

TAX EXPENDITURES



2024

EDITION

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. Generally, 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 a 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. They are present in all of Alabama’s major taxes. This includes the individual income tax, corporate income tax, and sales and use taxes.

The expenditures listed in this publication represent the most relevant for each tax and may not include the smaller expenditures allowed for each tax.

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.

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 a biennial report to the Legislature which lists all state tax expenditures and the estimated costs associated with each of the tax expenditures. For purposes of this report, tax expenditures mean state revenue losses attributable to a special exclusion, exemption, deduction, or special credit or preferential tax rate.

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

1. Each annual tax expenditures and its constitutional and/or statutory citation.
2. An estimate of the revenue loss to the state caused by each tax expenditure for the most recently completed fiscal year.

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3. Tax expenditures, organized by the funds into which the tax expenditures would be dedicated, but for the exemptions discounts and rate differentials.

When necessary, the Fiscal Division will modify this report to present additional information required or eliminate obsolete information.

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. Data compiled reflects the most current and accurate depiction of expenditure costs available. The Fiscal Division made every effort to provide reliable, well supported estimates of the expenditures. Totals presented may not represent the exact figures due to rounding to the nearest thousand.

The following methodology was utilized in completing the estimate:

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.
2. Tax expenditure estimates do not consider the impact on other taxes that might result from the elimination of a tax provision.
3. If a lack of information prevents the Fiscal Division from making a reasonable estimate for any individual tax expenditure, the expenditure is listed with a notation that no estimate is available (*NEA*).

Summary Charts

The following pages provide:

1. A recap of the amount of expenditures estimated by tax, including the total estimated annual revenue loss from the expenditures.
2. A recap of the funds affected by the tax expenditures and the annual 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 Fiscal Year 2023 and the estimated tax expenditures for those taxes.
4. A chart illustrating the five tax sources with the largest annual total tax expenditures.

