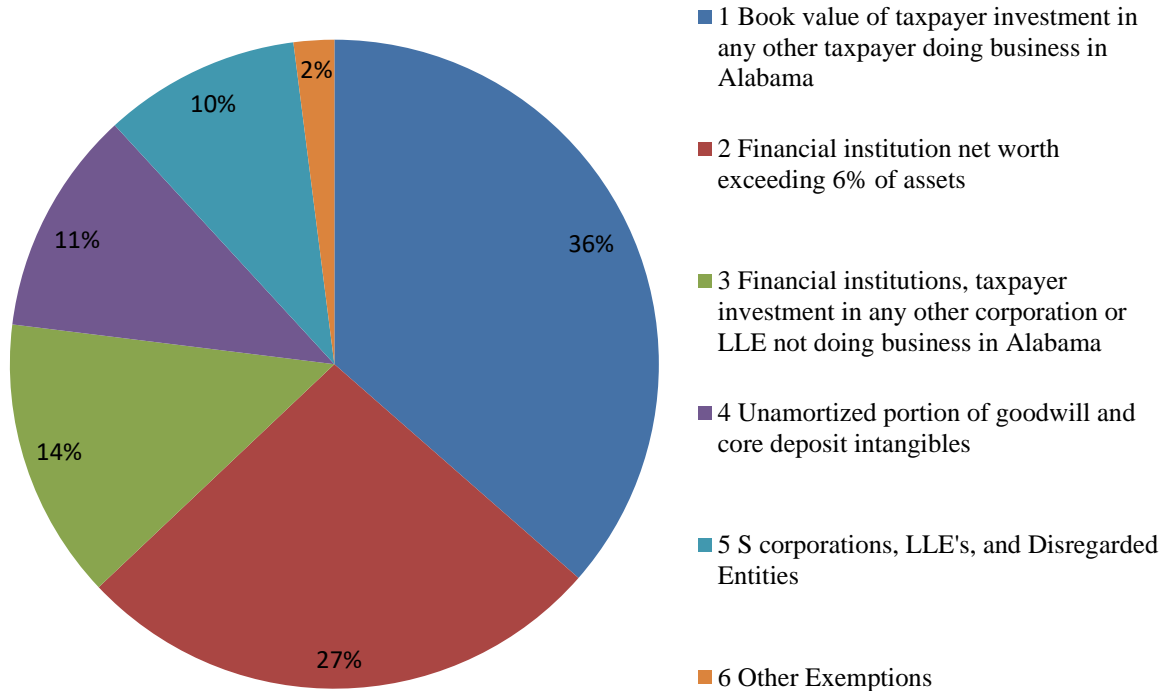
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# **Business Privilege Tax**

## Business Privilege Tax



1	Book value of taxpayer investment in any other taxpayer doing business in Alabama	\$13,000,000
2	Financial institution net worth exceeding 6% of assets	\$9,450,000
3	Financial institutions, taxpayer investment in any other corporation or LLE not doing business in Alabama	\$5,000,000
4	Unamortized portion of goodwill and core deposit intangibles	\$4,000,000
5	S corporations, LLE's, and Disregarded Entities	\$3,500,000
6	Other Exemptions	\$720,000
<b>TOTAL</b>		<b>\$35,670,000</b>

<b>Expenditure</b>	<b>Tax</b>	<b>Full Description</b>	<b>Legal Citation</b>	<b>Actual Value</b>
3.1.01	Bus Privilege	Enterprise Zone Credit.	41-23-24	\$0
3.2.01	Bus Privilege	Net investment in bonds and securities issued by the State of Alabama or political subdivision thereof, when issued prior to 01/01/00.	40-14A-24(b)(1)	\$60,000
3.2.02	Bus Privilege	Net investment in all air, ground, and water pollution control devices in Alabama.	40-14A-24(b)(2)	\$50,000
3.2.04	Bus Privilege	Net investment in all aircraft replacement parts, components, systems, supplies, and sundries affixed or used on an aircraft, and ground support equipment and vehicles used by or for the aircraft, when used by certified or licensed air carrier with a hub of operation within Alabama.	40-14A-24(b)(4)	NEA
3.2.06	Bus Privilege	Reserves for reclamation, storage, disposal, decontamination, or retirement associated with a plant, facility, mine, or site in Alabama.	40-14A-24(b)(6)	\$60,000
3.2.07	Bus Privilege	Book value of amount invested in qualifying low income housing projects.	40-14A-24(b)(7)	\$500,000
3.2.08	Bus Privilege	For S corporations, LLE's and Disregarded Entities 30 percent of taxable income.	40-14A-24(b)(8) - 40-14A-24-(b)(9)	\$3,500,000
3.3.01	Bus Privilege	26 USC section 501(a) organizations.	40-14A-43	NEA
3.3.02	Bus Privilege	Any county, municipality, municipal corporation, State of Alabama, corporations owned solely by counties, municipalities, or the State of Alabama.	40-14A-43	NEA
3.3.03	Bus Privilege	Community chests, funds, or foundations.	40-14A-43	NEA
3.3.04	Bus Privilege	Entities organized and operated exclusively for religious purposes.	40-14A-43	NEA
3.3.05	Bus Privilege	Homeowner's associations.	40-14A-43	NEA
3.3.06	Bus Privilege	Agricultural cooperatives.	40-14A-43	NEA
3.3.07	Bus Privilege	Political parties, PACs, and political campaign committees.	40-14A-43	NEA

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m: Indicates a value of \$1,000,000 or less

NEA: No Estimate Available

<b>Expenditure</b>	<b>Tax</b>	<b>Full Description</b>	<b>Legal Citation</b>	<b>Actual Value</b>
3.3.08	Bus Privilege	Book value of the investment, by the taxpayer, in the equity of any other taxpayer that is doing business in Alabama.	40-14A-23(g)(1)	\$13,000,000
3.3.09	Bus Privilege	In the case of financial institutions, the investment by the taxpayer in the equity of any other corporation or limited liability entity that is not doing business in Alabama.	40-14A-23(g)(2)	\$5,000,000
3.3.10	Bus Privilege	The unamortized portion of goodwill and core deposit intangibles.	40-14A-23(g)(3)	\$4,000,000
3.3.11	Bus Privilege	The unamortized balance of any amount that the taxpayer properly elected, pursuant to FASB 106.	40-14A-23(g)(4)	\$50,000
3.3.12	Bus Privilege	In the case of a financial institution, the amount of net worth that exceeds 6% of assets.	40-14A-23(g)(5)	\$9,450,000

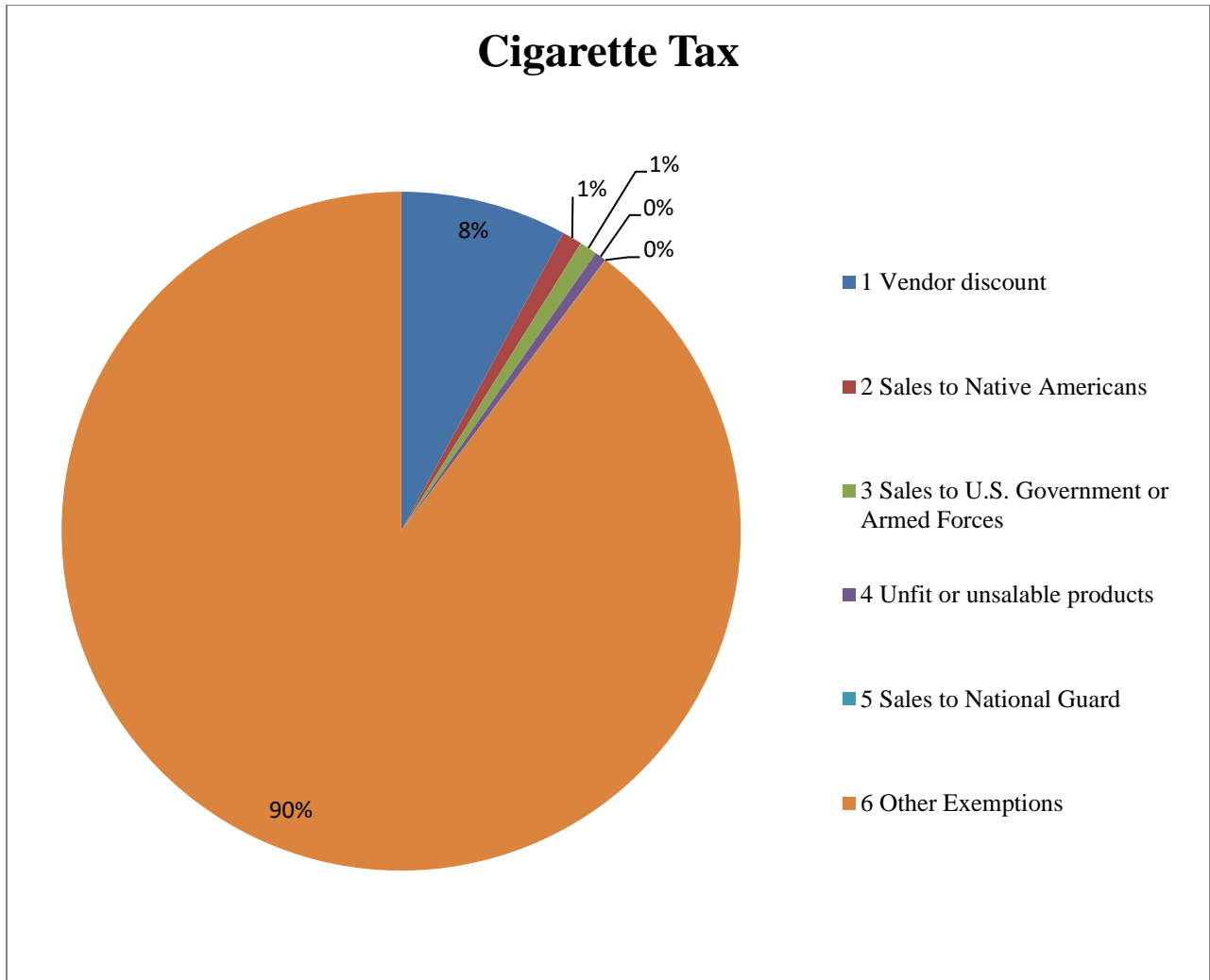
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NEA: No Estimate Available

# **Cigarette Tax**





1	Vendor discount	\$8,023,000
2	Sales to Native Americans	\$960,000
3	Sales to U.S. Government or Armed Forces	\$858,000
4	Unfit or unsalable products	\$550,000
5	Sales to National Guard	\$16,000
6	Other Exemptions	\$90,828,000
<b>TOTAL</b>		<b>\$101,235,000</b>

Expenditure	Tax	Full Description	Legal Citation	Actual Value
4.1.01	Cigarette	Tobacco sold to Native Americans.	Federal Statute (limited to federally recognized Indian Tribes)	\$959,883
4.1.02	Cigarette	Tobacco sold to the U.S. Government or any of its instrumentalities or to the Armed Forces (Reflect sales made by tobacco wholesalers only).	40-25-15	\$858,283
4.1.03	Cigarette	Tobacco sold to National Guard Canteens.	810-7-1-.03	\$15,614
4.2.01	Cigarette	Discount allowed to qualified wholesalers equal to 4.75% of the cost of revenue stamps purchased.	40-25-5	\$8,023,240
4.3.01	Cigarette	Tobacco sold by a qualified wholesaler or jobber to persons outside of the state (interstate commerce).	40-25-15	Included in Total Exemptions
4.3.02	Cigarette	Tobacco sold to or for resale to ships engaged in foreign commerce.	40-25-15	Included in Total Exemptions
<b>Total Exemptions (4.3.01-4.3.02)</b>				<b>\$90,827,895</b>
4.3.03	Cigarette	Tobacco returned to manufacturers due to unfit or unsalable products (refunds/credits).	810-7-1-.02, 810-7-1-.08(5)	\$550,248
4.3.04	Cigarette	Sales to entities exempt from all taxes (see list).	810-7-1-.10 (Per Article 1, Chapter 9, Title 40)	NEA

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# **Contractors' Gross Receipts**

<b>Expenditure</b>	<b>Tax</b>	<b>Full Description</b>	<b>Legal Citation</b>	<b>Actual Value</b>
5.1.01	Contractors' Gross Receipts	Administrative discount given to contractors who timely files returns by the 20 <sup>th</sup> of each month.	810-6-5-.03.01	\$205,090
5.2.01	Contractors' Gross Receipts	Gross receipts received from contracts made exclusively with any county or incorporated city or town.	40-23-50	NEA
5.2.02	Contractors' Gross Receipts	The portion of gross receipts received by the contractor under contractual escalation provisions allowing for an increase in the contract price for escalation in construction costs.	40-23-50	NEA

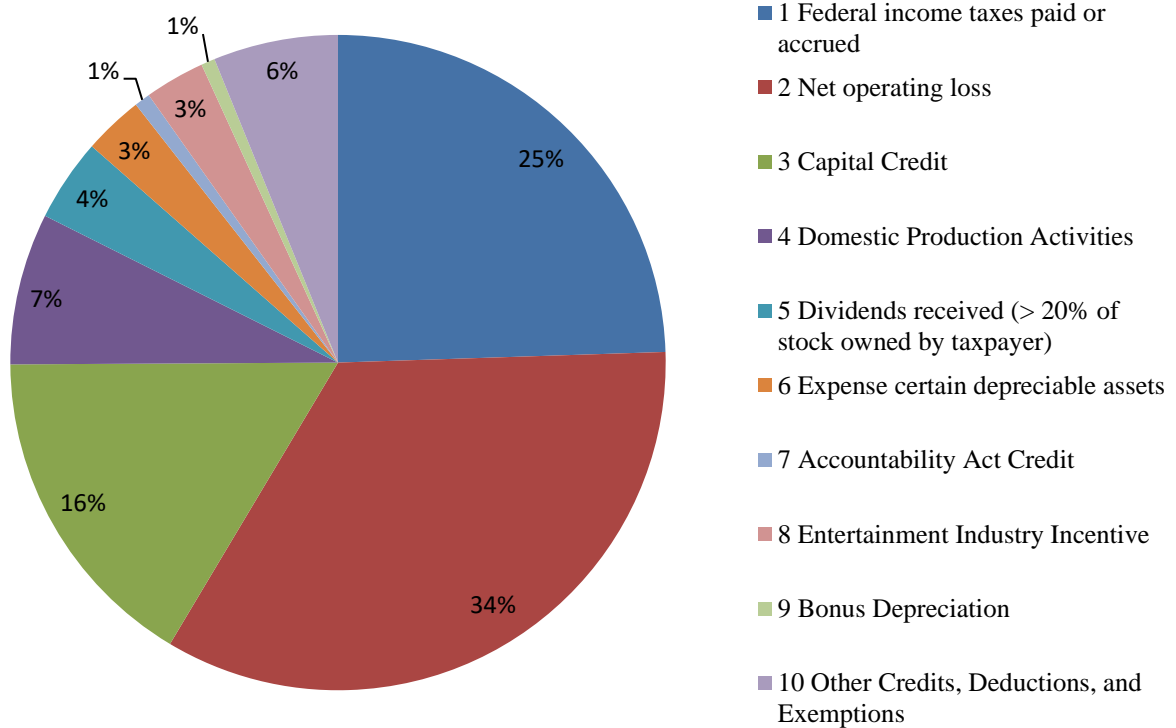
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Contractors' Gross Receipts

# **Corporate Income Tax**

\*Indicates a value based on 2018 data

## Corporate Income Tax



1	Federal income taxes paid or accrued	\$108,000,000
2	Net operating loss	\$150,350,000
3	Capital Credit	\$72,107,000
4	Domestic Production Activities	\$33,000,000*
5	Dividends received (> 20% of stock owned by taxpayer)	\$18,000,000
6	Expense certain depreciable assets	\$13,000,000*
7	Accountability Act Credit	\$3,437,000
8	Entertainment Industry Incentive	\$13,082,000
9	Bonus Depreciation	\$3,000,000
10	Other Credits, Deductions, and Exemptions	\$27,151,000
	<b>TOTAL</b>	<b>\$441,127,000</b>

\*Indicates a value based on 2018 data

<b>Expenditure</b>	<b>Tax</b>	<b>Full Description</b>	<b>Legal Citation</b>	<b>Actual Value</b>
6.1.01	Corporate Income	Tax credit equal to 10% of the amount of voluntary assessments paid, not to exceed a \$1,000 credit in any tax year, by each homeowner and business assessed neighborhood improvement assessments.	11-71-11	\$0
6.1.02	Corporate Income	Tax credit for contributions made to a scholarship granting organization equal to 100% of the total contributions made during the taxable year, up to 50% of the tax liability of the taxpayer.	16-6D-9	\$3,437,172
6.1.03	Corporate Income	For tax years beginning after January 1, 2015, a tax credit equal to 50% of total contributions made to the Department of Postsecondary Education for qualified educational expenses related to the Dual Enrollment Program during the tax year for which the credit is claimed. Total credits shall not exceed \$5 million annually.	16-60-351	NEA
6.1.04	Corporate Income	Tax credit equal to 25% of qualified rehabilitation expenditures for certified historic buildings and 10% of qualified rehabilitation expenditures for pre-1936 non-historic buildings used for income producing purposes. Capped at a cumulative total of \$20 million in credits each year in 2014, 2015 and 2016.	40-9F-4	\$8,975,578
6.1.05	Corporate Income	Tax credit for tax years 2018 through 2022 equal to the lesser of the amount of the issued tax credit reservation or 25% of qualified rehabilitation expenditures for certified historic structures, not to exceed \$5 million for all allowable property types, except for a certified historic residential structure which may not exceed \$50,000. Capped at a cumulative total of \$20 million in credits each tax year plus any amount of pervious reservations of tax credits that were rescinded.	40-9F-32	NEA

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Expenditure	Tax	Full Description	Legal Citation	Actual Value
6.1.06	Corporate Income	Tax credit against the corporate income tax levied by Section 40-18-31 that otherwise would be owed to the state in any year by the approved company on its income generated by or arising out of the project.	40-18-35(e)(1)	\$613,235
6.1.07	Corporate Income	Tax credit to employers who provide approved basic skills education programs to Alabama resident employees- limited to 20% or actual cost of program or employer's tax liability.	40-18-135 – 40-18-139	\$0
6.1.08	Corporate Income	Financial institutions excise or income tax credit equal to 5% of the total capital costs for 20 years beginning in the year the project is placed into service. The capital credit program was sunset January 2, 2016. Projects filed with the Department of Revenue before January 2, 2016, were grandfathered in.	40-18-190 – 40-18-203	\$72,106,772
6.1.09	Corporate Income	Discretionary tax credit up to the total amount of an investing company's tariff costs during the term of a qualifying project, not to exceed \$20,000,000 or 25% of the capital costs of the qualifying project, whichever is less. This credit was repealed by Act 2015-27 effective July 2, 2015.	40-18-214	\$0
6.1.10	Corporate Income	Income tax credit-\$1 per ton of coal produced in Alabama over previous year's Alabama coal production.	40-18-220	\$6,199
6.1.11	Corporate Income	Income tax credit equal to 5% of the total capital costs for 20 years beginning in the year the project is placed into service. The capital credit program was sunset January 2, 2016. Projects filed with the Department of Revenue before January 2, 2016, were grandfathered in.	40-18-240 – 40-18-250	<b>Included in 6.1.08</b>
6.1.12	Corporate Income	Financial institutions excise or income tax credit equal to \$1,000 for each new job created paying at least \$10 per hour.	40-18-293	\$0

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<b>Expenditure</b>	<b>Tax</b>	<b>Full Description</b>	<b>Legal Citation</b>	<b>Actual Value</b>
6.1.13	Corporate Income	Financial institutions excise or income tax credit equal to \$1,000 for each new job created if the employee is a recently deployed, unemployed veteran.	40-18-322	\$0
6.1.14	Corporate Income	Financial institutions excise or income tax credit for recently deployed, unemployed veteran is allowed up to a one-time \$2,000 tax credit for expenses related to a start-up business.	40-18-323	\$0
6.1.15	Corporate Income	Income tax credit equal to 20% of the cost of the purchase and installation of any qualified irrigation equipment and any conversion costs related to conversion of irrigation equipment from fuel to electricity or qualified reservoirs.	40-18-342	\$0
6.1.16	Corporate Income	Financial institutions excise or income tax credit available for community development entities which provide funding to businesses that locate in qualified low-income areas. The total amount of credits available in any tax year is capped at \$20 million.	41-9-219	\$0
6.1.17	Corporate Income	Tax credit against withholding tax liability for the amount of job development fees collected as a condition of employment from each person employed by an approved company.	41-10-44.8	NEA
6.1.18	Corporate Income	Amount provided to an approved company for a payment into a tax increment fund.	41-10-44.9	\$0
6.1.19	Corporate Income	Income tax credit against income related to or arising out of operations, employee training and investments made within an enterprise zone.	41-23-24	\$0
6.1.20	Corporate Income	For tax years beginning on or after January 1, 2016, a financial institution excise or income tax credit equal to \$1,500 for each new job created paying more than \$40,000 per year.	40-18-390 – 40-18-394	\$3,000

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Expenditure	Tax	Full Description	Legal Citation	Actual Value
6.1.21	Corporate Income	Financial institutions excise or income tax credit of \$1,000 for each apprentice employed, not to exceed five per year per employer. Annual cap of \$3 million in credits.	40-18-420 – 40-18-424	\$14,050
6.1.22	Corporate Income	Tax credit for taxpayers making a cash contribution to a local economic development organization. Limited to total credits of \$5 million in FY 2016 and \$10 million per year in FYs 2017, 2018, 2019, and 2020.	40-18-413	\$6,619,400
6.1.23	Corporate Income	Tax credit for increased used of the state's port facilities equal to \$50 per twenty-foot equivalent unit, \$3 per ton, or \$.04 per kilogram for air freight multiplied by (1) the port user's cargo volume in the previous year, minus (2) the port user's base cargo volume.	40-18-403	\$8,011
6.2.01	Corporate Income	Election to expense certain depreciable assets.	26 USC 179	\$13,000,000*
6.2.02	Corporate Income	Economic Stimulus Act of 2008 (Bonus Depreciation).	26 USC 179	\$3,000,000
6.2.03	Corporate Income	Domestic Production Activities (Section 199).	26 USC Section 199	\$33,000,000*
6.2.04	Corporate Income	Deduction equal to 100% of the amounts paid as health insurance premiums by employers with less than 25 employees on behalf of qualifying employees.	40-18-15.3	\$1,000,000
6.2.05	Corporate Income	Refunds of state and local income taxes.	40-18-35 (a)(1)	\$800,000
6.2.06	Corporate Income	Federal income taxes paid or accrued within the taxable year.	40-18-35(a)(2); Amendment 662	\$108,000,000
6.2.07	Corporate Income	Interest income earned on direct obligations to the U.S.	40-18-35 (a)(3)	\$600,000

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<b>Expenditure</b>	<b>Tax</b>	<b>Full Description</b>	<b>Legal Citation</b>	<b>Actual Value</b>
6.2.08	Corporate Income	Interest income earned on obligations to Alabama.	40-18-35 (a)(4)	\$10,300
6.2.09	Corporate Income	Any amount of aid or assistance provided to the State Industrial Development Authority in order to induce an approved company to undertake a major project in the state.	40-18-35 (a)(5)	\$0
6.2.10	Corporate Income	Expenses otherwise deductible that were not deducted on the federal income tax return as a result of an election to claim a credit for those expenses.	40-18-35 (a)(6)	\$3,100,000
6.2.11	Corporate Income	Amounts received as dividends where taxpayer owns > 20% of the stock of distributing corporation.	40-18-35 (a)(7)	\$18,000,000
6.2.12	Corporate Income	Portion of total deductible interest expense classified as nonbusiness interest expense not deductible at arriving at apportioned income.	40-18-35 (a)(8)	NEA
6.2.13	Corporate Income	Interest portion of rent paid under lease agreements entered into prior to January 1, 1995, relating to obligations issued by the State of Alabama or subdivisions or instrumentalities.	40-18-35 (a)(9)	\$1,000
6.2.14	Corporate Income	The amount by which the depletion allowance specified in 40-18-16(b) (oil and gas wells) exceeds the depletion allowance deducted in calculating federal taxable income. Per 40-18-16(b), the allowance for depletion is 12% of the gross income from the property.	40-18-35 (a)(10)	\$400,000
6.2.15	Corporate Income	Restrictions on the deductibility of certain intangible expenses and interest expenses.	40-18-35(b), 40-2A-17	\$5,000,000
6.2.16	Corporate Income	The excess of the deductions allowed during the taxable year of the corporation over the corporation's gross income for the taxable year limited to sources attributable to Alabama.	40-18-35.1	\$150,350,000

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Expenditure	Tax	Full Description	Legal Citation	Actual Value
6.3.01	Corporate Income	Labor, agricultural and horticultural organizations, civic leagues, chambers of commerce, fraternal benefit societies and clubs not organized for profit.	40-18-32	NEA - <b>Conforms to Federal Law</b>
6.3.02	Corporate Income	Farmers and other mutual hail, cyclone, or fire insurance companies, mutual ditch or irrigation companies the income which consists solely of assessments, dues and fees collected from members.	40-18-32(1)	Taxed Elsewhere
6.3.03	Corporate Income	Farmers, fruit growers, or like associations organized and operated as sales agents for the purpose of marketing the products of members.	40-18-32(2)	Taxed Elsewhere
6.3.04	Corporate Income	Federal land banks and national farm loan associations.	40-18-32(3)	<b>Government Not Taxable</b>
6.3.05	Corporate Income	All national banks and national banking associations and those competing with national banks which are subject to Financial Institutions Excise Tax.	40-18-32(4)	Taxed Elsewhere
6.3.06	Corporate Income	Building and loan associations including loans to member and insurance companies upon which a premium tax is levied.	40-18-32(5)	Taxed Elsewhere
6.3.07	Corporate Income	Counties, municipalities, municipal corporations, political subdivisions of the state, instrumentalities of counties, municipalities and the State of Alabama.	40-18-32(6)	<b>Government Not Taxable</b>
6.3.08	Corporate Income	Exemption from income tax due to operations within an enterprise zone.	41-23-30	\$0
6.4.01	Corporate Income	Rebate equal to 25% of state-certified production expenditures excluding payroll paid to residents of Alabama, plus 35% of all payroll paid to resident of Alabama, applied to offset any income tax liability applicable to a qualified production company for the tax year in which production concludes.	41-7A-43	\$13,081,934

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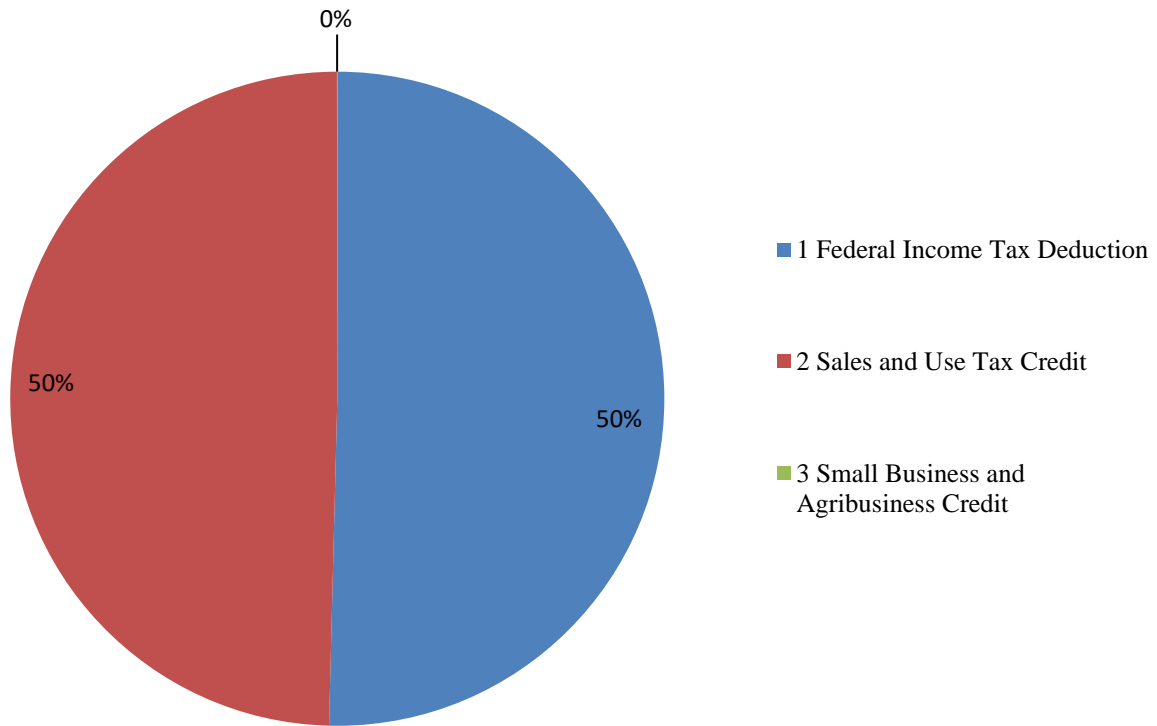
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# **Financial Institutions Excise Tax**

## Financial Institutions Excise Tax



1	Federal Income Tax Deduction	\$17,120,000
2	Sales and Use Tax Credit	\$16,840,000
3	Small Business and Agribusiness Credit	\$6,000
<b>TOTAL</b>		<b>\$33,966,000</b>

Expenditure	Tax	Full Description	Legal Citation	Actual Value
7.1.01	Fin Inst Excise	Moneyed capital employed in the business and the shares of all financial institutions are exempted from ad valorem taxation. Financial institutions are allowed dollar-for-dollar credits against their excise tax liabilities for amounts paid in other taxes levied, including but not limited to sales and use taxes, utility taxes, and portions of certain local license taxes.	40-16-8	\$16,839,692
7.1.02	Fin Inst Excise	Financial institutions excise or income tax credit equal to 5% of the total capital costs for 20 years beginning in the year the project is placed into service. The capital credit program was sunset January 2, 2016. Projects filed with the Department of Revenue before January 2, 2016, were grandfathered in.	40-18-194	\$0
7.1.03	Fin Inst Excise	Financial institutions excise or income tax credit available for community development entities which provide funding to businesses that locate in qualified low income areas. The total amount of credits available in any tax year is capped at \$20 million.	41-9-219.3 - 41-9-219.4	\$0
7.1.04	Fin Inst Excise	Financial institutions excise or income tax credit equal to 25% of qualified rehabilitation expenditures for certified historic buildings and 10% of qualified rehabilitation expenditures for pre-1936 non-historic buildings used for income producing purposes. Capped at a cumulative total of \$20 million in credits each year in 2014, 2015 and 2016.	40-9F-4	\$0
7.1.05	Fin Inst Excise	Financial institutions excise or income tax credit equal to \$1,000 for each new job created paying at least \$10 per hour.	40-18-290 - 40-18-293	\$0
7.1.06	Fin Inst Excise	Financial institutions excise or income tax credit equal to \$1,000 for each new job created if the employee is a recently deployed, unemployed veteran. Also, a recently deployed, unemployed veteran is allowed up to a one-time \$2,000 tax credit for expenses related to a start-up business.	40-18-320 - 40-18-324	\$0

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NEA: No Estimate Available

<b>Expenditure</b>	<b>Tax</b>	<b>Full Description</b>	<b>Legal Citation</b>	<b>Actual Value</b>
7.1.07	Fin Inst Excise	Tax credit against income, financial institutions excise, insurance premium or utility taxes of up to 1.5% of the qualified investment expenses for up to 10 years.	40-18-370 - 40-18-383	\$0
7.1.08	Fin Inst Excise	For tax years beginning on or after January 1, 2016, a financial institution excise or income tax credit equal to \$1,500 for each new job created paying more than \$40,000 per year.	40-18-390 - 40-18-394	\$6,000
7.1.09	Fin Inst Excise	Financial institutions excise or income tax credit of \$1,000 for each apprentice employed, not to exceed five claims per year per employer. Annual cap of \$3 million in credits beginning in FY 2018.	40-18-420 - 40-18-424	\$0
7.2.01	Fin Inst Excise	Taxes actually paid within the year in which the income on which the tax is based was received, except the excise tax imposed by this chapter and taxes assessed against local benefits of a kind tending to increase the value of the property assessed.	40-16-(2)c	\$17,120,891

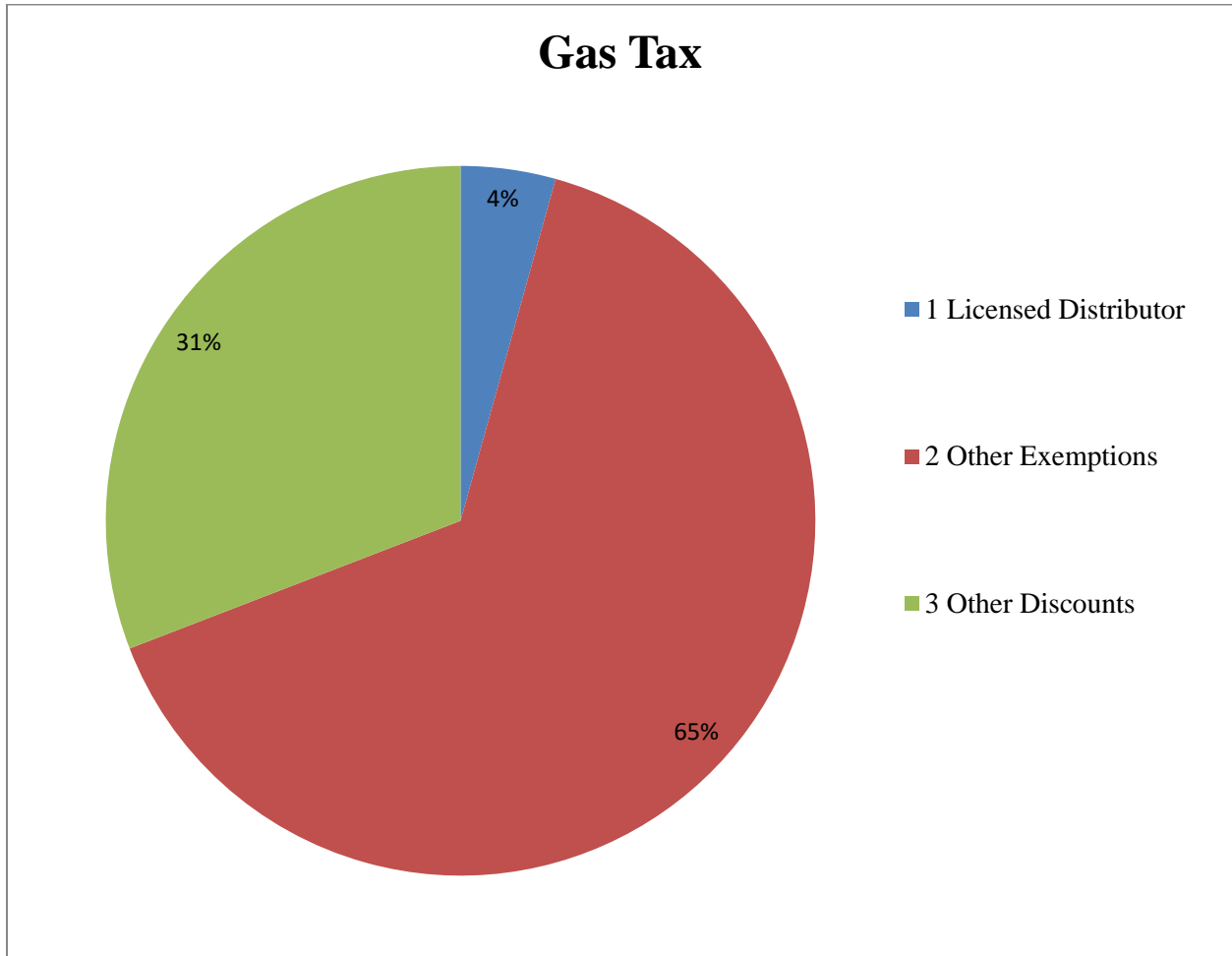
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# **Gasoline Tax**



1	Licensed Distributor	\$451,000
2	Other Exemptions	\$6,767,000
3	Other Discounts	\$3,222,000
<b>TOTAL</b>		<b>\$10,441,000</b>

<b>Expenditure</b>	<b>Tax</b>	<b>Full Description</b>	<b>Legal Citation</b>	<b>Actual Value</b>
8.1.01	Gasoline	Administrative allowance for licensed distributor filing refund claim for sales to exempt entities \$0.02 on each gallon covered by claim.	8-17-87, 40-17-329	\$451,452
8.1.02	Gasoline	Administrative discount for supplier or permissive supplier who timely files return 0.005% of amount of tax payable.	40-17-340	Included in Total Discounts
8.1.03	Gasoline	Discount for licensed distributor or importer that timely pays tax due supplier or permissive supplier 0.004% of amount of tax payable (amount goes to supplier).	40-17-341	Included in Total Discounts
8.1.04	Gasoline	Administrative discount for supplier or permissive supplier who timely files return for payments not previously remitted 0.001% of amount of tax payable not to exceed \$2,000 per month.	40-17-343	Included in Total Discounts
<b>Total Discounts (8.1.02-8.1.04)</b>				<b>\$3,221,954</b>
8.2.01	Gasoline	Motor fuel delivered by licensed supplier from one terminal to another when ownership in motor fuel has not changed or by licensed supplier from terminal to refinery operated by licensed supplier.	40-17-329	NEA
8.2.02	Gasoline	Motor fuel sold by licensed supplier or licensed permissive supplier to an exempt agency under Section 40-17-332 - United States government/agency - County - Incorporated municipality - City/county boards of education - Alabama Institute for the Deaf and Blind - Alabama Department of Youth Services - School district, and private/church school systems as defined in Section 16-28-1).	40-17-329	Included in Total Exemptions