TAX EXPENDITURES

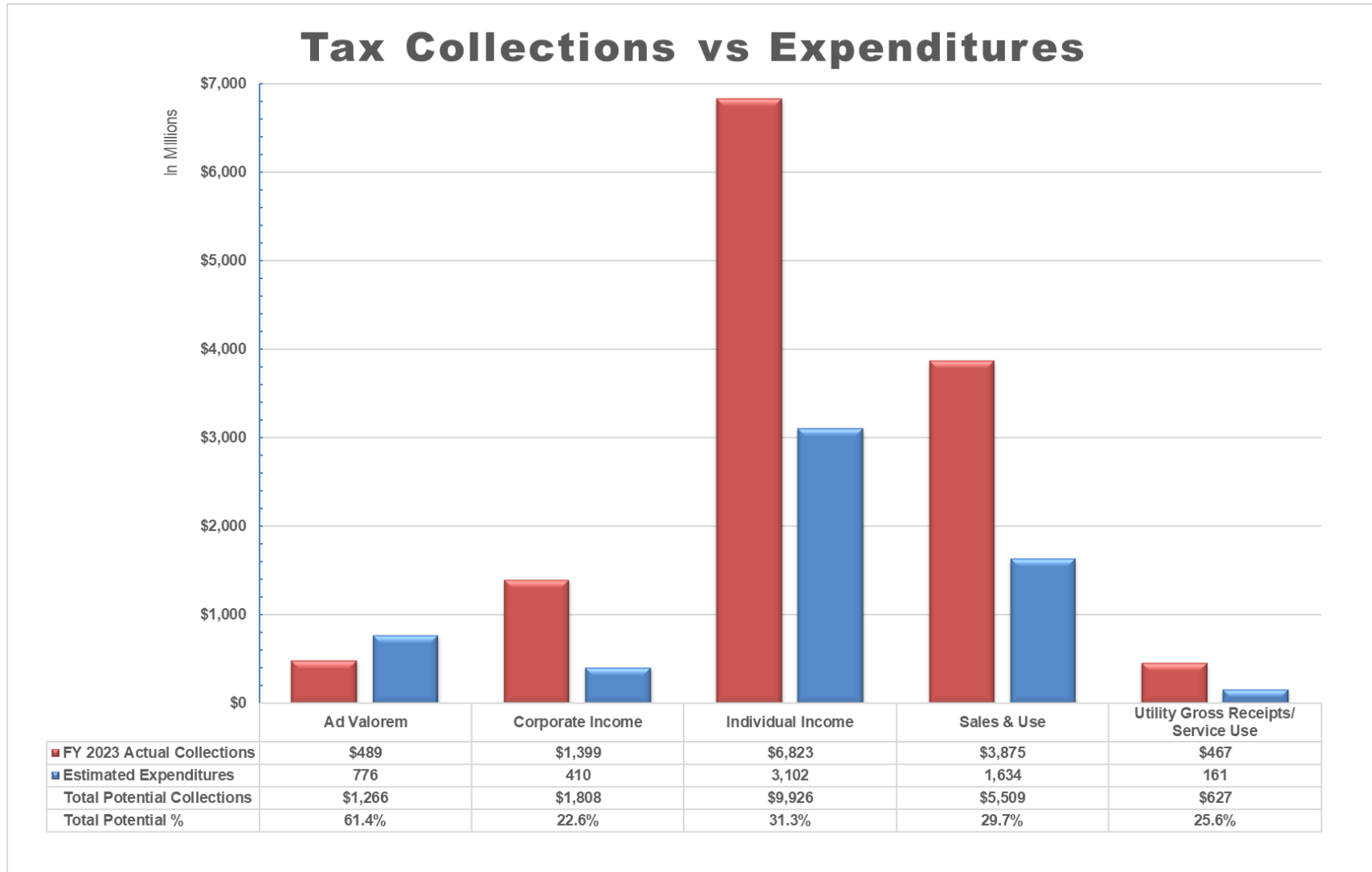
ESTIMATED COST OF EXPENDITURES

Estimated Cost of Expenditures <i>(in thousands)</i>						
			Value of			
#	Tax	# of Expenditures	Exemptions	Rate Differentials	Discounts	Total
1	Ad Valorem	53	\$126,956	\$649,467	-	\$776,423
2	Aviation Gasoline	5	90	-	-	90
3	Business Privilege	19	50,121	-	-	50,121
4	Cigarette	8	80,321	-	\$7,714	88,036
5	Contractors' Gross Receipts	3	-	-	176	176
6	Corporate Income	49	409,543	-	-	409,543
7	Financial Institutions Excise	11	60,897	-	-	60,897
8	Gasoline	9	11,989	-	4,989	16,978
9	Individual Income	120	3,102,439	-	-	3,102,439
10	Insurance Premium	19	108,647	-	-	108,647
11	Leasing or Rental	13	20,215	59,742	-	79,957
12	Liquor	2	8,847	-	-	8,847
13	Lodgings	22	649	-	2,359	3,008
14	Motor Fuels (Diesel)	10	11,960	-	2,209	14,169
15	Motor Vehicle Registration	17	2,951	1,690	-	4,641
16	Oil & Gas Privilege	5	-	11,752	-	11,752
17	Public Utilities License	7	82,923	-	-	82,923
18	Sales & Use	91	1,003,956	522,122	108,115	1,634,193
19	Tobacco	7	5,690	-	-	5,690
20	Utility Gross Receipts/Service Use	32	160,581	-	93	160,674
TOTAL EXPENDITURES		502				
			\$5,248,773	\$1,244,773	\$125,656	\$6,619,202
			%	79.30%	18.81%	1.90%
						100%