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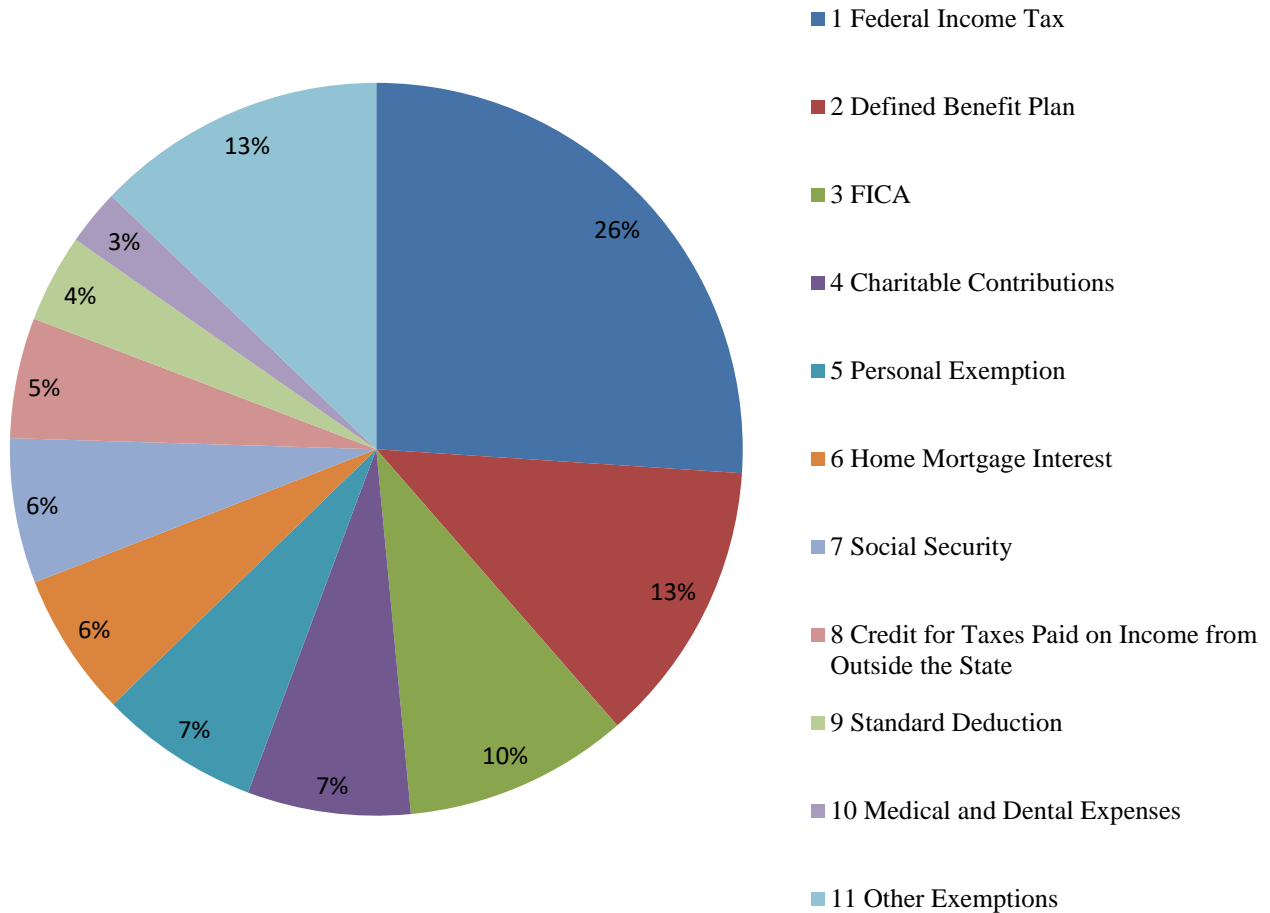
NEA: No Estimate Available

Expenditure	Tax	Full Description	Legal Citation	Actual Value
8.2.03	Gasoline	From the motor carrier fuel tax: - Any department, board, bureau, commission or taxing area or other agency of federal government, Alabama, or political subdivision thereof - Any school bus operated by Alabama, political subdivision thereof, or any private or privately-operated school or schools.	40-17-329	Included in Total Exemptions
8.2.04	Gasoline	Gasoline blendstocks when sold to: - Licensed supplier or refunded - Person who will not be using blendstocks in manufacture of gasoline or as motor fuel (with exemption certificate).	40-17-329	Included in Total Exemptions
8.2.05	Gasoline	Motor fuel exported from state for which proof of export is available in form of terminal issued destination state shipping document that is: - Exported by supplier who is licensed in the destination state or - Sold by supplier to licensed exporter for immediate export to state for which the applicable destination state motor fuel excise tax has been collected by supplier who is licensed to remit the tax to the destination state.	40-17-329	Included in Total Exemptions
<b>Total Exemptions (8.2.02-8.2.05)</b>				<b>\$6,767,229</b>

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# **Individual Income Tax**

## Individual Income Tax



1	Federal Income Tax	\$	708,940,000
2	Defined Benefit Plan	\$	341,484,000
3	FICA	\$	269,760,000
4	Charitable Contributions	\$	195,980,000
5	Personal Exemption	\$	192,000,000
6	Home Mortgage Interest	\$	173,360,000
7	Social Security	\$	174,171,000
8	Credit for Taxes Paid on Income from Outside the State	\$	144,703,000
9	Standard Deduction	\$	105,946,000
10	Medical and Dental Expenses	\$	66,770,000
11	Other Exemptions	\$	349,132,000
	<b>TOTAL</b>	<b>\$</b>	<b>2,722,246,000</b>

<b>Expenditure</b>	<b>Tax</b>	<b>Full Description</b>	<b>Legal Citation</b>	<b>Actual Value</b>
9.1.01	Individual Income	Neighborhood Infrastructure Incentive Credit.	11-71-11	\$1,133
9.1.02	Individual Income	Available to the parent of a student enrolled in or assigned to attend a failing school to help offset the cost of transferring the student to a nonfailing public school or nonpublic school of the parent's choice.	16-6D-8	\$454,263
9.1.03	Individual Income	Contributions to a scholarship granting organization.	16-6D-9	\$15,324,920
9.1.04	Individual Income	An amount equal to 50 percent of the total contribution or contributions made to the Department of Postsecondary Education during the taxable year for which the credit is claimed, but such credit is not to exceed an amount greater than 50 percent of the taxpayer's total Alabama income tax liability, and in no case more than five hundred thousand dollars (\$500,000) for any given tax year.	16-60-351	\$871
9.1.05	Individual Income	Beginning tax year 2014, available for qualified rehabilitation expenses for rehabilitation, preservation, and development of historic structures; may be claimed against FIET or income taxes in tax year which the rehabilitation is placed into service and limited to a combined \$20 million annually for calendar years 2013, 2014, and 2015.	40-9F-4	\$6,106,489
9.1.06	Individual Income	Income tax credit for taxes paid on income from sources outside the state.	40-18-21(a)(1)	\$144,702,550
9.1.07	Individual Income	Taxes paid to a foreign country.	40-18-21(a)(1)	\$10,521,373
9.1.08	Individual Income	Job development fees.	40-18-21(b)	\$1,457,018

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NEA: No Estimate Available

Individual Income Tax

<b>Expenditure</b>	<b>Tax</b>	<b>Full Description</b>	<b>Legal Citation</b>	<b>Actual Value</b>
9.1.09	Individual Income	\$5,000 for person qualifying as rural physician.	40-18-132	\$389,466
9.1.10	Individual Income	20% of actual costs of providing approved basic skills education program.	40-18-136	\$0
9.1.11	Individual Income	Credit equal to 5% of the capital costs of a qualifying project, to be applied against an Alabama income tax liability or financial institutions excise tax liability generated by project income, each year for 20 years.	40-18-195.1	\$5,338,252
9.1.12	Individual Income	Credit not to exceed \$20 million or 25% of project capital costs of tariffs paid; to be applied against an Alabama income tax liability or financial institutions excise tax liability, for up to 3 years. The credit can be transferred one time to any taxpayer. This credit was repealed by Act 2015-27 effective July 2, 2015.	40-18-209	\$0
9.1.13	Individual Income	Subchapter S Corporation allowed \$1 per ton of coal produced in Alabama over the previous year's Alabama coal production.	40-18-220	\$634,847
9.1.14	Individual Income	For small businesses that create new jobs paying more than ten dollars (\$10) per hour to equal one thousand dollars (\$1,000) available in the tax year during which the employee has completed 12 months of consecutive employment.	40-18-293	\$338,831
9.1.15	Individual Income	Amount equal to \$1,000 for each new full-time recently deployed unemployed veteran hired for which most of the duties of which are at a business location within Alabama.	40-18-322	\$1,600

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Individual Income Tax



Expenditure	Tax	Full Description	Legal Citation	Actual Value
9.1.16	Individual Income	Amount up to a total of \$2,000 for expenses associated with one start-up business in which the recently deployed unemployed veteran holds at least 50-percent ownership interest and was started after April 2, 2012, that is located within Alabama and that shows a net profit of at least \$3,000 for the year in which the credit is taken.	40-18-323	\$13,216
9.1.17	Individual Income	Equal to 20% of the cost of the purchase and installation of any qualified irrigation equipment and any conversion costs related to the conversion of irrigation equipment from fuel to electricity or qualified reservoirs.	40-18-342	\$58,499
9.1.18	Individual Income	Amount of \$1,000 per child adopted through a private intrastate adoption or qualified foster child to be claimed in the year in which the adoption becomes final.	40-18-361	\$222,618
9.1.19	Individual Income	For the purchaser of the qualified equity investment, or subsequent holder of the qualified equity investment.	41-9-219	\$0
9.1.20	Individual Income	Operations, employee training and investments made in enterprise zones.	41-23-24	\$0
9.2.01	Individual Income	Federal income taxes.	Amendment No. 225, 40-18-15(a)(3)	\$708,940,000
9.2.02	Individual Income	Payments made to Individual Retirement Accounts.	40-18-14.2(a)(8)	\$7,510,000
9.2.03	Individual Income	Ordinary and necessary expenses paid or incurred in carrying on any trade or business in accordance with 26 USC 162 - limited by 26 USC 274.	40-18-15(a)(1)	\$17,280,000
9.2.04	Individual Income	Self-employed health insurance premiums - conforms to 26 USC 162.	40-18-15(a)(1)	<b>Included in 9.2.03</b>
9.2.05	Individual Income	Home mortgage interest - conforms to 26 USC 163, 264 and 265.	40-18-15(a)(2)	\$173,360,000

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Individual Income Tax

<b>Expenditure</b>	<b>Tax</b>	<b>Full Description</b>	<b>Legal Citation</b>	<b>Actual Value</b>
9.2.06	Individual Income	Home mortgage interest and points not reported on form 1098 - conforms to 26 USC 163, 264 and 265.	40-18-15(a)(2)	\$2,490,000
9.2.07	Individual Income	Interest paid or accrued within taxable year , limited to amount allowed for federal tax purposes under 26 USC 163, 264 and 265.	40-18-15(a)(2)	<b>Included in 9.2.05</b>
9.2.08	Individual Income	Qualified mortgage insurance premiums (PMI) - conforms to 26 USC 163, 264 and 265.	40-18-15(a)(2)	\$5,350,000
9.2.09	Individual Income	FICA taxes.	40-18-15(a)(3)	\$269,760,000
9.2.10	Individual Income	Generation-skipping transfer tax imposed on income distributions by 26 USC Section 2601.	40-18-15(a)(3)	<b>Included in 9.2.12</b>
9.2.11	Individual Income	State & local and foreign occupational license taxes and contributions to state unemployment funds.	40-18-15(a)(3)	<b>Included in 9.2.12</b>
9.2.12	Individual Income	State & local personal property taxes.	40-18-15(a)(3)	\$14,620,000
9.2.13	Individual Income	State, local & foreign real property taxes.	40-18-15(a)(3)	\$32,860,000
9.2.14	Individual Income	Self-employment taxes.	40-18-15(a)(3)	<b>Included in 9.2.09</b>
9.2.15	Individual Income	Taxes paid or accrued in carrying on trade or business as allowed under 26 USC 212.	40-18-15(a)(3)	\$10,250,000
9.2.16	Individual Income	Losses sustained during taxable year & not compensated for by insurance if incurred in trade or business in accordance with 26 USC 165(c)1.	40-18-15(a)(4)	\$10,000
9.2.17	Individual Income	Losses sustained during taxable year & not compensated for by insurance if entered for profit in accordance with 26 USC 165(c)2.	40-18-15(a)(5)	Included in Total Deductions

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Individual Income Tax

<b>Expenditure</b>	<b>Tax</b>	<b>Full Description</b>	<b>Legal Citation</b>	<b>Actual Value</b>
9.2.18	Individual Income	Casualty and theft losses as provided in 26 USC 165(c)3 and (h).	40-18-15(a)(6)	Included in Total Deductions
<b>Total Deductions (9.2.17-9.2.18)</b>				<b>\$770,000</b>
9.2.19	Individual Income	Losses from bad debts if sustained in conduct of regular trade or business.	40-18-15(a)(7)	NEA
9.2.20	Individual Income	Depreciation in accordance with 26 USC 167 and 168.	40-18-15(a)(8)	\$19,040,000
9.2.21	Individual Income	Allowance for amortization of intangibles in accordance with 26 USC 197.	40-18-15(a)(8)	<b>Included in 9.2.03</b>
9.2.22	Individual Income	Depletion allowances mines, oil & gas wells, natural deposits and timber as determined by regulation.	40-18-15(a)(9)	\$250,000
9.2.23	Individual Income	Charitable contributions allowed for federal income tax purposes under 26 USC 170.	40-18-15(a)(10)	\$195,980,000
9.2.24	Individual Income	Deduction allowed under federal taxes for retirement savings under 26 USC 219.	40-18-15(a)(11)	<b>Included in 9.2.02</b>
9.2.25	Individual Income	Deduction allowed under federal taxes for qualified pension, profit sharing, stock bonus and annuity plans under 26 USC 404; Payments to a KEOGH retirement plan and self-employment SEP deduction.	40-18-15(a)(12)	\$8,660,000
9.2.26	Individual Income	Medical & dental expenses in accordance with 26 USC 213 except amount is limited to expenses in excess of 4% of Ala. AGI rather than in excess of 7.5% of Fed. AGI.	40-18-15(a)(13)	\$66,770,000
9.2.27	Individual Income	Miscellaneous deductions not subject to the 2% AGI limitation such as gambling losses, amortizable bond premium on bonds acquired before Oct 23, 1986.	40-18-15(a)(14)	\$16,370,000

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Individual Income Tax

Expenditure	Tax	Full Description	Legal Citation	Actual Value
9.2.28	Individual Income	All ordinary and necessary expenses paid for the production or collection of income, management or maintenance of property held for the production of income or in connection with the determination, collection or refund of any tax.	40-18-15(a)(14)	NEA
9.2.29	Individual Income	Amount up to \$1,000 of expenses for construction of radioactive fallout shelter or contribution towards community shelter.	40-18-15(a)(15)	NEA
9.2.30	Individual Income	Total cost of installation for conversion from gas or electricity to wood as primary energy source.	40-18-15(a)(16)	NEA
9.2.31	Individual Income	Alimony and separate maintenance payments in accordance with 26 USC 215.	40-18-15(a)(17)	\$6,080,000
9.2.32	Individual Income	Moving expenses paid or incurred during taxable year under 26 USC 217 but only if principal place of work is located in Alabama.	40-18-15(a)(18)	\$1,250,000
9.2.33	Individual Income	Any expense not exceeding \$35,000 incurred for the removal of barriers to handicapped persons.	40-18-15(a)(19)	NEA
9.2.34	Individual Income	Expenses of travel, entertainment, and meals determined in accordance with 26 USC 274.	40-18-15(a)(20)	<b>Included in 9.2.37</b>
9.2.35	Individual Income	Deduction allowed by 26 USC 179 relating to expensing certain depreciable property (rather than treating as a capital expenditure).	40-18-15(a)(21)	<b>Included in 9.2.20</b>
9.2.36	Individual Income	Deduction allowed by 26 USC 195 relating to amortization of start-up expenditures.	40-18-15(a)(22)	NEA
9.2.37	Individual Income	Miscellaneous itemized deductions that exceed 2% of adjusted gross income - conforms to 26 USC 67.	40-18-15(a)(23)	\$54,780,000
9.2.38	Individual Income	Reasonable medical and legal expenses incurred in connection with adoption of a minor.	40-18-15(a)(24)	\$120,000

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Individual Income Tax

Expenditure	Tax	Full Description	Legal Citation	Actual Value
9.2.39	Individual Income	Any amount of aid or assistance provided to the State Industrial Development Authority in order to induce an approved company to undertake a major project within the state.	40-18-15(a)(25)	NEA
9.2.40	Individual Income	Amount of premiums paid pursuant to a qualifying insurance contract for qualified long-term care coverage.	40-18-15(a)(26)	\$3,060,000
9.2.41	Individual Income	Amount deductible by the taxpayer in accordance with 26 USC 162(h) (relating to travel expenses of state legislators when away from home).	40-18-15(a)(27)	NEA
9.2.42	Individual Income	Up to \$5,000 annually for contribution to the Alabama Prepaid Affordable College Tuition Program or the Alabama College Education Savings Program.	40-18-15(a)(28)	\$2,970,000
9.2.43	Individual Income	Standard deduction in lieu of itemized deductions - 20% of AGI up to \$2,000 for individuals and up to \$4,000 for joint filers.	40-18-15(b)	\$105,946,000
9.2.44	Individual Income	Excess of deductions over gross income.	40-18-15.2	\$20,609,412
9.2.45	Individual Income	Insurance premium expenses of qualified employers of small businesses.	40-18-15.3	\$2,170,000
9.2.46	Individual Income	Insurance premium expenses of qualified employees of small businesses.	40-18-15.3	\$2,170,000
9.2.47	Individual Income	Retrofitting homes in an Alabama Insurance Underwriting Association zone.	40-18-15.4	\$200,000
9.2.48	Individual Income	Expenses incurred to retrofit a home to make the structure more resistant to loss due to hurricane, tornado, other catastrophic windstorm event, or rising floodwaters.	40-18-15.5	<b>Included in 9.2.47</b>

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Individual Income Tax

<b>Expenditure</b>	<b>Tax</b>	<b>Full Description</b>	<b>Legal Citation</b>	<b>Actual Value</b>
9.2.49	Individual Income	For employers that create new jobs for unemployed persons equal to 50 percent of the gross wages paid to each person hired by an employer who, at the time of such employment, was drawing unemployment compensation or whose unemployment benefits had expired.	40-18-271	NEA
9.2.50	Individual Income	For amounts contributed to a catastrophe savings account.	40-18-311	\$90,000
9.2.51	Individual Income	Payment on early withdrawal of savings account or deposits - conforms to 26 USC 212.	810-3-15-.09	\$60,000
9.3.01	Individual Income	Property and income of the ABLE Program and ABLE Trust Fund.	16-33C-24	NEA
9.3.02	Individual Income	Subsistence allowances received by state law enforcement officers.	36-21-2	NEA
9.3.03	Individual Income	Any payment made by the United States Department of Defense as a result of the death of a member of the Armed Forces of the United States who has been killed in action in a United States Department of Defense designated combat zone and was a resident of the State of Alabama at the time of his or her death and any income earned by the spouse of a member of the Armed Forces of the United States who has been killed in action in a United States Department of Defense designated combat zone.	40-9-37	NEA
9.3.04	Individual Income	All income earned from any missionary service rendered by a foreign missionary while he or she is physically present in a foreign country or countries for a minimum of 24 months and is employed or appointed by a church or other like religious organization.	40-18-2.1	NEA

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Individual Income Tax

<b>Expenditure</b>	<b>Tax</b>	<b>Full Description</b>	<b>Legal Citation</b>	<b>Actual Value</b>
9.3.05	Individual Income	Income earned by members of the U.S. armed forces in a designated combat zone.	40-18-3	NEA
9.3.06	Individual Income	Amounts received from life insurance policies paid by reason of death, in accordance with 26 USC Section 101.	40-18-14(3)a	NEA
9.3.07	Individual Income	Amounts received from annuities or life insurance policies paid by reason other than death, in accordance with 26 USC Section 72.	40-18-14(3)b	NEA
9.3.08	Individual Income	Value of property acquired by gift, bequest, devise, or descent, in accordance with 26 USC Section 102.	40-18-14(3)c	NEA
9.3.09	Individual Income	Interest earned on obligations of the U.S. Government or its possessions.	40-18-14(3)d	NEA
9.3.10	Individual Income	Amounts received by an individual under a workers' compensation act for personal injuries or sickness, damages received under a suit or settlement of a claim on account of personal injuries or sickness, and amounts received under accident and health insurance policies (26 USC Sections 104 and 105).	40-18-14(3)e	NEA
9.3.11	Individual Income	Interest received on obligations of the State of Alabama and political subdivisions of the State.	40-18-14(3)f	NEA
9.3.12	Individual Income	Rental value of a parsonage provided to a minister of the gospel in accordance with 26 USC Section 107.	40-18-14(3)g	NEA
9.3.13	Individual Income	Income from the discharge of indebtedness in accordance with 26 USC Section 108 (income from discharge of debts in bankruptcy under Title 11 or insolvency outside bankruptcy, and from discharge of certain farm, real property, and student loan indebtedness).	40-18-14(3)h	NEA

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Individual Income Tax

Expenditure	Tax	Full Description	Legal Citation	Actual Value
9.3.14	Individual Income	Gains realized from the sale of personal residences, in accordance with 26 USC Section 121 (Generally, up to \$250,000 for individuals, \$500,000 for married couples).	40-18-14(3)i	NEA
9.3.15	Individual Income	Retirement contributions made by employers on behalf of employees under a qualified cash or deferred compensation arrangement ("401(k)" plans); and retirement contributions made by an employer for an employee for an annuity contract ("403(b)" plans) NOTE: This deferred income will be taxed when distributions are made from these plans.	40-18-14(3)j	NEA
9.3.16	Individual Income	Amounts paid by an employee under a "cafeteria" plan pursuant to 26 USC Section 125 and amounts that an employer is allowed to exclude certain fringe benefits from income pursuant to 26 USC Section 132 (employee discounts, de minimis fringes, no-additional-cost services, etc.).	40-18-14(3)k	NEA
9.3.17	Individual Income	Dependent care expenses paid by or services provided by an employer on behalf of an employee in accordance with 26 USC Section 129.	40-18-14(3)l	NEA
9.3.18	Individual Income	Contributions to deferred compensation plans to the extent excluded for federal income tax purposes NOTE: This deferred income will be taxed when distributions are made from these plans.	40-18-14.1	NEA
9.3.19	Individual Income	Retirement benefits paid by the Teachers' Retirement System of Alabama.	40-18-19(a)(1)	<b>Included in 9.3.26</b>
9.3.20	Individual Income	Retirement benefits paid by the Employees' Retirement System of Alabama.	40-18-19(a)(2)	<b>Included in 9.3.26</b>

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Individual Income Tax



<b>Expenditure</b>	<b>Tax</b>	<b>Full Description</b>	<b>Legal Citation</b>	<b>Actual Value</b>
9.3.21	Individual Income	Retirement benefits received by eligible firefighters or their beneficiaries from any firefighting agency established in the State of Alabama (must have been permanently employed as a fire fighter).	40-18-19(a)(3)	NEA
9.3.22	Individual Income	Retirement benefits received by eligible peace officers or their beneficiaries from any police retirement system established in the State of Alabama (must have been duly sworn as a peace officer).	40-18-19(a)(4)	NEA
9.3.23	Individual Income	Retirement benefits received under the U.S. Retirement System from the U.S. Government Civil Service Retirement and Disability Fund or from any other U.S. Government retirement and disability fund, including the TVA pension system and the U.S. Foreign Service Retirement and Disability Fund.	40-18-19(a)(5)	NEA
9.3.24	Individual Income	Retirement annuities paid under Railroad Retirement Act 45 USC 9.	40-18-19(a)(5)	\$430,000
9.3.25	Individual Income	Amounts received under federal Social Security acts.	40-18-19(a)(5)	\$174,171,000
9.3.26	Individual Income	Retirement benefits paid by a defined benefit plan.	40-18-19(a)(6)	\$341,484,000
9.3.27	Individual Income	Net income from financial businesses operated by individuals or partnerships NOTE: These individuals and partnerships are subject to the state's Financial Institution Excise Tax on this income.	40-18-19(a)(7)	NEA
9.3.28	Individual Income	Personal exemption of \$1,500 for single or \$3,000 for joint or head of household return.	40-18-19(a)(8)	\$192,000,000
9.3.29	Individual Income	Dependent exemption of \$300.	40-18-19(a)(9)	\$34,720,000

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Individual Income Tax

Expenditure	Tax	Full Description	Legal Citation	Actual Value
9.3.30	Individual Income	Benefits received from prepaid tuition contracts administered by Alabama Prepaid Affordable College Tuition Program or the Alabama College Education Savings Program.	40-18-19(a)(10)	NEA
9.3.31	Individual Income	Personal exemption of \$1,500 for single or \$3,000 for joint or head of household return for nonresidents prorated by the ration of income earned in Alabama to total income from all sources.	40-18-19(b)	\$4,500,000
9.3.32	Individual Income	Amount up to \$25,000 received as severance, unemployment compensation or termination pay due to administrative downsizing.	40-18-19.1	\$39,599,201
9.3.33	Individual Income	Death benefit payments paid to the beneficiary of a police officer or firefighter killed in the line of duty.	40-18-19.2	NEA
9.3.34	Individual Income	Military retirement benefits.	40-18-20	<b>Included in 9.3.26</b>
9.3.35	Individual Income	Income from any trust described in Section 501 (relating to exempt organizations), §401 (relating to pension and profit sharing trusts), §408 and §408A (relating to individual retirement accounts and individual retirement annuities), §530 (relating to Coverdell education savings accounts), or §664 (relating to charitable remainder trusts).	40-18-25.1	NEA
9.3.36	Individual Income	All interest income earned by a catastrophe savings account.	40-18-311	NEA

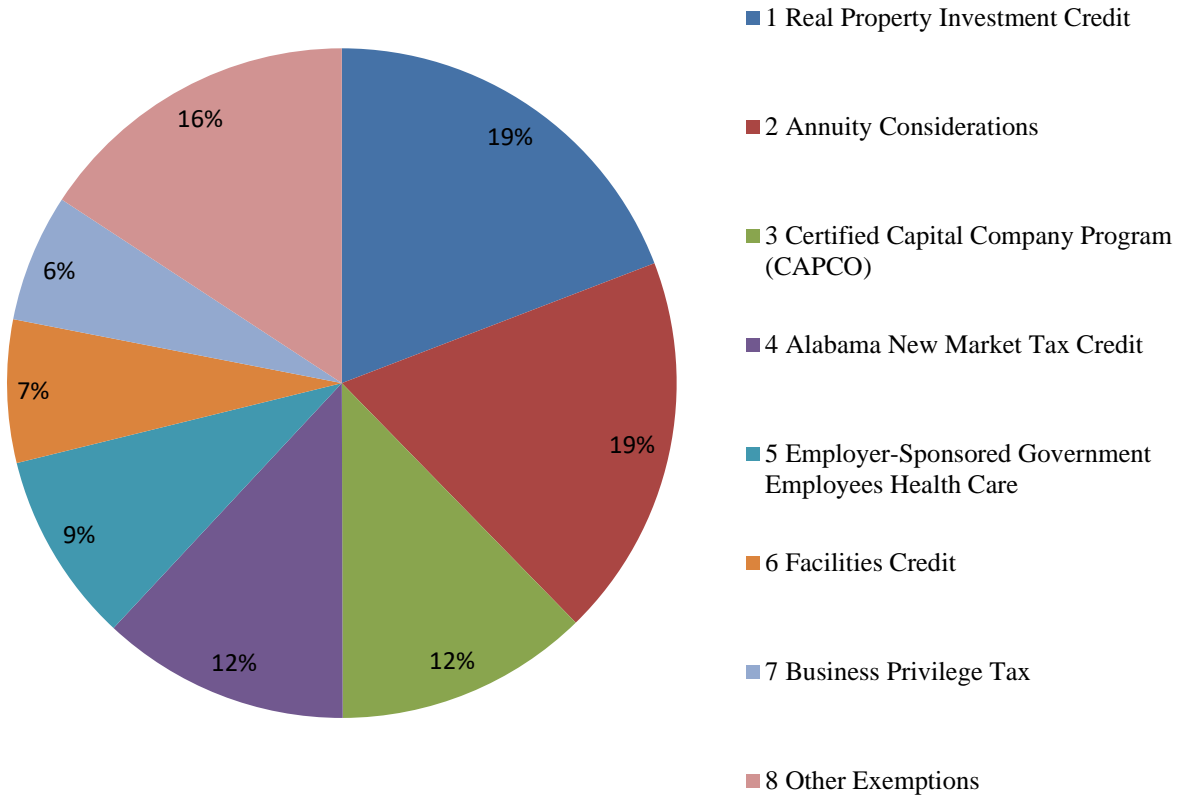
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<b>Expenditure</b>	<b>Tax</b>	<b>Full Description</b>	<b>Legal Citation</b>	<b>Actual Value</b>
9.3.37	Individual Income	An out-of-state employee performing disaster or emergency related work on infrastructure owned or operated by a registered business, municipality, county, or public corporation shall not be considered to have established residency or a presence in the state that would require that person or their employer to file and pay income taxes or to be subject to tax withholdings.	40-31-3	NEA
9.3.38	Individual Income	Income and interest on bonds of the numerous public finance authorities, commissions and foundations.	41-10-28, 41-10-61 41-10-107, 41-10-147 41-10-179, 41-10-209 41-10-279, 41-10-327 41-10-327, 41-10-362 41-10-464, 41-10-517 41-10-553, 41-10-632	NEA
9.3.39	Individual Income	Military allowances for quarters, subsistence uniforms and travel furnished by U.S. Government.	810-3-14-.02	NEA

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# **Insurance Premium Tax**

## Insurance Premium Tax



1	Real Property Investment Credit	\$	30,429,000
2	Annuity Considerations	\$	28,653,000
3	Certified Capital Company Program (CAPCO)	\$	16,886,000
4	Alabama New Market Tax Credit	\$	16,473,000
5	Facilities Credit	\$	17,368,000
6	Business Privilege Tax	\$	4,723,000
7	Other Exemptions	\$	10,129,000
<b>TOTAL</b>		<b>\$</b>	<b>124,661,000</b>

<b>Expenditure</b>	<b>Tax</b>	<b>Full Description</b>	<b>Legal Citation</b>	<b>Actual Value</b>
10.1.01	Insurance Premium	Coastal Premium (Wind Pool) Tax Credit.	27-1-24.1	\$0
10.1.02	Insurance Premium	Insurance Office Facilities Credit: For each office in Alabama used for insurance operations, a credit of up to .01%; total credit not to exceed 1%, based on the number of full-time employees in the office. - 1-3 employees 0.0025% of premiums taxable - 4-10 employees 0.0050% of premiums taxable - 11-50 employees 0.0075% of premiums taxable - 51 or more employees 0.0100% of premiums taxable.	27-4A-3	\$17,367,907
10.1.03	Insurance Premium	Real Property Investment Credit: For each \$1 million of real property investments in Alabama, a credit of 0.1%, up to 1% total credit.	27-4A-3	\$30,429,026
10.1.04	Insurance Premium	Certified Capital Company Program (CAPCO).	40-14B-1 - 40-14B-22	\$16,886,288*
10.1.05	Insurance Premium	Alabama New Market Tax Credit.	41-9-219	\$16,472,691*
10.2.01	Insurance Premium	Ad valorem taxes paid by an insurer on property as follows: -any building and real estate in Alabama which is owned and occupied, in whole or in part, by the insurer for the full period of the tax year as its principal office in Alabama -any other real estate and improvements thereon in Alabama which is owned and at least 50% occupied by the insurer for the full period of the tax year; and -the insurer's office in Alabama, whether such taxes are paid directly by the insurer or in the form of rent to a third-party landlord.	27-4A-3	\$3,366,770

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\*Indicates a value based on 2018 data

<b>Expenditure</b>	<b>Tax</b>	<b>Full Description</b>	<b>Legal Citation</b>	<b>Actual Value</b>
10.2.02	Insurance Premium	All license fees and taxes paid to any county in Alabama during the calendar year for the privilege of engaging in the business of insurance within the county (although a credit allowed for such taxes is irrelevant due to the prohibition against such taxes found in Section 27-4A-5).	27-4A-3	NEA
10.2.03	Insurance Premium	All expenses of examination of the insurer by the Commissioner of the Department of Insurance.	27-4A-3	\$1,860,479
10.2.04	Insurance Premium	60% of all franchise or business privilege taxes paid by the insurer to the state.	27-4A-3	\$4,722,912
10.2.05	Insurance Premium	All assessments to the Alabama Life and Disability Insurance Guaranty Association, the Alabama Insurance Guaranty Association or assessments for any other guaranty fund or pool now or hereafter created by statute.	27-4A-3	\$224,691
10.2.06	Insurance Premium	Any losses suffered as a result of operation under the Alabama Health Care Plan (in the event such a plan is implemented) may be deducted from premium taxes payable but total loss deduction may not exceed 50% of the tax normally payable.	27-21-4	NEA
10.2.07	Insurance Premium	Insurers participating in the Alabama Health Insurance Plan may offset any premium taxes otherwise payable on health insurance premiums paid to them by the full amount of any assessments paid in the same calendar year as the assessment (AHIP ceased operation in June 2014).	27-52-3	\$0
10.3.01	Insurance Premium	Self-insurance programs utilizing a trust fund or similar entity providing workers' compensation, health, and other insurance-like coverage are exempt (prohibited from state taxation by federal law (ERISA)).	11-30-4	NEA

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<b>Expenditure</b>	<b>Tax</b>	<b>Full Description</b>	<b>Legal Citation</b>	<b>Actual Value</b>
10.3.02	Insurance Premium	Non-profit life insurers' premiums on non-profit educational and scientific institutions. (In lieu of the tax, such company pays an annual license fee of \$5,000).	27-4-8	\$1,293,781
10.3.03	Insurance Premium	Annuity considerations (not taxed in AL after 1993; taxed by eight states and Puerto Rico).	27-4-8	\$28,652,593
10.3.04	Insurance Premium	Employer-Sponsored Government Employees Health Care.	27-4A-3	\$0
10.3.05	Insurance Premium	Premiums collected by counties, municipalities, municipal corporations, political subdivisions of the state; instrumentalities of counties, municipalities, municipal corporations, or the State of Alabama; or corporations of associations owned solely by counties, municipalities or the State of Alabama.	27-4A-3	\$1,578,293
10.3.06	Insurance Premium	Premium or annuity considerations for health care benefits supplementary to Medicare or Medicaid or provided to an employer-sponsored plan for governmental employees.	27-4A-3(a)(2)c	\$0
10.3.07	Insurance Premium	Surplus line wet marine and transportation insurance.	27-10-34	\$0
10.3.08	Insurance Premium	Fraternal benefit societies (not taxed by any state).	27-34-42	\$1,805,112

d: Indicates a value of \$100,000 or less

m: Indicates a value of \$1,000,000 or less

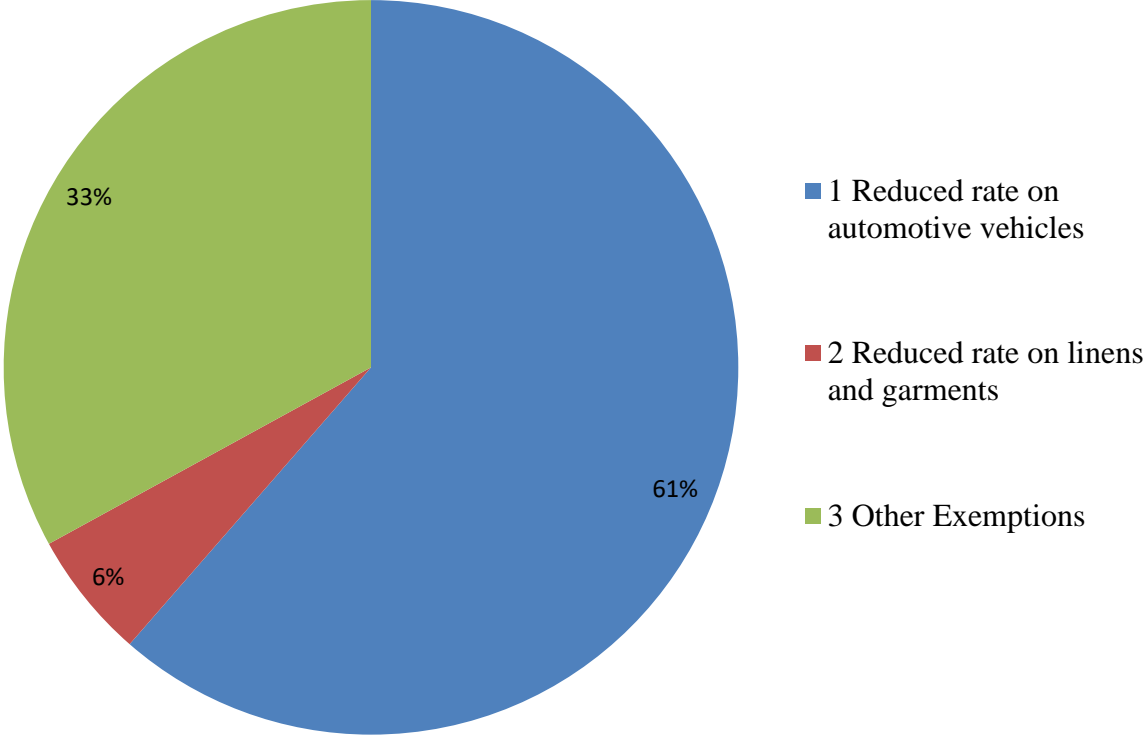
NEA: No Estimate Available

\*Indicates a value based on 2018 data



# **Leasing or Rental Tax**

### Leasing or Rental Tax



1	Reduced rate on automotive vehicles	\$46,056,000
2	Reduced rate on linens and garments	\$4,209,000
3	Other Exemptions	\$24,729,000
<b>TOTAL</b>		<b>\$74,994,000</b>

<b>Expenditure</b>	<b>Tax</b>	<b>Full Description</b>	<b>Legal Citation</b>	<b>Actual Value</b>
11.1.01	Leasing or Renting	The detention by the user of freight cars, oxygen and acetylene tanks, and similar property for which detention or demurrage a per diem charge is made against the user.	40-12-220 (5)	NEA
11.2.01	Leasing or Renting	The renting or leasing of oxygen or durable medical equipment to a recipient of benefits under the Medicare or Medicaid program.	40-9-30	Included in Total Exemptions
11.2.02	Leasing or Renting	Film or films to a lessee who charges, or proposes to charge, admission for viewing the said film or films.	40-12-223 (1)	Included in Total Exemptions
11.2.03	Leasing or Renting	Charge in respect to the use of docks or docking facilities furnished for boats or other craft operated on waterways.	40-12-223 (2)	Included in Total Exemptions
11.2.04	Leasing or Renting	Leasing or rental of tangible personal property to a lessee who acquires possession of the said property for the purpose of leasing or renting to another the same property under a leasing or rental transaction subject to the provisions of this article.	40-12-223 (4)	Included in Total Exemptions
11.2.05	Leasing or Renting	Charge made by a landlord to a tenant in respect to the leasing or furnishing of tangible personal property to be used on the premises of any room or rooms, lodging or accommodations leased or rented to transients in any hotel, motel, inn, tourist camp, tourist cabin, or any other place in which rooms, lodgings, or accommodations are regularly furnished to transients for a consideration.	40-12-223 (5)	Included in Total Exemptions
11.2.06	Leasing or Renting	Nuclear fuel assemblies together with nuclear material contained, other nuclear material used or useful in the production of electricity, and assemblies containing ionizing radiation sources contained therein used or useful in medical treatment or scientific research.	40-12-223 (7)	Included in Total Exemptions