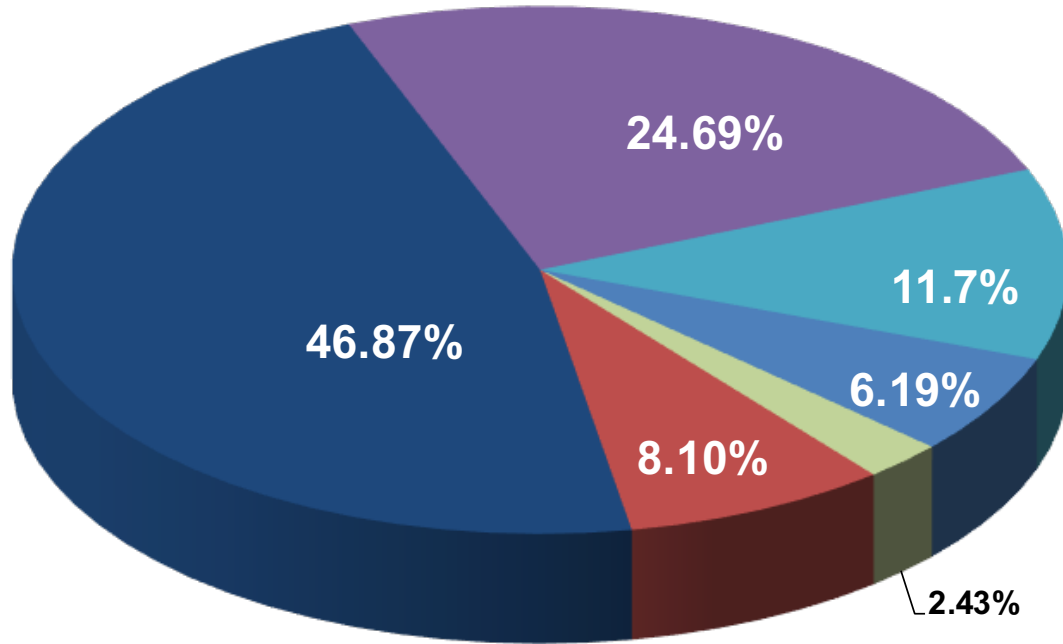
ESTIMATED LOSS OF EXPENDITURES

Estimated Loss of Revenue from Expenditures to the Education Trust Fund, State General Fund & Other State Funds					
<i>(in thousands)</i>					
#	Tax	ETF	SGF	Other	Total
1	Ad Valorem	-	\$295,041	\$481,382	\$776,423
2	Aviation Gasoline	-	-	90	90
3	Business Privilege	-	50,121	-	50,121
4	Cigarette	-	80,993	7,043	88,036
5	Contractors' Gross Receipts	-	-	176	176
6	Corporate Income	\$409,543	-	-	409,543
7	Financial Institutions Excise	-	60,897	-	60,897
8	Gasoline	-	-	16,978	16,978
9	Individual Income	3,102,439	-	-	3,102,439
10	Insurance Premium	-	108,647	-	108,647
11	Leasing or Rental	-	79,957	-	79,957
12	Liquor	-	1,504	7,343	8,847
13	Lodgings	-	2,256	752	3,008
14	Motor Fuels (Diesel)	-	-	14,169	14,169
15	Motor Vehicle Registration	-	743	3,898	4,641
16	Oil & Gas Privilege	-	11,752	-	11,752
17	Public Utilities License	-	12,438	70,484	82,923
18	Sales & Use	1,356,380	277,813	-	1,634,193
19	Tobacco	-	5,690	-	5,690
20	Utility Gross Receipts/Service Use	160,674	-	-	160,674
TOTAL ESTIMATED LOSS TO STATE FUNDS		\$5,029,036	\$987,850	\$602,316	\$6,619,202
%		75.98%	14.92%	9.10%	100%