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NEA: No Estimate Available

Expenditure	Tax	Full Description	Legal Citation	Actual Value
11.2.07	Leasing or Renting	A transaction where under the lessor leases a truck or tractor-trailer or semitrailer for operation over the public roads and highways and such lessor furnishes a driver or drivers for such vehicle, and such transaction shall be deemed to constitute the rendition of service and not a "leasing or rental" within the meaning of this article.	40-12-223 (8)	Included in Total Exemptions
11.2.08	Leasing or Renting	Structures, devices, facilities, and identifiable components of any thereof acquired primarily for the control, reduction, or elimination of air or water pollution, and the gross proceeds accruing from the leasing or rental of all materials used or intended for use in structures built primarily for the control, reduction, or elimination of air and water pollution.	40-12-223 (10)	Included in Total Exemptions
11.2.09	Leasing or Renting	A transaction involving the leasing or rental of tangible personal property between a lessor and sublessor when the sublessor and lessor are wholly-owned subsidiary corporations of the same parent corporation.	40-12-223 (11)	Included in Total Exemptions
11.2.10	Leasing or Renting	Aircraft, replacement parts, components, systems, sundries, and supplies affixed or used on said aircraft and all ground support equipment and vehicles used by or for the aircraft to or by a certificated or licensed air carrier with a hub operation within this state, for use in conducting intrastate, interstate or foreign commerce for transporting people or property by air. For the purpose of this subdivision, the words "hub operation within this state".	40-12-223 (13)	Included in Total Exemptions
<b>Total Exemptions (11.2.01-11.2.10)</b>				<b>\$24,728,753</b>
11.3.01	Leasing or Renting	Automotive vehicles, truck trailers, semitrailers and house trailers - <b>Taxed at 1.5% instead of 4%.</b>	40-12-222	\$46,056,351
11.3.02	Leasing or Renting	Linens and garments - <b>Taxed at 2% instead of 4%.</b>	40-12-222	\$4,208,952

d: Indicates a value of \$100,000 or less

m: Indicates a value of \$1,000,000 or less

NEA: No Estimate Available

# **Liquor Tax**

<b>Expenditure</b>	<b>Tax</b>	<b>Full Description</b>	<b>Legal Citation</b>	<b>Actual Value</b>
12.1.01	Liquor	Sales to certain agencies of the U.S. armed forces.	N/A	\$7,225,083
12.1.02	Liquor	Sales to certified or licensed air carrier with hub operation within the state.	28-3-207	\$0

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 m: Indicates a value of \$1,000,000 or less  
 NEA: No Estimate Available

# **Lodgings Tax**

<b>Expenditure</b>	<b>Tax</b>	<b>Full Description</b>	<b>Legal Citation</b>	<b>Actual Value</b>
13.1.01	Lodgings	Vendors who file tax returns on time are entitled to a discount of 5% on the first \$100 of tax and 2% on all tax over \$100.	40-26-21	\$1,632,459
13.2.01	Lodgings	Charges for rooms, lodgings, or other accommodations furnished to the United States government, its departments, or its agencies provided the charges are billed directly to the United States government and paid for by the United States government with government funds.	U.S. Constitution Article VI	NEA
13.2.02	Lodgings	Exempt from state, county, and municipal lodging tax.	12 U.S.C. 1768	NEA
13.2.03	Lodgings	Certain foreign diplomats and consular officials exempt from state and local lodging taxes.	Treaties and other diplomatic agreements with the United States.	NEA
13.3.01	Lodgings	Activities authorized are exempt.	11-22-13, 11-60-17	NEA
13.3.02	Lodgings	The Board and all properties exempt.	11-54-96	NEA
13.3.03	Lodgings	The property and income of the authority (whether used by it or leased to others), all bonds issued by the authority, the income from such bonds or from other sources, the interest and other profits from such bonds enduring to and received by the holders thereof, conveyances by and to the authority and leases, mortgages and deeds of trust by and to the authority shall be exempt from all taxation in the state.	11-54A-14	NEA
13.3.04	Lodgings	The corporation and all facilities at any time owned by it and the income therefrom and all bonds issued by it and the income therefrom shall be exempt from all taxation.	11-59-16	NEA

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<b>Expenditure</b>	<b>Tax</b>	<b>Full Description</b>	<b>Legal Citation</b>	<b>Actual Value</b>
13.3.05	Lodgings	A historic preservation commission shall have tax exempt status, and the properties of the commission and the income therefrom, together with all leases, agreements, and contracts made by it, shall be forever exempt from any and all taxation by the State of Alabama and any political subdivision thereof, including, but not limited to, income, admission, amusement, excise and ad valorem taxes.	11-68-4	NEA
13.3.06	Lodgings	Each authority incorporated under this chapter and all properties at any time owned by it and the income therefrom and all bonds issued by it and the income therefrom shall be exempt from all taxation in the State of Alabama, including, without limitation, ad valorem, sales, excise, license, and privilege taxes.	11-94-19	NEA
13.3.07	Lodgings	The authority shall be exempt from paying any taxes, whether state, local, or municipal.	16-7A-4(b)	NEA
13.3.08	Lodgings	The authority, the property and income of the authority, all bonds issued by the authority, the income from such bonds, conveyances by or to the authority and leases, mortgages and deeds of trust by or to the authority shall be exempt from all taxation in the State of Alabama. No license or excise tax may be imposed on any authority in respect of the privilege of engaging in any of the activities authorized by this chapter.	16-17-14, 16-18-16	NEA
13.3.09	Lodgings	The trust shall be exempt from all taxes of the State of Alabama and its political subdivisions.	16-44A-34(a)	NEA
13.3.10	Lodgings	Proceeds from the sale or resale of any vacation time-share lease plan.	34-27-65	NEA

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<b>Expenditure</b>	<b>Tax</b>	<b>Full Description</b>	<b>Legal Citation</b>	<b>Actual Value</b>
13.3.11	Lodgings	Any entity organized and existing in good faith within the state for other than pecuniary gain and not for individual profit.	40-9-9 - 40-9-13	NEA
13.3.12	Lodgings	Corporations organized for the purpose of establishing regional mental health programs and facilities which are certified or licensed by the State Board of Health under the provisions of Sections 22-50-1 through 22-50-24.	40-9-23	NEA
13.3.13	Lodgings	The Hudson-Alpha Institute for Biotechnology (provided they meet requirements as set forth in Section 40-9-34).	40-9-34	NEA
13.3.14	Lodgings	Rooms, lodgings, or accommodations supplied for a 180 continuous days or more.	40-26-1(b)	NEA
13.3.15	Lodgings	Camps, conference centers, or similar facilities operated by nonprofit organizations primarily for the benefit of, and in connection with, recreational or educational programs for children, students, or members or guests of other nonprofit organizations during any calendar year.	40-26-1(b)	NEA
13.3.16	Lodgings	Camps, conference centers, or similar facilities that provide lodging and recreational or educational programs exclusively for the benefit of children, students, or members or guests of other nonprofit organizations during any calendar year.	40-26-1(b)	NEA

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Expenditure	Tax	Full Description	Legal Citation	Actual Value
13.3.17	Lodgings	Qualified production company that intends to expend in the aggregate one hundred fifty thousand dollars (\$150,000) or more in connection with a qualified production in the State of Alabama within a consecutive 12-month period, upon making application for, meeting the requirements of, and receiving written certification of that designation from the office, shall be exempted from the payment of the state portion, but <b>not the local portion</b> of sales, use, and lodging taxes.	41-7A-45	\$26,468
13.3.18	Lodgings	Entities exempt from lodgings tax as provided by statute ( <b>Entity specific information is not available due to taxpayer confidentiality</b> ) (Please see the “Exempt Entities” page for a list of entities exempted by statute)	See “Exempt Entities”	<b>\$523,299</b>

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NEA: No Estimate Available

## **Motor Fuels (Diesel) Tax**

Expenditure	Tax	Full Description	Legal Citation	Actual Value
14.1.01	Motor Fuels	Administrative allowance for licensed distributor filing refund claim for sales to exempt entities \$0.02 on each gallon covered by claim.	8-17-87, 40-17-329	\$405,999
14.1.02	Motor Fuels	Administrative discount for supplier or permissive supplier who timely files return 0.005% of amount of tax payable.	40-17-340	Included in Total Discounts
14.1.03	Motor Fuels	Discount for licensed distributor or importer that timely pays tax due supplier or permissive supplier 0.004% of amount of tax payable (amount goes to supplier).	40-17-341	Included in Total Discounts
14.1.04	Motor Fuels	Administrative discount for supplier or permissive supplier who timely files return for payments not previously remitted 0.001% of amount of tax payable not to exceed \$2,000 per month.	40-17-343	Included in Total Discounts
<b>Total Discounts (14.1.02-14.1.04)</b>				<b>\$1,294,148</b>
14.2.01	Motor Fuels	Motor fuel delivered by licensed supplier from one terminal to another when ownership in motor fuel has not changed or by licensed supplier from terminal to refinery operated by licensed supplier.	40-17-329	NEA
14.2.02	Motor Fuels	Motor fuel sold by licensed supplier or licensed permissive supplier to an exempt agency under Section 40-17-332 - United States government/agency - County - Incorporated municipality - City/county boards of education - Alabama Institute for the Deaf and Blind - Alabama Department of Youth Services - School district, and private/church school systems as defined in Section 16-28-1).	40-17-329	Included in Total Exemptions

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NEA: No Estimate Available

Expenditure	Tax	Full Description	Legal Citation	Actual Value
		From the motor carrier fuel tax: - Any department, board, bureau, commission or taxing area or other agency of federal government, Alabama, or political subdivision thereof - Any school bus operated by Alabama, political subdivision thereof, or any private or privately operated school or schools.		Included in Total Exemptions
14.2.03	Motor Fuels		40-17-329	Included in Total Exemptions
14.2.04	Motor Fuels	Sales of dyed diesel fuel.	40-17-329	Included in Total Exemptions
		Motor fuel exported from state for which proof of export is available in form of terminal issued destination state shipping document that is: - Exported by supplier who is licensed in the destination state or - Sold by supplier to licensed exporter for immediate export to state for which the applicable destination state motor fuel excise tax has been collected by supplier who is licensed to remit the tax to the destination state.		Included in Total Exemptions
14.2.05	Motor Fuels		40-17-329	Included in Total Exemptions
		Gasoline blendstocks when sold to: - Licensed supplier or refunded - Person who will not be using blendstocks in manufacture of gasoline or as motor fuel (with exemption certificate).		Included in Total Exemptions
14.2.06	Motor Fuels		40-17-329	Included in Total Exemptions
<b>Total Exemptions (14.2.02-14.2.06)</b>				<b>\$10,384,442</b>

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NEA: No Estimate Available

# **Motor Vehicle Registration**

<b>Expenditure</b>	<b>Tax</b>	<b>Full Description</b>	<b>Legal Citation</b>	<b>Actual Value</b>
15.1.01	Motor Vehicle Registration	A resident of Alabama who is an active or retired member of the Alabama National Guard, or an active member of the Alabama State Guard.	31-2-12, 32-6-110, 32-6-111.1, 32-6-231.1, 40-12-244	\$276,503
15.1.02	Motor Vehicle Registration	Any disabled veteran of World War II or of any other hostilities in which the United States was, is, or shall be engaged against any foreign state, whether as a result of a declared war or not, who owns an automobile which has been, is or shall hereafter be all or partly paid for with funds furnished for such purpose by the Administrator of Veterans Affairs under authority of any act of the Congress of the United States, is exempt from all license fees and ad valorem taxes required by or prescribed in this article; provided, that the veteran keeps such motor vehicle only for private use.	32-6-130, 40-12-244, 40-12-254	\$2,067,907
15.1.03	Motor Vehicle Registration	Only those persons or organizations who are members of the Alabama Association of Rescue Squads, Inc.	32-6-171, 32-11-2	\$37,237
15.1.04	Motor Vehicle Registration	A resident of Alabama who is the recipient of the Medal of Honor or the widow of a recipient of the Medal of Honor.	32-6-231.1, 32-6-250	\$161
15.1.05	Motor Vehicle Registration	Any resident of the State of Alabama who shows by satisfactory proof that he or she is a recipient of the Purple Heart medal.	32-6-231.1, 32-6-250	\$115,292
15.1.06	Motor Vehicle Registration	Any resident of the State of Alabama who shows by satisfactory proof that he or she is a duly recognized former prisoner of war.	32-6-231.1, 32-6-250	\$782
15.1.07	Motor Vehicle Registration	Any resident of the State of Alabama who is a member of the Legion of Valor with positive proof of membership and the award of the Medal of Honor, the Army Distinguished Service Cross, the Navy Cross, or the Air Force Cross.	32-6-250	\$115

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<b>Expenditure</b>	<b>Tax</b>	<b>Full Description</b>	<b>Legal Citation</b>	<b>Actual Value</b>
15.1.08	Motor Vehicle Registration	A volunteer firefighter who is a resident of Alabama is entitled to a registration fee exemption for one vehicle as provided for in Code Section 40-12-244. The exemption extends only for the purchase of a Firefighter distinctive license plate. The exemption does not extend to retired volunteer firefighters.	32-6-270, 32-6-272, 40-12-244	\$805
15.1.09	Motor Vehicle Registration	All residents of Alabama who are active members of the United States Armed Forces Reserve.	32-6-351, 40-12-244	\$34,434
15.1.10	Motor Vehicle Registration	All residents of Alabama who are vehicle owners and members of the immediate family of a person who has died while on active duty in any branch of the U.S. military. The registrant is exempt from registration fees, ad valorem taxes and any additional fees for the first plate.	32-6-630, 40-12-244	\$12,270
15.1.11	Motor Vehicle Registration	Duly constituted and appointed consuls and honorary consuls of foreign countries who are officially stationed in Alabama. These plates are issued by the Department of Revenue.	40-12-243	\$161
15.2.01	Motor Vehicle Registration	All residents of Alabama who are farmers as defined in Section 40-12-240 and owners of trucks (to include pickup trucks) and truck tractors to be registered with a "Farm" license plate. For Farm Truck Tractors the reduced annual license tax and registration fee for only four (4) truck tractors; for each additional truck tractor the annual license tax and registration fee shall be paid based on the gross vehicle weight in pounds. See Code Section 40-12-248 for the weight and fee schedules.	40-12-248	\$7,686,090

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<b>Expenditure</b>	<b>Tax</b>	<b>Full Description</b>	<b>Legal Citation</b>	<b>Actual Value</b>
15.2.02	Motor Vehicle Registration	All residents of Alabama who are farmers as defined in Section 40-12-240 and owners of trucks (to include pickup trucks) and truck tractors to be registered with a "Farm" license plate. For Farm Truck Tractors the reduced annual license tax and registration fee for only four (4) truck tractors; for each additional truck tractor the annual license tax and registration fee shall be paid based on the gross vehicle weight in pounds. See Code Section 40-12-248 for the weight and fee schedules.	40-12-248	\$999,630
15.2.03	Motor Vehicle Registration	All residents of Alabama who are farmers as defined in Section 40-12-240 and owners of trucks (to include pickup trucks) and truck tractors to be registered with a "Farm" license plate. For Farm Truck Tractors the reduced annual license tax and registration fee for only four (4) truck tractors; for each additional truck tractor the annual license tax and registration fee shall be paid based on the gross vehicle weight in pounds. See Code Section 40-12-248 for the weight and fee schedules.	40-12-248	\$302,720
15.2.04	Motor Vehicle Registration	All residents of Alabama who are farmers as defined in Section 40-12-240 and owners of trucks (to include pickup trucks) and truck tractors to be registered with a "Farm" license plate. For Farm Truck Tractors the reduced annual license tax and registration fee for only four (4) truck tractors; for each additional truck tractor the annual license tax and registration fee shall be paid based on the gross vehicle weight in pounds. See Code Section 40-12-248 for the weight and fee schedules.	40-12-248	\$952,320

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<b>Expenditure</b>	<b>Tax</b>	<b>Full Description</b>	<b>Legal Citation</b>	<b>Actual Value</b>
15.2.05	Motor Vehicle Registration	All residents of Alabama who are owners of trucks used to transport forest products from the point of severance to a sawmill, papermill, or concentration yard.	40-12-248	\$35,100
15.2.06	Motor Vehicle Registration	All residents of Alabama who are owners of trucks used to transport forest products from the point of severance to a sawmill, papermill, or concentration yard.	40-12-248	\$81,445
15.2.07	Motor Vehicle Registration	A "vintage vehicle" is: (i) a private passenger automobile, truck or truck tractor which weighs not more than 26,000 pounds gross weight, motorcycle, or fire truck, (ii) over 30 years old, (iii) operated as a collector's item, including participation in club activities, exhibitions, tours, parades, and not used for general transportation purposes, (iv) a vehicle having the original or substantially similar vehicle body, chassis, engine, and transmission as designated for that make, model, year, and age vehicle.	40-12-290	\$55,343

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NEA: No Estimate Available

# **Oil and Gas Privilege Tax**

<b>Expenditure</b>	<b>Tax</b>	<b>Full Description</b>	<b>Legal Citation</b>	<b>Actual Value</b>
16.1.01	Oil & Gas Privilege	A reduced tax rate of 4% for incremental production from enhanced recovery projects	40-20-2(a)(2)	Included in Total Differentials
16.1.02	Oil & Gas Privilege	A reduced tax rate of 4% for oil wells producing 25 barrels or less/day and gas wells producing 200 mcf or less a day	40-20-2(a)(3)	Included in Total Differentials
16.1.03	Oil & Gas Privilege	An annual tax rate of 6% for offshore wells permitted on or after 7/1/1988 and producing from a depth less than 8,000 feet	40-20-2(a)(5)	Included in Total Differentials
16.1.04	Oil & Gas Privilege	An annual tax rate of 6% for onshore wells permitted on or after 7/1/1988	40-20-2(a)(5)	Included in Total Differentials
16.1.05	Oil & Gas Privilege	A reduced tax rate of 3.65% for offshore wells producing from a depth deeper than 8,000 feet	40-20-21	Included in Total Differentials
<b>Total Differentials (16.1.01-16.1.05)</b>				<b>\$10,959,139</b>

d: Indicates a value of \$100,000 or less

m: Indicates a value of \$1,000,000 or less

NEA: No Estimate Available

# **Public Utilities License Tax**

<b>Expenditure</b>	<b>Tax</b>	<b>Full Description</b>	<b>Legal Citation</b>	<b>Actual Value</b>
17.1.01	Public Utilities License	Water authorities.	10A-20-9.04	Included in Total Exemptions
17.1.02	Public Utilities License	The Alabama Municipal Electric Authority (AMEA) makes a “payment in-lieu-of-taxes” of 2.2% of the gross receipts from all power sold by AMEA to member cities. This payment is deposited into the State General Fund.	11-50A-7	Included in Total Exemptions
17.1.03	Public Utilities License	County water, sewer, and fire protection authorities.	11-88-16	Included in Total Exemptions
17.1.04	Public Utilities License	Municipal utility companies (electric, gas and water) are exempt by virtue of the “natural immunity” of municipalities from state taxes unless specifically included. Rural Electric Associations are subject to the tax.	11-97-18	Included in Total Exemptions
17.1.05	Public Utilities License	Gross receipts from the sale of electricity for resale by electric and hydroelectric.	40-21-53	Included in Total Exemptions
17.1.06	Public Utilities License	Gross receipts from the sale of electricity to disabled persons and persons who are 62 years of age or older and who meet certain criteria.	40-21-53	Included in Total Exemptions
17.1.07	Public Utilities License	Cellular telecommunication services and providers.	40-21-120	Included in Total Exemptions
<b>Total Exemptions (17.1.01-17.1.07)</b>				<b>\$50,096,291</b>

d: Indicates a value of \$100,000 or less

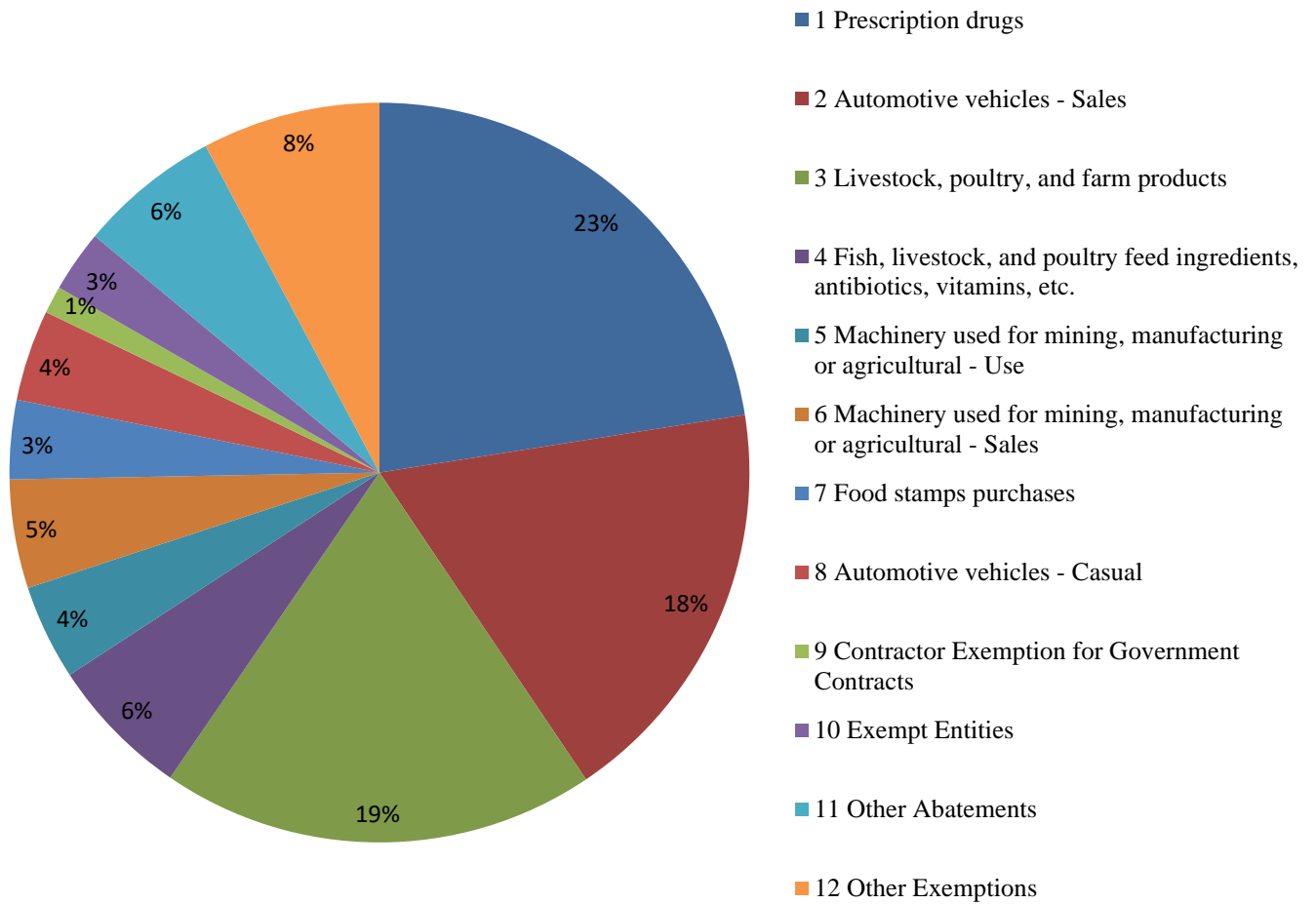
m: Indicates a value of \$1,000,000 or less

NEA: No Estimate Available

# **Sales and Use Tax**



## Sales & Use Tax



1 Prescription drugs	\$269,000,000
2 Automotive vehicles - Sales	\$215,873,000
3 Livestock, poultry, and farm products	\$226,993,000
4 Fish, livestock, and poultry feed ingredients, antibiotics, vitamins, etc.	\$74,383,000
5 Machinery used for mining, manufacturing or agricultural - Use	\$49,765,000
6 Machinery used for mining, manufacturing or agricultural - Sales	\$56,807,000
7 Food stamps purchases	\$41,283,000
8 Automotive vehicles - Casual	\$47,564,000
9 Contractor Exemption for Government Contracts	\$14,324,000
10 Exempt Entities	\$32,292,000
11 Other Abatements	\$73,850,000
12 Other Exemptions	\$92,997,000
<b>TOTAL</b>	<b>\$1,195,131,000</b>

Expenditure	Tax	Full Description	Legal Citation	Actual Value
18.1.01	Sales & Use	Industrial Development Property (limited to 10 years).	40-9B-5	Included in Total Abatements
18.1.02	Sales & Use	Brownfield Development Tax Abatement.	40-9C-5	Included in Total Abatements
18.1.03	Sales & Use	Qualifying Project Abatement.	40-9G-2	Included in Total Abatements
<b>Total Abatements (18.1.01-18.1.03)</b>				<b>\$73,850,094</b>
18.2.01	Sales & Use	A discount, not to exceed five percent of the first \$100 of taxes levied and two percent of the taxes levied over \$100.	40-23-36, 810-6-4-.03	\$24,397,531
18.2.02	Sales & Use	Eligible sellers may deduct and retain a discount equal to two percent of the simplified sellers use tax properly collected and then remitted to the department in an timely manner, provided that for tax periods beginning on or after January 1, 2019, the allowance for discount shall not apply to any taxes collected and then remitted which are in excess of four hundred thousand dollars (\$400,000).	40-23-194	\$2,120,622
18.3.01	Sales & Use	Purchases of building materials, construction materials and supplies, and other tangible personal property that becomes part of the structure that is the subject of a written contract for the construction of a building or other project, not to include any contract for the construction of any highway, road, or bridge, for and on behalf of a governmental entity which is exempt from the payment of sales and use taxes.	40-9-14.1	\$14,323,941

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NEA: No Estimate Available

Expenditure	Tax	Full Description	Legal Citation	Actual Value
18.3.02	Sales & Use	Vitamins, minerals and dietary supplements, which are used, sold, furnished, dispensed and prescribed by any physician licensed to practice medicine, chiropractor, orthodontist, and podiatrist in the performance of his professional services.	40-9-27	<b>Included in 18.3.66</b>
18.3.03	Sales & Use	Items used for the treatment of diabetes purchased by or on behalf of an individual pursuant to a valid prescription shall be exempt from state, county, and municipal sales and use taxes, including, but not limited, to any of the following: Insulin and insulin syringes, and any equipment, supplies, devices, chemical reagents, and any related items that may be used by a diabetic to treat diabetes or to test or monitor blood or urine.	40-9-27.1	<b>Included in 18.3.66</b>
18.3.04	Sales & Use	Durable Medical Equipment, Prosthetics and Orthotic Devices, Medical Supplies, and Oxygen (dispensed under physician's orders to Medicare patient).	40-9-30	\$4,920,000
18.3.05	Sales & Use	Sales by elementary or secondary schools or nonprofit elementary or secondary school-sponsored clubs and organizations or any nonprofit, elementary, or secondary school affiliated groups, such as parent-teacher organizations and booster clubs, whose membership may be composed of individuals other than students, provided the net proceeds from such sales are used solely for the benefit of the school. Such nontaxable sales shall include sales resulting from agreements or contracts entered into with resident or nonresident organizations to participate in fund-raising campaigns for a percentage of the gross receipts where students act as agents or salesmen for the organizations by selling or taking orders for the sale of tangible personal property, and no one shall be required to pay sales or use taxes on such sales.	40-9-31	NEA
18.3.06	Sales & Use	Wholesale sales or sales for resale.	40-23-1(a)(9)a	NEA

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Expenditure	Tax	Full Description	Legal Citation	Actual Value
18.3.07	Sales & Use	Products, including iron ore, and including the furnished container and label of such property or products, to a manufacturer or compounder which enter into and become an ingredient or component part of the tangible personal property or products which the manufacturer or compounder manufactures or compounds for sale, whether or not such tangible personal property or product used in manufacturing or compounding a finished product is used with the intent that it becomes a component of the finished product.	40-23-1(a)(9)b	NEA
18.3.08	Sales & Use	Containers intended for one-time use only, and the labels thereof, when containers are sold without contents to persons who sell or furnish containers along with the contents placed therein for sale by persons.	40-23-1(a)(9)c	NEA
18.3.09	Sales & Use	Pallets intended for one-time use only when pallets are sold without contents to persons who sell or furnish pallets along with the contents placed thereon for sale by persons.	40-23-1(a)(9)d	NEA
18.3.10	Sales & Use	Sale to a manufacturer or compounder, of crowns, caps, and tops intended for one-time use employed and used upon the containers in which a manufacturer or compounder markets products.	40-23-1(a)(9)e	NEA
18.3.11	Sales & Use	Containers to persons engaged in selling or otherwise supplying or furnishing baby chicks to growers thereof where containers are used for the delivery of chicks or a sale of containers for use in the delivery of eggs by the producer thereof to the distributor or packer of eggs even though containers used for delivery of baby chicks or eggs may be recovered for reuse.	40-23-1(a)(9)f	<b>Included in 18.3.22</b>
18.3.12	Sales & Use	Bagging and ties used in preparing cotton for market.	40-23-1(a)(9)g	<b>Included in 18.3.22</b>

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Expenditure	Tax	Full Description	Legal Citation	Actual Value
18.3.13	Sales & Use	Sale to meat packers, manufacturers, compounders, or processors of meat products of all casings used in molding or forming wieners and Vienna sausages even though casings may be recovered for reuse.	40-23-1(a)(9)h	<b>Included in 18.3.22</b>
18.3.14	Sales & Use	Commercial fish feed including concentrates, supplements, and other feed ingredients when substances are used as ingredients in mixing and preparing feed for fish raised to be sold on a commercial basis.	40-23-1(a)(9)i	<b>Included in 18.3.36</b>
18.3.15	Sales & Use	Purchase or withdrawal of parts or materials from stock by any person licensed under this division where parts or materials are used in repairing or reconditioning the tangible personal property of a licensed person, which tangible personal property is a part of the stock of goods of a licensed person, offered for sale by him, and not for use or consumption of a licensed person.	40-23-1(a)(9)k	NEA
18.3.16	Sales & Use	Withdrawal, use, or consumption of a manufactured product by the manufacturer thereof in quality control testing performed by employees or independent contractors of the taxpayer or a gift by the manufacturer of a manufactured product, withdrawn from the manufacturer's inventory, to an entity listed in 26 U.S.C. Sections 170(b) or (c).	40-23-1(e)	NEA
18.3.17	Sales & Use	Gasoline as defined in Section 40-17-30 and 40-17-169.	Sales: 40-23-4(a)(1); Use: 40-23-62(4)	Taxed Elsewhere
18.3.18	Sales & Use	Lubricating oil as defined in Section 40-17-30 and 40-17-170.	Sales: 40-23-4(a)(1); Use: 40-23-62(4)	Taxed Elsewhere
18.3.19	Sales & Use	Fertilizer.	Sales: 40-23-4(a)(2); Use: 40-23-62(5)	\$12,804,440

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Expenditure	Tax	Full Description	Legal Citation	Actual Value
18.3.20	Sales & Use	Seeds for planting purposes and baby chicks and poult.	Sales: 40-23-4(a)(3); Use: 40-23-62(6)	\$5,984,520
18.3.21	Sales & Use	Insecticides and fungicides when used for agricultural purposes.	Sales: 40-23-4(a)(4); Use: 40-23-62(7)	\$5,875,200
18.3.22	Sales & Use	Livestock and poultry and other products of the farm, dairy, grove, or garden, when in the original state of production or condition of preparation for sale, when such sale is made by the producer or members of his immediate family.	Sales: 40-23-4(a)(5); Use: 40-23-62(8)	\$226,992,800
18.3.23	Sales & Use	Cottonseed meal exchanged for cottonseed at or by cotton gins.	Sales: 40-23-4(a)(6); Use: 40-23-62(9)	<b>Included in 18.3.22</b>
18.3.24	Sales & Use	Wood residue, coal, or coke to manufacturers, electric power companies, and transportation companies for use or consumption in the production of by-products, or the generation of heat or power used in manufacturing tangible personal property for sale, for the generation of electric power or energy for use in manufacturing tangible personal property for sale or for resale, or for the generation of motive power for transportation.	Sales: 40-23-4(a)(9); Use: 40-23-62(11)	NEA
18.3.25	Sales & Use	Fuel and supplies for use or consumption aboard ships, vessels, towing vessels, or barges, or drilling ships, rigs or barges, or seismic or geophysical vessels, or other watercraft engaged in foreign or international commerce or in interstate commerce.	Sales: 40-23-4(a)(10); Use: 40-23-62(12)	NEA
18.3.26	Sales & Use	Sales of tangible personal property to the State of Alabama, to the counties within the state and to incorporated municipalities of the State of Alabama.	Sales: 40-23-4(a)(11); Use: 40-23-62(13)	NEA

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<b>Expenditure</b>	<b>Tax</b>	<b>Full Description</b>	<b>Legal Citation</b>	<b>Actual Value</b>
18.3.27	Sales & Use	Railroad cars, vessels, barges, and commercial fishing vessels over five tons load displacement as registered with the U.S. Coast Guard and licensed by the State of Alabama Department of Conservation and Natural Resources, when sold by the manufacturers or builders thereof.	Sales: 40-23-4(a)(12); Use: 40-23-62(17)	NEA
18.3.28	Sales & Use	Materials, Equipment, and machinery which, at any time, enter into and become a component part of ships, vessels, towing vessels or barges, or drilling ships, rigs, or barges, or seismic or geophysical vessels, other watercraft and commercial fishing vessels over five tons load displacement as registered with the U.S. Coast Guard and licensed by the State of Alabama Department of Conservation and Natural Resources. Additionally, lifeboats, personal flotation devices, ring life buoys, survival craft equipment, distress signals, EPIRB's, fire extinguishers, injury placards, waste management plans and logs, marine sanitation devices, navigation rulebooks, navigation lights, sound signals, navigation day shapes, oil placard cards, garbage placards, FCC SSL, stability instructions, first aid equipment, compasses, anchor and radar reflectors, general alarm systems, bilge pumps, piping, and discharge and electronic position fixing devices which are used on the aforementioned watercraft.	Sales: 40-23-4(a)(13); Use: 40-23-62(14)	NEA
18.3.29	Sales & Use	Fuel oil purchases as fuel for kiln use in manufacturing establishments.	Sales: 40-23-4(a)(14); Use: 40-23-62(15)	NEA
18.3.30	Sales & Use	Tangible personal property to county and city school boards, independent school boards, and all educational institutions and agencies of the State of Alabama, the counties within the State, or any incorporated municipalities of the State of Alabama.	Sales: 40-23-4(a)(15); Use: 40-23-62(16)	NEA

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Expenditure	Tax	Full Description	Legal Citation	Actual Value
18.3.31	Sales & Use	Devices or facilities, and all identifiable components, or materials for use therein, acquired primarily for the control, reduction, or elimination of air or water pollution and all identifiable components of or materials used or intended for use in structures build primarily for the control, reduction, or elimination of air and water pollution.	Sales: 40-23-4(a)(16); Use: 40-23-62(18)	\$1,067,587
18.3.32	Sales & Use	Gross proceeds of sales of tangible personal property or the gross receipts of any business which the state is prohibited from taxing under the Constitution or laws of the United States or under the Constitution of this state.	Sales: 40-23-4(a)(17); Use: 40-23-62(2)	NEA
18.3.33	Sales & Use	Parts taken from dealers' or distributors' stocks owned by them in making repairs without charge for such parts to the owner of the property repaired pursuant to warranty agreements entered into by manufacturers.	Sales: 40-23-4(a)(18); Use: 40-23-62(19)	NEA
18.3.34	Sales & Use	Food, including potato chips, candy, fruit and similar items, soft drinks, tobacco products, and stationery and other similar articles by hospital canteens operated by Alabama state hospitals at Bryce Hospital and Partlow State School for Mental Deficiencies at Tuscaloosa, Alabama, for the benefit of the patients therein.	40-23-4(a)(19)	NEA
18.3.35	Sales & Use	Wrapping paper and other wrapping materials when used in preparing poultry or poultry products for delivery, shipment, or sale by the producer, processor, packer, or seller of such poultry or poultry products, including pallets for shipping poultry and egg products, paper or other materials used for lining boxes or other containers in which poultry or poultry products are packed together with any other materials placed in such containers for the delivery, shipment, or sale of poultry or poultry products.	Sales: 40-23-4(a)(20); Use: 40-23-62(21)	<b>Included in 18.3.22</b>

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Expenditure	Tax	Full Description	Legal Citation	Actual Value
18.3.36	Sales & Use	Antibiotics, hormones and hormone preparations, drugs, medicines or medications, vitamins, minerals or other nutrients, and all other feed ingredients including concentrates, supplements, and other feed ingredients when such substances are used as ingredients in mixing and preparing feed for fish raised to be sold on a commercial basis, livestock, and poultry.	Sales: 40-23-4(a)(21); Use: 40-23-62(22)	\$74,382,800
18.3.37	Sales & Use	Seedlings, plants, shoots and slips which are to be used for planting vegetable gardens or truck farms and other agricultural purposes.	Sales: 40-23-4(a)(22); Use: 40-23-62(23)	<b>Included in 18.3.20</b>
18.3.38	Sales & Use	Fabricated steel tube sections, when produced and fabricated in this state by any person, firm, or corporation for any vehicular tunnel for highway vehicular traffic, when sold by the manufacturer or fabricator. Also, steel which enters into and becomes a component part of such fabricated steel tube sections of said tunnel.	Sales: 40-23-4(a)(23); Use: 40-23-62(24)	NEA
18.3.39	Sales & Use	Gross proceeds from sales of admissions to any theatrical production, symphonic, or other orchestral concert, ballet, or opera production when such concert or production is presented by an society, association, guild, or workshop group, organized within this state, whose members regularly and actively participate in such concerts or productions for the purposes of providing a creative outlet for the cultural and educational interests of such members, and of promoting such interests for the betterment of the community by presenting such productions to the general public for an admission charge.	40-23-4(a)(24)	NEA
18.3.40	Sales & Use	Herbicides for agricultural uses by whomsoever sold.	Sales: 40-23-4(a)(25); Use: 40-23-62(25)	<b>Included in 18.3.21</b>
18.3.41	Sales & Use	Fuel for use or consumption aboard commercial fishing vessels.	Sales: 40-23-4(a)(27); Use: 40-23-62(27)	NEA

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<b>Expenditure</b>	<b>Tax</b>	<b>Full Description</b>	<b>Legal Citation</b>	<b>Actual Value</b>
18.3.42	Sales & Use	Sawdust, wood shavings, wood chips, and other like materials sold for use as chicken litter by poultry producers and poultry processors.	Sales: 40-23-4(a)(28); Use: 40-23-62(28)	NEA
18.3.43	Sales & Use	Antibiotics, hormones and hormone preparations, drugs, medicines, and other medications, including serums and vaccines, vitamins, minerals or other nutrients for use in the production and growing of fish, livestock, and poultry by whomsoever sold. Such exemption as herein granted shall be in addition to the exemption provided by law.	Sales: 40-23-4(a)(29); Use: 40-23-62(29)	<b>Included in 18.3.36</b>
18.3.44	Sales & Use	Medicines prescribed by physicians for persons who are 65 years of age or older, when filled by a licensed pharmacists.	Sales: 40-23-4(a)(30); Use: 40-23-62(30)	<b>Included in 18.3.66</b>
18.3.45	Sales & Use	Grass sod when in the original state of production or condition of preparation for sale, when such sales are made by the producer or members of his family or for him by those employed by him to assist in the production thereof.	40-23-4(a)(31)	<b>Included in 18.3.22</b>
18.3.46	Sales & Use	The following items or materials which are necessary in the farm-to-market production of tomatoes when such items are used by the producer, members of his family, or by those employed by him to assist in the production thereof: twine for tying tomatoes, tomato stakes, field boxes, and tomato boxes used in shipments to customers.	40-23-4(a)(32)	<b>Included in 18.3.22</b>
18.3.47	Sales & Use	Liquefied petroleum gas or natural gas sold to be used for agricultural purposes.	40-23-4(a)(33)	NEA
18.3.48	Sales & Use	Sales from state nurseries of forest tree seedlings.	40-23-4(a)(34)	<b>Included in 18.3.20</b>
18.3.49	Sales & Use	Forest tree seed sold by the state.	40-23-4(a)(35)	<b>Included in 18.3.20</b>