ANALYSIS OF TAX COLLECTIONS vs EXPENDITURES



TOP TAX EXPENDITURES



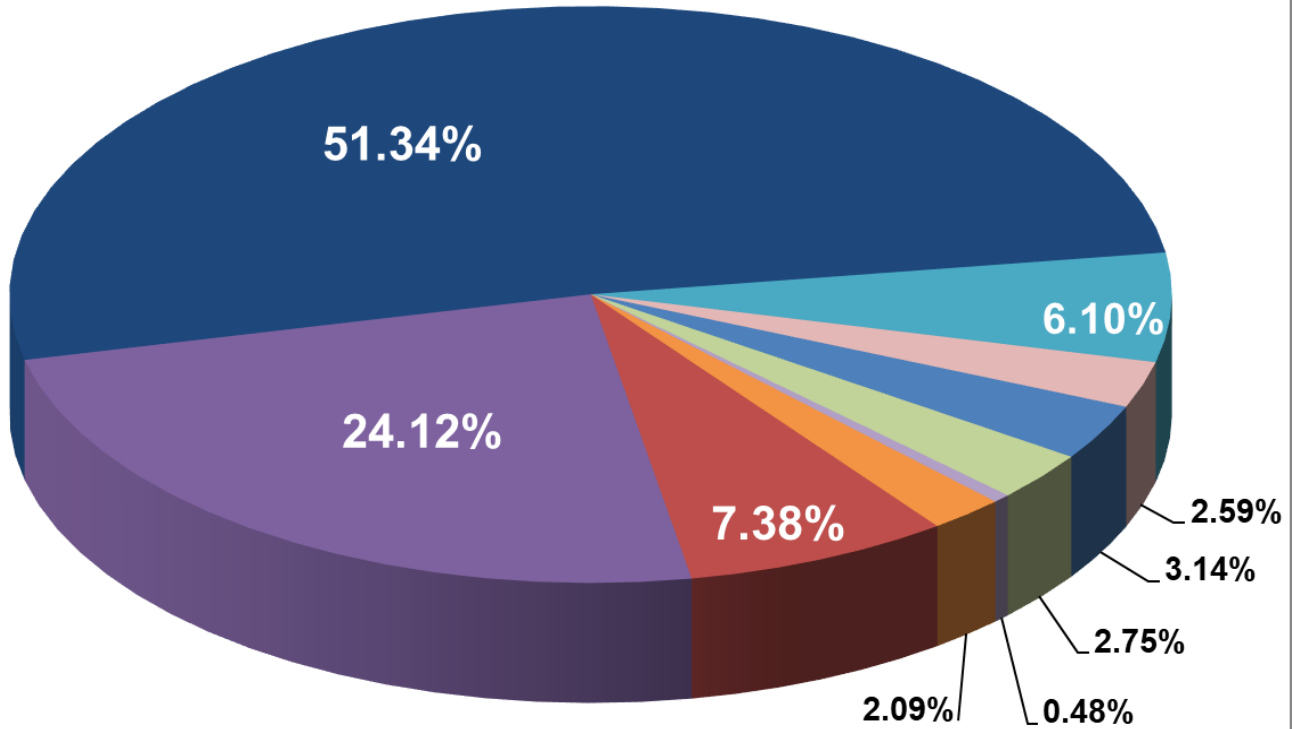
Top Tax Expenditures

Individual Income	\$ 3,102,439,000
Sales & Use	1,634,193,000
Ad Valorem	776,423,000
Corporate Income	409,543,000
Utility Gross Receipts/Service Use	160,674,000
Other Taxes	535,932,000
TOTAL	\$ 6,619,204,000

Other Taxes

Insurance Premium	\$ 108,647,000
Cigarette	88,036,000
Leasing or Renting	79,957,000
Business Privilege	50,121,000
Financial Institutions Excise	60,897,000
Public Utilities License	82,923,000
Gasoline	16,978,000
Motor Vehicle	4,641,000
Motor Fuels (Diesel)	14,169,000
Oil & Gas Privilege	11,752,000
Liquor	8,847,000
Tobacco	5,690,000
Lodgings	3,008,000
Contractors' Gross Receipts	176,000
Aviation Gasoline	90,000

AD VALOREM TAX



Ad Valorem Tax Expenditures

Class:		
	II Assessment Differential	\$ 187,280,000
	III Assessment Differential	398,582,000
	IV Assessment Differential	47,396,000
Homestead Exemption:		
	65 or Younger	20,109,000
	Over 65, less than \$12,000 Federal Net Taxable Income	24,413,000
	Over 65, greater than \$12,000 AGI	21,380,000
	Over 65, less than \$12,000 AGI	3,740,000
Other:		
	Abatements	16,209,000
	Exemptions	57,315,000
TOTAL \$		776,424,000