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Expenditure	Tax	Full Description	Legal Citation	Actual Value
18.3.50	Sales & Use	Lespedeza bicolor and other species of perennial plant seed and seedlings sold for wildlife and game food production purposes by the state.	40-23-4(a)(36)	<b>Included in 18.3.20</b>
18.3.51	Sales & Use	Aircraft manufactured, sold, and delivered in this state if said aircraft are not permanently domiciled in Alabama and are removed to another state within three days of delivery.	40-23-4(a)(37)	NEA
18.3.52	Sales & Use	All diesel fuel used for off-highway agricultural purposes.	Sales: 40-23-4(a)(38); Use: 40-23-62(31)	\$8,001,640
18.3.53	Sales & Use	Sales of admissions to any sporting event which (a.) takes place in the State of Alabama on or after January 1, 1984, (b.) is hosted by a not-for-profit corporation organized and existing under the laws of the State of Alabama, and (c.) determines a national championship of a national organization, and (d.) has not been held in the State of Alabama on more than one prior occasion.	40-23-4(a)(39)	NEA
18.3.54	Sales & Use	Any aircraft and replacement parts, components, systems, supplies, and sundries affixed or used on said aircraft and ground support equipment and vehicles used by or for the aircraft to or by a certificated or licensed air carrier with a hub operation within this state, for use in conducting intrastate, interstate, or foreign commerce for transporting people or property by air.	Sales: 40-23-4(a)(40); Use: 40-23-62(32)	NEA
18.3.55	Sales & Use	Hot or cold food and beverage products sold to or by a certificated or licensed air carrier with a hub operation within this state, for use in conducting intrastate, interstate, or foreign commerce for transporting people or property by air.	Sales: 40-23-4(a)(41); Use: 40-23-62(34)	NEA

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Expenditure	Tax	Full Description	Legal Citation	Actual Value
18.3.56	Sales & Use	Sales of any aviation jet fuel to a certificated or licensed air carrier purchased for use in scheduled all-cargo operations being conducted on international flights or in international commerce.	Sales: 40-23-4(a)(42); Use: 40-23-62(33)	NEA
18.3.57	Sales & Use	Drill pipe, casing, tubing, and other pipe used for the exploration for or production of oil, gas, sulphur, or other minerals in offshore federal waters.	Sales: 40-23-4-(a)(43)(a); Use: 40-23-62(35)(a)	NEA
18.3.58	Sales & Use	Tangible personal property exclusively used for the exploration for or production of oil, gas, sulphur, or other minerals in offshore federal waters.	Sales: 40-23-4(a)(43)(b); Use: 40-23-62(35)(b)	NEA
18.3.59	Sales & Use	Fuel and supplies for use or consumption aboard boats, ships, aircraft, and towing vessels when used exclusively in transporting persons or property between a point in Alabama and a point or points in offshore federal waters for the exploration for or production of oil, gas, sulphur, or other minerals in offshore federal waters.	Sales: 40-23-4(a)(43)(c); Use: 40-23-62(35)(c)	NEA
18.3.60	Sales & Use	Drilling equipment that is used for the exploration for or production of oil, gas, sulphur, or other minerals, that is built for exclusive use outside this state and that is, on completion, removed forthwith from this state.	Sales: 40-23-4(a)(43)(d); Use: 40-23-62(35)(d)	NEA
18.3.61	Sales & Use	Gross receipts derived from all bingo games and operations which are conducted in compliance with validly enacted legislation authorizing the conduct of such games.	40-23-4(a)(44)	NEA
18.3.62	Sales & Use	Sales of fruit or other agricultural products by the person or corporation that planted, cultivated, and harvested such fruit or agricultural product.	40-23-4(a)(45)	<b>Included in 18.3.22</b>
18.3.63	Sales & Use	Sales of all domestically mined or produced coal, coke, and coke by-products used in cogeneration plants.	Sales: 40-23-4(a)(46); Use: 40-23-62(35)(e)	NEA

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Expenditure	Tax	Full Description	Legal Citation	Actual Value
18.3.64	Sales & Use	Sale or sales of metal, other than gold or silver, when such metal is purchased for the purpose of transferring such metal to an investment trust in exchange for shares or other units, each of which are both publicly traded and represent fractional undivided beneficial interests in the trust's net assets, including metal stored in warehouses located in this state, as well as the gross proceeds from the sale or other transfer of such metal to or from such investment trust in exchange for shares or other units that are publicly traded and represent fractional undivided beneficial interests in the trust's net assets but not to the extent that metal is transferred to or from the investment trust in exchange for consideration other than such publicly traded shares or other units.	Sales: 40-23-4(a)(47); Use: 40-23-62(36)	NEA
18.3.65	Sales & Use	For the period commencing on October 1, 2012, and ending May 30, 2022, unless extended by joint resolution, the gross receipts from the sale of parts, components, and systems that become a part of a fixed or rotary wing military aircraft or certified transport category aircraft that undergoes conversion, reconfiguration, or general maintenance so long as the address of the aircraft for FAA registration is not in the state; provided, however, that this exemption shall not apply to a local sales tax unless previously exempted by local law or approved by resolution of the local governing body.	Sales: 40-23-4(a)(48); Use: 40-23-62(37)	NEA
18.3.66	Sales & Use	Drugs (medicine prescribed by physicians when the prescription is filled by a licensed pharmacist, or sold to the patient by the physician, for human consumption or intake).	40-23-4.1	\$269,000,000
18.3.67	Sales & Use	Purchases made with food stamps.	40-23-4.2	\$41,282,595
18.3.68	Sales & Use	Certain property purchased in state for export to foreign country.	40-23-39	NEA

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Expenditure	Tax	Full Description	Legal Citation	Actual Value
18.3.69	Sales & Use	The purchase of a new passenger vehicle or new truck with a gross weight not exceeding 8,000 pounds which (1) is manufactured in Alabama (2) is purchased by a nonresident of the United States (3) is delivered to the purchaser in Alabama by the manufacturer or an affiliated corporation (4) at the time of purchase the purchaser intends to export to and permanently license in a foreign country within 90 days after the date of delivery and (5) the purchaser obtains a temporary metal license plate and a temporary registration certificate from the judge of probate or license commissioner of the county in which the manufacturer is located.	40-23-39(b)	NEA
18.3.70	Sales & Use	Lunches sold not for profit and within school buildings to pupils of kindergarten, grammar, and high schools, either public or private.	40-23-62(38)	\$10,293,222
18.3.71	Sales & Use	Back to School Sales Tax Holiday on qualifying items.	40-23-211	\$8,000,000
18.3.72	Sales & Use	Severe Weather Preparedness Sales Tax Holiday on qualifying items.	40-23-231	\$2,000,000
18.3.73	Sales & Use	Qualified production company that intends to expend in the aggregate one hundred fifty thousand dollars (\$150,000) or more in connection with a qualified production in the State of Alabama within a consecutive 12-month period, upon making application for, meeting the requirements of, and receiving written certification of that designation from the office, shall be exempted from the payment of the state portion, but <b>not the local portion</b> of sales, use, and lodging taxes.	41-7A-45	\$62,618

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Expenditure	Tax	Full Description	Legal Citation	Actual Value
18.3.74	Sales & Use	State Products Mart and Coliseum Authorities projects. Project is defined as any buildings and other improvements and facilities located or to be located within the municipality or within its police jurisdiction and designed for use as a products market, exhibition hall or coliseum where products and goods may be displayed to encourage the buying or selling thereof or where exhibits, contests and sporting events may be conducted, together with any lands deemed by the board to be desirable in connection therewith.	41-10-107	NEA
18.3.75	Sales & Use	Historical Preservation Authorities.	41-10-147	NEA
18.3.76	Sales & Use	The Alabama Department of Economic and Community Affairs was authorized to enter into contracts until June 30, 1996 with eligible enterprise zone businesses to provide exemptions for up to 20 years.	41-23-30	NEA
18.3.77	Sales & Use	Entities exempt from sales and use tax as provided by statute ( <b>Entity specific information is not available due to taxpayer confidentiality</b> ) (Please see the “Exempt Entities” page for a list of entities exempted by statute).	See “Exempt Entities”	\$32,291,861
18.4.01	Sales & Use	Food and food products sold through coin-operated vending machines - <b>Taxed at 3% instead of 4%</b>	40-23-2	\$628,160
18.4.02	Sales & Use	Machinery used for mining, manufacturing or agricultural machinery - <b>Taxed at 1.5% instead of 4%</b>	40-23-2, 40-23-37	\$56,806,780
18.4.03	Sales & Use	Machinery used for mining, manufacturing or agricultural machinery - <b>Taxed at 1.5% instead of 4%</b>	40-23-63	\$49,765,533
18.4.04	Sales & Use	Automotive vehicles - <b>Taxed at 2% instead of 4%</b>	Sales: 40-23-2; Use: 40-23-61	\$215,873,438
18.4.05	Sales & Use	Automotive vehicles - <b>Taxed at 2% instead of 4%</b>	40-23-61	\$3,556,915
18.4.06	Sales & Use	Automotive vehicles - <b>Taxed at 2% instead of 4%</b>	40-23-101	\$47,563,958

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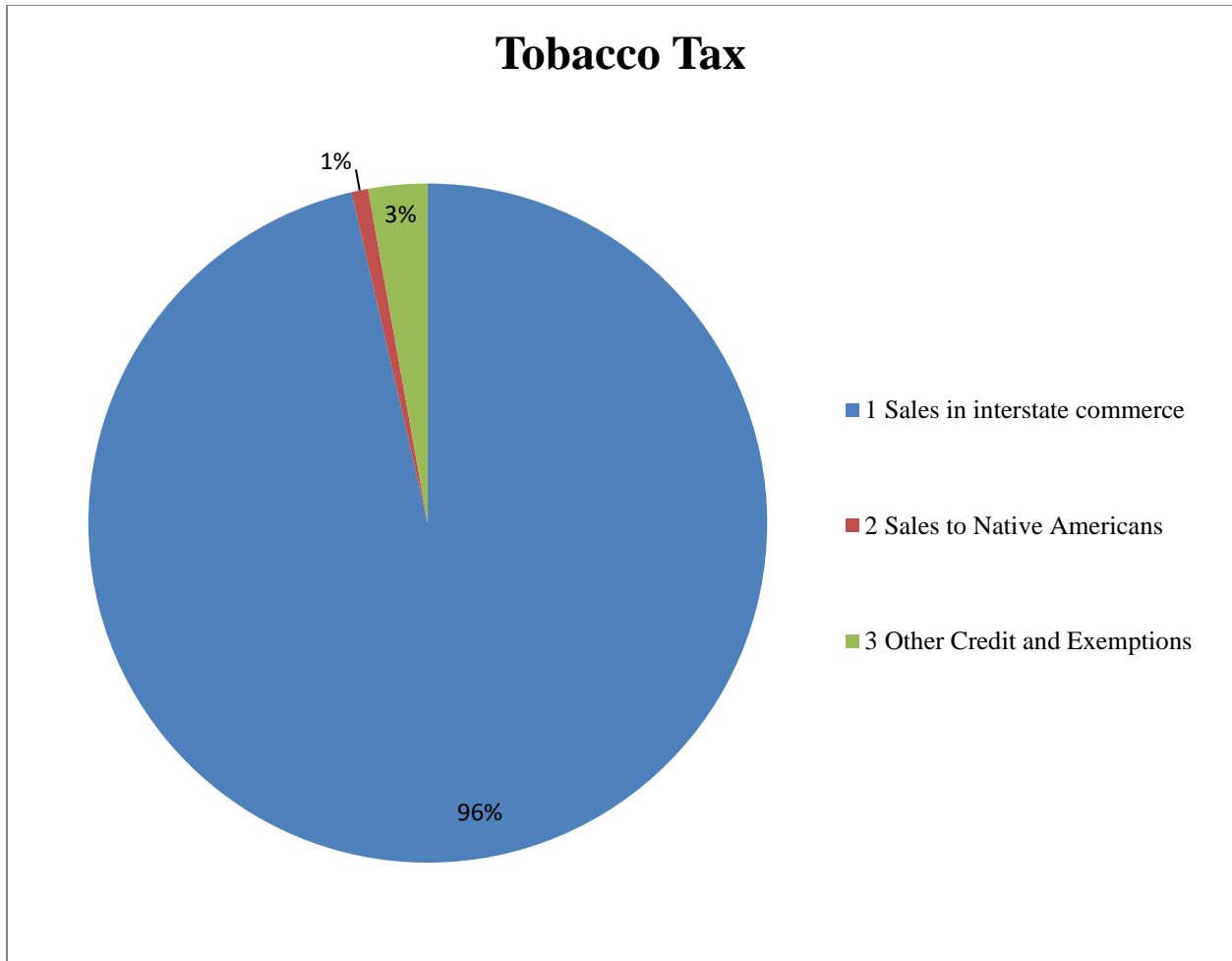
NEA: No Estimate Available

<b>Expenditure</b>	<b>Tax</b>	<b>Full Description</b>	<b>Legal Citation</b>	<b>Actual Value</b>
18.4.07	Sales & Use	Motorboats - <b>Taxed at 2% instead of 4%</b>	40-23-101	\$3,285,245
		Sale of tangible personal property to any person engaging in the business of leasing or renting tangible personal property to others, if tangible personal property is purchased for the purpose of leasing or renting it to others under a transaction subject to the privilege or license tax levied in Article 4 of Chapter 12 of this title against any person engaging in the business of leasing or renting tangible personal property.		Taxed Elsewhere
18.5.01	Sales & Use		40-23-1(a)(9)j	
			Sales: 40-23-4(a)(7), 40-23-4(a)(8); Use: 40-23-62(10)	Taxed Elsewhere
18.5.02	Sales & Use	Public Utilities.		

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# **Tobacco Tax**



1	Sales in interstate commerce	\$3,765,000
2	Sales to Native Americans	\$31,000
3	Other Credit and Exemptions	\$110,000
<b>TOTAL</b>		<b>\$3,906,000</b>

Expenditure	Tax	Full Description	Legal Citation	Actual Value
19.1.01	Tobacco	Tobacco sold to Native Americans.	Federal Statute (limited to federally recognized Indian Tribes)	\$30,723
19.1.02	Tobacco	Tobacco sold to the U.S. Government or any of its instrumentalities or to the Armed Forces (Reflects sales made by tobacco wholesalers only).	40-25-15	\$846
19.1.03	Tobacco	Tobacco sold to National Guard Canteens.	810-7-1-.03	\$493
19.2.01	Tobacco	Tobacco sold by a qualified wholesaler or jobber to persons outside of the state (interstate commerce).	40-25-15	\$3,765,474
19.2.02	Tobacco	Tobacco sold to or for resale to ships engaged in foreign commerce.	40-25-15	<b>Included in 19.2.01</b>
19.2.03	Tobacco	Tobacco returned to manufacturers due to unfit or unsalable products (refunds/credits).	810-7-1-.02, 810-7-1-.08(5)	\$108,255
19.2.04	Tobacco	Sales to entities exempt from all taxes (see list).	810-7-1-.10 (Per Article 1, Chapter 9, Title 40)	NEA

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m: Indicates a value of \$1,000,000 or less  
NEA: No Estimate Available

# **Utility Gross Receipts/Service Use Tax**

<b>Expenditure</b>	<b>Tax</b>	<b>Full Description</b>	<b>Legal Citation</b>	<b>Actual Value</b>
20.1.01	Utility Gross Receipts/Service Use	A discount, not to exceed five percent of the first \$100 of taxes levied and two percent of the taxes levied over \$100.	40-23-36	\$76,246
20.2.01	Utility Gross Receipts/Service Use	Telephone surcharge for service to deaf and hearing-impaired customers.	37-1-80.2	Included in Total Exemptions
20.2.02	Utility Gross Receipts/Service Use	Telephone services provided through any pay telephone.	UGR: 40-21-80(a)(11)(i); USU: 40-21-100(a)(17)(i)	Included in Total Exemptions
20.2.03	Utility Gross Receipts/Service Use	Any excise, franchise, or similar tax or like fee or assessment levied by the United States, by the State of Alabama, or by any political subdivision, upon the purchase, sale, use, or consumption of any telephone services, which tax, fee, or assessment is collected by the seller from the purchaser.	UGR: 40-21-80(a)(11)(ii); USU: 40-21-100(a)(17)(ii)	Included in Total Exemptions
20.2.04	Utility Gross Receipts/Service Use	Charges for customer premises equipment, including such equipment that is leased or rented by the customer from any source.	UGR: 40-21-80(a)(11)(iv); USU: 40-21-100(a)(17)(iv)	Included in Total Exemptions
20.2.05	Utility Gross Receipts/Service Use	Cable television service, paging services, specialized mobile radio, or mobile telecommunications service.	UGR: 40-21-80(a)(11)(v); USU: 40-21-100(a)(17)(v)	Included in Total Exemptions
20.2.06	Utility Gross Receipts/Service Use	Services which are ancillary to the provision of telephone service but are not directly related to the transmission of voice, data, or information such as directory advertising and installation and repair of equipment and inside wiring.	UGR: 40-21-80(a)(11)(vi); USU: 40-21-100(a)(17)(vi)	Included in Total Exemptions
20.2.07	Utility Gross Receipts/Service Use	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.	40-21-83(1)	Included in Total Exemptions

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<b>Expenditure</b>	<b>Tax</b>	<b>Full Description</b>	<b>Legal Citation</b>	<b>Actual Value</b>
20.2.08	Utility Gross Receipts/Service Use	Wholesale sales.	40-21-83(3)	Included in Total Exemptions
20.2.09	Utility Gross Receipts/Service Use	Furnishing of electricity, natural gas, or domestic water for use or consumption by, in, or for the direct production, generation, processing, storage, delivery, or transmission of electricity, natural gas, or domestic water.	40-21-83(4)	Included in Total Exemptions
20.2.10	Utility Gross Receipts/Service Use	Furnishing of electricity to a manufacturer or compounder for use in an electrolytic or electrothermal manufacturing or compounding process.	40-21-83(5)	Included in Total Exemptions
20.2.11	Utility Gross Receipts/Service Use	Furnishing of natural gas to a manufacturer or compounder as a chemical raw material in the manufacturing or compounding of tangible personal property, but not as fuel or energy.	40-21-83(6)	Included in Total Exemptions
20.2.12	Utility Gross Receipts/Service Use	Furnishing of natural gas to be used by a manufacturer or compounder to chemically convert raw materials prior to the use of the converted raw materials in an electrolytic or electrothermal manufacturing or compounding process.	40-21-83(7)	Included in Total Exemptions
20.2.13	Utility Gross Receipts/Service Use	Use or consumption of electricity by an incorporated municipality, a board, or corporation organized under the authority of any incorporated municipality in furnishing or providing street lighting or traffic-control systems; the use or consumption of telephone services by an incorporated municipality in providing fire alarm systems; and the use or consumption of domestic water by an incorporated municipality in extinguishing fires, explosions, or conflagrations.	40-21-83(8)	Included in Total Exemptions