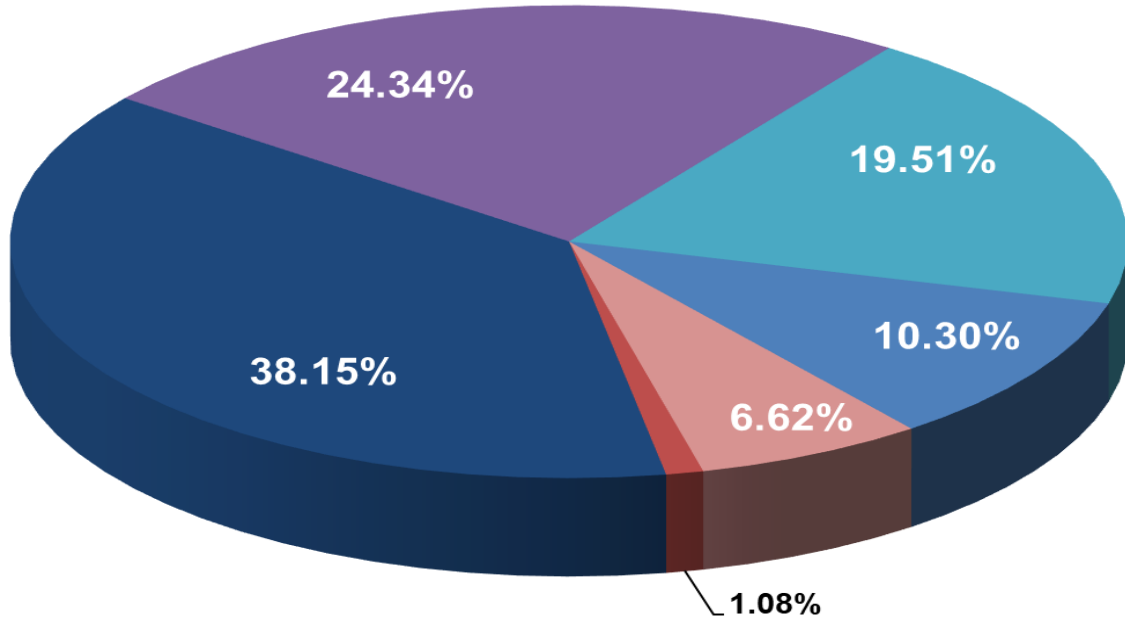
AVIATION GASOLINE TAX



Aviation Gasoline Tax Expenditures

	Refunds:	
	Air carrier with hub operation	NEA
	K-1 kerosene/Aviation jet fuel	NEA
	Exporter	NEA
	Government Entities	NEA
	Licensed aviation fuel purchaser	NEA
TOTAL \$		90,000

BUSINESS PRIVILEGE TAX



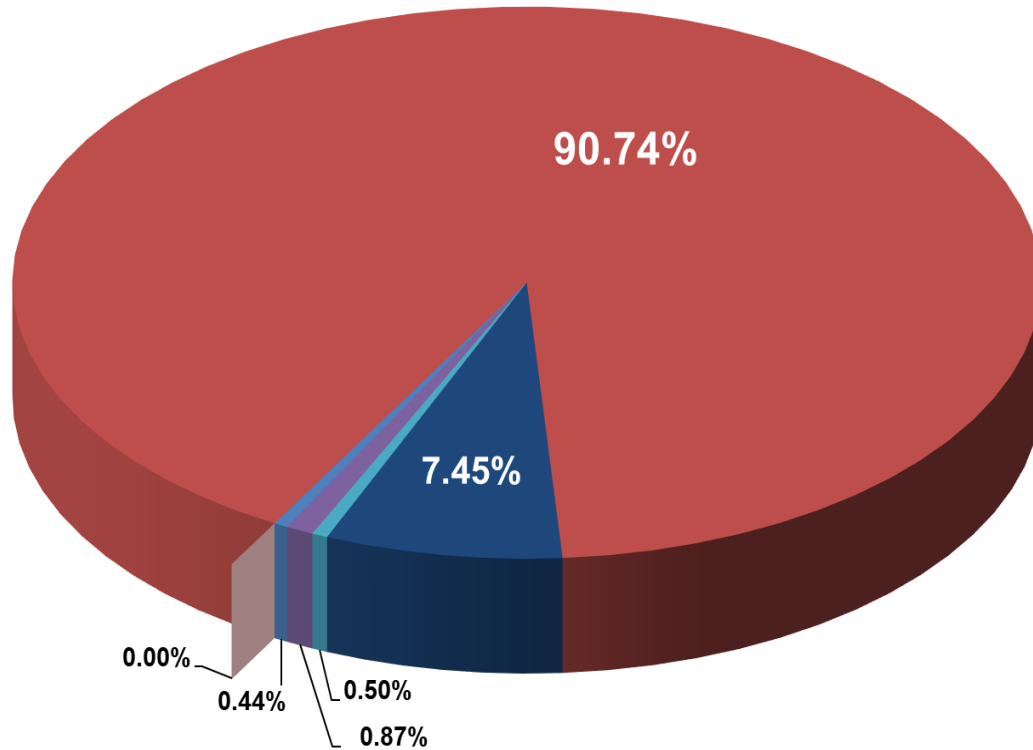
Business Privilege Tax Expenditures

Book value of Taxpayer Investment in any other Taxpayer doing business in Alabama	\$ 19,120,000
Financial Institution Net Worth exceeding 6% of Assets	12,200,000
Financial Institutions, Taxpayer Investment in any other Corporation or LLE not doing Business in Alabama	9,780,000
Unamortized Portion of Goodwill & Core Deposit Intangibles	5,160,000
S Corporations, LLE's & Disregarded Entities	3,320,000
Other: Exemptions	541,000
TOTAL	\$ 50,121,000

EXEMPTIONS (BREAK DOWN)