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<b>Expenditure</b>	<b>Tax</b>	<b>Full Description</b>	<b>Legal Citation</b>	<b>Actual Value</b>
20.2.14	Utility Gross Receipts/Service Use	Furnishing of natural gas or electricity for use or consumption as fuel or energy in and for the heating of poultry houses.	40-21-83(9)	Included in Total Exemptions
20.2.15	Utility Gross Receipts/Service Use	Whenever the State of Alabama is prohibited from taxing such storage, use, or consumption under the Constitution or laws of the United States of America or the Constitution of the State of Alabama.	40-21-103(1)	Included in Total Exemptions
20.2.16	Utility Gross Receipts/Service Use	Whenever the purchase of said utility services shall have been at a wholesale sale.	40-21-103(3)	Included in Total Exemptions
20.2.17	Utility Gross Receipts/Service Use	Whenever electricity, natural gas, or domestic water shall have been used or consumed directly in or for the production, generation, processing, storage, delivery, or transmission of electricity, natural gas, or domestic water.	40-21-103(4)	Included in Total Exemptions
20.2.18	Utility Gross Receipts/Service Use	Whenever electricity purchased for storage, use, or other consumption is used or consumed by a manufacturer or compounder in an electrolytic or electrothermal manufacturing or compounding process.	40-21-103(5)	Included in Total Exemptions
20.2.19	Utility Gross Receipts/Service Use	Whenever natural gas purchased for storage, use, or other consumption is used or consumed by a manufacturer or compounder as a chemical raw material in the manufacturing or compounding of tangible personal property, but not as fuel or energy.	40-21-103(6)	Included in Total Exemptions
20.2.20	Utility Gross Receipts/Service Use	Whenever natural gas purchased for storage, use, or other consumption is used by a manufacturer or compounder to chemically convert raw materials prior to the use of such converted raw materials in an electrolytic or electrothermal manufacturing or compounding process.	40-21-103(7)	Included in Total Exemptions

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<b>Expenditure</b>	<b>Tax</b>	<b>Full Description</b>	<b>Legal Citation</b>	<b>Actual Value</b>
20.2.21	Utility Gross Receipts/Service Use	Whenever the sales price of said utility services shall be included as a part of the gross receipts or gross sales of a utility subject to the utility gross receipts tax for the purpose of calculating the utility gross receipts tax payable by said utility.	40-21-103(8)	Included in Total Exemptions
20.2.22	Utility Gross Receipts/Service Use	Whenever electricity purchased for storage, use, or other consumption is used or consumed in a process for the isotopic enrichment of uranium and when said electricity is purchased from a subsidiary corporation of the corporation engaged in the isotopic enrichment of uranium.	40-21-103(9)	Included in Total Exemptions
20.2.23	Utility Gross Receipts/Service Use	The Alabama Department of Economic and Community Affairs was authorized to enter into contracts until June 30, 1996 with eligible enterprise zone businesses to provide exemptions for up to 20 years.	41-23-30	Included in Total Exemptions
<b>Total Exemptions (20.2.01-20.2.23)</b>				<b>\$91,084,166</b>
20.3.01	Utility Gross Receipts/Service Use	Specialized mobile radio, or mobile telecommunications service.	UGR: 40-21-80(a)(11)(v); USU: 40-21-100(a)(17)(v)	Taxed Elsewhere
20.3.02	Utility Gross Receipts/Service Use	Furnishing of utility services which are otherwise taxed under Sections 40-23-1 to 40-23-36, inclusive.	40-21-83(2)	Taxed Elsewhere
20.3.03	Utility Gross Receipts/Service Use	Furnishing of utility services through the use of a prepaid telephone calling card.	40-21-83(10)	Taxed Elsewhere

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<b>Expenditure</b>	<b>Tax</b>	<b>Full Description</b>	<b>Legal Citation</b>	<b>Actual Value</b>
20.3.04	Utility Gross Receipts/Service Use	Whenever any tax relating to the sale, use, storage, or consumption of said utility services shall be levied under the provisions of Article 2 of Chapter 23 of this title, or under the provisions of Sections 40-23-1 through 40-23-36 or the Alabama Transaction Tax Act of 1992 if enacted into law.	40-21-103(2)	Taxed Elsewhere
20.3.05	Utility Gross Receipts/Service Use	Whenever utility services are furnished through the use of a prepaid telephone calling card.	40-21-103(10)	Taxed Elsewhere

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# **State Tax Credits without a Sunset or an Aggregate Cap**

Entity	Agency	Legal Citation
Alabama Accountability Act - SGO Donation Credit	ADOR	16-6D-8
Alabama Accountability Act - Parent Tax Credit (refundable)	ADOR	16-6D-9
Basic Skills Credit	EDUCATION	40-18-136
Coal Credit	ADOR	40-18-220
Credit Paid to Other Jurisdictions (Credit in place to prevent double taxation - should not be repealed)	ADOR	40-18-21(a)(1)
Dual Enrollment Credit	ADOR	16-60-351
Enterprise Zone Credit/Exemption	ADECA	41-23-24
Foreign Tax Credit	ADOR	40-18-21(a)(1)
Full Employment Act of 2011	ADOR	40-18-293
Heroes for Hire Credit	VETERANS AFFAIRS	40-18-322
Heroes for Hire Credit - Start-up Expenses	VETERANS AFFAIRS	40-18-323
Irrigation/Reservoir Equipment Tax Credit	ADOR	40-18-342
Job Development Fees (carryforwards being claimed)	ADOR	41-10-44.8
Rural Physician Credit	ADOR	40-18-130 through 40-18-132
New Markets Credit - <b>Income</b>	COMMERCE	41-9-219
Full Employment Act of 2011	ADOR	40-18-290 through 40-18-293
Heroes for Hire Credit - Hiring Credit	VETERANS AFFAIRS	40-18-320 through 40-18-324
Credit for Sales and Use Taxes Paid by a Financial Institution	ADOR	40-16-8
New Markets Credit - <b>FIET</b>	COMMERCE	41-9-219.3 through 41-9-219.4
Sales to Armed Forces (US Government)	ADOR	40-25-15
Sales to Native Americans (exempt under US Constitution, cannot be repealed)	ADOR	Federal Statute (limited to federally recognized Indian Tribes)
Sales to National Guard (US Government)	ADOR	Revenue Rule 810-7-1-.03
Captive Insurance Companies Credit (Real Property Investment)	INSURANCE	27-4A-3
Coastal Premium (Wind Pool) Tax Credit	INSURANCE	27-1-24.1
Insurance Office Facilities Credit	INSURANCE	27-4A-3
New Markets Credit - <b>Insurance</b>	COMMERCE	41-9-219

State Tax Credits without a Sunset or an Aggregate Cap

# **Exempt Entities**

<b>Entity</b>	<b>Legal Citation</b>
Educational, Religious, and Charitable Entities	Section 91, Amendment 373, 40-8-1, 40-9-1
Birmingham-Jefferson Civic Center	Amendment No. 238
Airport Authorities	4-3-59
Waterworks operating in unincorporated areas	10A-20-9.04
Public Building Authorities	11-15-17
Public Park and Recreation Boards	11-22-13
County Law Libraries	11-25-7
Radio/Alert Districts	11-31-1
Utility Systems organized under 11-50-310	11-50-322
Boards of Water and Sewer Commissioners	11-50-354
Gas Districts	11-50-412
Alabama Municipal Electric Authority	11-50A-7
Industrial Development Boards	11-54-96
Downtown Redevelopment Authorities	11-54A-14
Self-Help Business Improvement Districts	11-54B-20
Projects of Public Building Authorities	11-56-21
Medical Clinic Boards	11-58-14
Public Athletic Boards	11-59-16
Public Park and Recreation Boards	11-60-17
Municipal Special Health Care Facilities	11-62-18
Historic Preservation Commissions	11-68-4
Public Park & Recreation Authorities	11-86A-18
Water, Sewer, and Fire Protection Authorities	11-88-16
Water, Sewer, Solid Waste Disposal and Fire Protection Districts	11-89-16
Solid Waste Disposal Authorities	11-89A-16
County Industrial Development Authorities	11-92A-18
Port Authorities	11-94-19
Public Hospitals	11-95-11
Governmental Utility Services Corporations	11-97-18
Alabama Improvement Districts	11-99A-20
Capital Improvement Cooperative Districts	11-99B-14
Federal Building Authority construction proceeds	11-101A-21
Alabama Educational Television Foundation Authority	16-7A-4
Educational Building Authorities	16-17-14
Public Educational Building Authorities	16-18-16
Alabama Compact for Leadership and Citizenship Education	16-44A-19
Citizenship Trust	16-44A-34

Exempt Entities

<b>Entity</b>	<b>Legal Citation</b>
AIDS Action Council of Huntsville	22-11A-93
AIDS Alabama, Inc. (formerly AIDS Task Force of Alabama, Inc.)	22-11A-93
Birmingham AIDS Outreach, Inc.	22-11A-93
Health Services Center, Inc. (formerly AIDS Services Center, Inc.)	22-11A-93
Jefferson County AIDS in Minorities, Inc.	22-11A-93
Lee County AIDS Outreach, Inc.	22-11A-93
Montgomery AIDS Outreach, Inc.	22-11A-93
South Alabama CARES (Community AIDS Resource Education and Support), Inc. (formerly Mobile AIDS Support Services)	22-11A-93
West Alabama AIDS Outreach	22-11A-93
Wiregrass AIDS Outreach, Inc. (Corporation dissolved December 16, 1996)	22-11A-93
County Hospital Boards	22-21-80
County and Municipal Hospital Authorities	22-21-186
Health Care Facility property used in construction and equipment	22-21-333
Alabama Water System Assistance Authority	22-23A-13
Pollution Control Finance Authority	22-29-22
Water Pollution Control Authority	22-34-13
Regional Mental Health Programs and Facilities	22-51-13
Alabama Housing Finance Authority	24-1A-12
Knights of Columbus Homes	40-8-1
Masonic Lodges	40-8-1
Union Halls	40-8-1
American Legion, state headquarters	40-9-1, 40-23-5
Disabled American Veterans, state headquarters	40-9-1, 40-23-5
Veterans of Foreign Wars, also known as VFW, state headquarters	40-9-1, 40-23-5
Alabama National Guard	40-9-1
Any state or county fair, agricultural association, stock, kennel or poultry show	40-9-1
Athletic stadiums owned and controlled by universities, schools or colleges	40-9-1
Benevolent and Protective Order of Elks	40-9-1
Fraternal Order of Eagles	40-9-1
Fraternal Order of Police	40-9-1
Literary and Scientific Institutions and Literary Societies	40-9-1
Loyal Order of Moose	40-9-1
Stringfellow Memorial Hospital	40-9-1.1
Alabama Eye Bank	40-9-1.2
Young Men's Christian Association (YMCA)	40-9-9

Exempt Entities

<b>Entity</b>	<b>Legal Citation</b>
Young Women's Christian Association (YWCA)	40-9-10
Young Women's Christian Organization (YWCO)	40-9-11
American Cancer Society - Alabama Division	40-9-12
Alabama Masonic Home	40-9-12
Alabama Sports Foundation (formerly Birmingham Football Foundation)	40-9-12
Building and Construction Trades Group, Inc. (formerly Birmingham Building Trades Tower)	40-9-12
Boy Scouts of America	40-9-12
Catholic Maritime Club of Mobile, Inc.	40-9-12
Childhaven, Inc.	40-9-12
All Community Chest and United Appeal Funds, and all charitable, civic, and eleemosynary organizations and institutions for whom they solicit funds	40-9-12
Elks Memorial Center	40-9-12
Freewill Baptist Children's Home	40-9-12
Girl Scouts of America	40-9-12
Helping Hand Club of Anniston	40-9-12
Holy Comforter House, Inc. of Gadsden	40-9-12
Knights of Pythias Lodges	40-9-12
Methodist Homes for the Aging	40-9-12
New Hope Industries of Dothan	40-9-12
Presbyterian Home for Children	40-9-12
Salvation Army	40-9-12
Seamens Home of Mobile, Inc.	40-9-12
United Methodist Children's Home	40-9-12
University of Alabama Huntsville Foundation	40-9-12
Young Men's Hebrew Association (YMHA), also known as Jewish Community Centers (JCC)	40-9-12
Alabama Heart Association	40-9-13
Alabama Society of the Daughters of the American Revolution	40-9-13
All volunteer fire departments in Alabama	40-9-13
Episcopal Foundation of Jefferson County	40-9-13
Annual Shrine Circus	40-9-13
Presbyterian Apartments, Inc.	40-9-13
Alabama State Fair and Exhibit Association	40-9-15
Nonprofit Corporations aiding Retired Teachers	40-9-18
Nuclear fuel assemblies	40-9-22
Corporations organized for establishing regional mental health programs	40-9-23

Exempt Entities

<b>Entity</b>	<b>Legal Citation</b>
George Lindsey Celebrity Benefit, Inc. (Corporation dissolved March 24, 1989)	40-9-25
Special Olympics Alabama, Inc. (formerly The Alabama Special Olympics) or any predecessor	40-9-25
Magic Moments, Inc.	40-9-25.1
Habitat for Humanity Organizations	40-9-25.2
West Alabama Youth Services, Inc. (WAYS)	40-9-25.2
Rainbow Omega, Inc.	40-9-25.3
Farley L. Berman Foundation, Inc.	40-9-25.4
American Bowling Congress or any predecessor organization or entity (exemption limited to state, county, and municipal sales or use taxes applicable to its entry fees)	40-9-25.5
North Alabama Christian Children's Home (formerly Christian Children Homes, Inc.)	40-9-25.6
Birmingham Civil Rights Institute, Inc.	40-9-25.8
The Bridge, Inc.	40-9-25.9
Anniston Fellowship House, Inc.	40-9-25.10
DoDa Parade	40-9-25.10
Huntsville Emergency Medical Services, Inc.	40-9-25.10
Jacksonville Christian Outreach Center, Inc.	40-9-25.10
Lee County Humane Society	40-9-25.10
Wings of Life, Inc.	40-9-25.10
Wiregrass Children's Home, Inc.	40-9-25.10
Little Sisters of the Poor	40-9-25.11
Service Guild of Birmingham, Inc., Early Intervention Program	40-9-25.12
Big Oak Ranch, Inc., Administrative Office in Springville, Alabama	40-9-25.13
Barber Vintage Motorsports Museum (exemption limited to state, county, and municipal sales and use taxes with respect to tangible personal property purchased solely for display as a museum exhibit primarily within the confines of the museum property)	40-9-25.14
Christian Service Centers of Covington Baptist Association, Inc.	40-9-25.15
All food banks	40-9-25.16
Eagles' Wings, Inc. (Principal address is Northport, Alabama, Tuscaloosa County.)	40-9-25.17
Alabama Marine Corps League	40-9-25.18
Calhoun Community College Foundation	40-9-25.19
Lurleen B. Wallace Community College Foundation	40-9-25.19
Community Action Association of Alabama	40-9-25.20

Exempt Entities



<b>Entity</b>	<b>Legal Citation</b>
LifeSouth Community Blood Centers	40-9-25.21
East Alabama Services for the Elderly, Inc.	40-9-26
Mayfair Towers Corporation	40-9-26
Presbyterian Apartments of Birmingham, Inc.	40-9-26
Presbyterian Apartments in Northport, Alabama	40-9-26
Presbyterian Homes of Decatur, Inc.	40-9-26
Shoals Presbyterian Apartments, Inc.	40-9-26
ClasTran Birmingham Regional Paratransit Consortium	40-9-26.1
Selma-Dallas County Historic Preservation Society	40-9-28
Valley Grande Community Center, Inc. (formerly Valegrande Community Center)	40-9-28
Community Health Systems, Inc.	40-9-29
Walker Regional Medical Center	40-9-29
HudsonAlpha Institute for Biotechnology	40-9-34
Alabama Association of Rescue Squads, Inc.	40-9-38
Alabama Association of Volunteer Fire Departments	40-9-38
All county volunteer rescue associations	40-9-38
County volunteer fire associations	40-9-38
Local fire districts that are not under the auspices of their county commission	40-9-38
Volunteer rescue squads that are members of the Alabama Association of Rescue Squads	40-9-38
Talladega County food pantries	40-9-39
Smith's Water Authority	40-21-82.1
Northeast Crenshaw Water and Fire Protection Authority	40-21-82.1
Bakerhill Water Authority	40-21-82.1
Russell County Water Authority	40-21-82.1
Chambers County E911 Authority	40-21-82.1
Alabama Chapter of the Cystic Fibrosis Research Foundation	40-23-4, 40-23-62
Lakeshore Foundation (formerly Jefferson Tuberculosis Sanatorium)	40-23-4, 40-23-62
Diabetes Trust Fund, Inc. (Corporation dissolved April 22, 2009.)	40-23-5
Chilton County Rescue Squad	40-23-5
American Veterans of World War II, Korea, and Vietnam, also known as AMVETS, state headquarters	40-23-5
Alabama Lions Sight Conservation Association, Inc. (formerly Alabama Sight Conservation Association), state headquarters	40-23-5
Alabama Goodwill Industries, state headquarters	40-23-5
Grand Chapter of all Orders of the Eastern Star	40-23-5

Exempt Entities

Entity	Legal Citation
Alabama National Fair and Agricultural Exposition, Inc. (formerly South Alabama State Fair Association)	40-23-5
Southeastern Livestock Exposition of Alabama	40-23-5
Alabama Goodwill Industries, Inc. of Birmingham	40-23-5
Alabama Federation of Women's Clubs	40-23-5
National Conference of State Legislatures	40-23-5
Council of State Governments	40-23-5
All blind vendors associated with the Business Enterprise Program of the Department of Rehabilitation Services	40-23-5
All vendors who are blind as defined by Section 1-1-3, and who are certified by the Department of Rehabilitation Services	40-23-5
Elks Club, B.P.O.E., No. 1887	40-23-5
King's Home, Inc., (formerly King's Ranch, Inc.)	40-23-5
Eye Foundation, Inc., and its branches and agencies	40-23-5
County Public Hospital Associations, or any Alabama nonprofit membership corporation if one or more of its members is a county public hospital association, and any of their branches, agencies, lessees, or successors organized pursuant to Section 10-3A-1, et seq., <i>Code of Alabama 1975</i> , which operate or maintain hospitals for purposes other than pecuniary gain and not for individual profit	40-23-5
Christian Service Mission, Inc. (exemption limited to sales of food pursuant to the food distribution program conducted by Christian Service Mission, Inc., in cooperation with World Share, Inc.)	40-23-5
Rescue service organizations operating within Alabama which are exempt from federal income taxes under the Internal Revenue Code of 1986, Section 501(c)(3) and which are members of the Alabama Rescue Services Association Incorporated	40-23-5
Alabama Goodwill Industries, Inc.	40-23-5
Goodwill Industries/Easter Seals of the Gulf Coast, Inc. (formerly Goodwill Industries of Mobile Area, Inc.)	40-23-5
Goodwill Industries of Central Alabama, Inc.	40-23-5
Senior Professional Golfers Association	40-23-5
Volunteer, non-profit rescue units operating within Alabama which do not meet the criteria in Section 40-23-5(o) but are licensed by the State Board of Health	40-23-5
Birmingham Zoo, Inc.	40-23-5
Josh Willington Foundation	40-23-5
Alabama Wildlife Center	40-23-5
Alabama Historical Commission	41-9-256
Tannehill Furnace and Foundry Commission	41-9-329

Exempt Entities

<b>Entity</b>	<b>Legal Citation</b>
USS Alabama Battleship Commission	41-9-358
Space Science Exhibit Commission	41-9-438
Motor Sports Hall of Fame	41-9-474
Governor's Mansion Authority	41-9-547
Alabama Aviation Hall of Fame Board	41-9-722
Tennessee Valley Exhibit Commission of Alabama (formerly Tennessee Valley Authority Exhibit Commission)	41-9-786
Cahaba Trace Commission	41-9-807
Tuskegee Airmen Commission	41-9-966
Alabama Shakespeare Festival Theatre Finance Authority (Corporation dissolved May 19, 2009)	41-10-209
Alabama Space Science Exhibit Finance Authority	41-10-327
Alabama State Parking Deck Authority	41-10-517
Alabama 21st Century Authority	41-10-632
Baldwin County Historic Development Commission	45-2-221.10