Low income housing projects	\$ 470,000
Reserves for reclamation, storage, etc associated with a plant, facility, mine or site in Alabama	50,000
Bonds & securities issued by Alabama	20,000
Unamortized balance of any amount that the taxpayer properly elected, pursuant to FASB 106.	1,000
Pollution control devices	NEA
501(a) organizations	NEA
Agricultural cooperatives	NEA
Aircraft replacement parts, components, etc used by licensed air carrier with hub of operation	NEA
Community chests, funds or foundations	NEA
Governmental corporations	NEA
Homeowner's associations	NEA
Political parties, PACs & political campaign committees	NEA
Religious entities	NEA

CIGARETTE TAX



Cigarette Tax Expenditures

Vendor Discount	\$ 6,559,000
Unfit or Unsalable Products	437,000
Sales to:	
Native Americans	767,000
U.S. Government or Armed Forces	388,000
National Guard	-
Other: Exemptions	79,885,000
TOTAL \$	88,036,000

EXEMPTIONS (BREAK DOWN)

Sales in interstate commerce	NEA
Sales to ships in foreign commerce	-

CONTRACTORS' GROSS RECEIPTS TAX

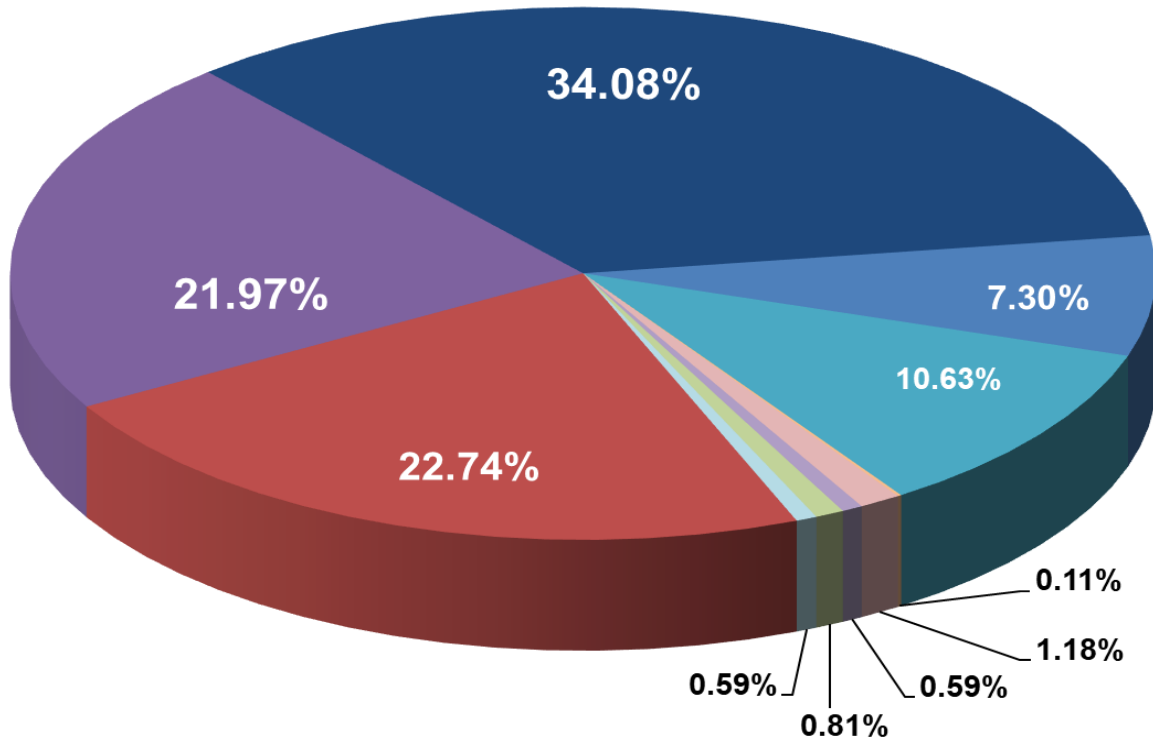


\$176,000

Contractors' Gross Receipts Expenditures

Administrative Discount	\$	176,000
County & Incorporated City or Town		NEA
Contractor under Contractual Escalation Provisions		NEA
TOTAL	\$	176,000

CORPORATE INCOME TAX



Corporate Income Tax Expenditures

Net Operating Loss	\$ 89,980,000
Federal Income Taxes Paid/Accrued	139,570,000
Dividends Received (> 20% of stock owned by taxpayer)	29,880,000
Capital Credit	43,524,000
Expense Certain Depreciable Assets	431,000
Entertainment Industry Incentive	4,817,000
Rail Credit	2,434,000
Accountability Act Credit	3,336,000
Bonus Depreciation	2,430,000
Other: Credits, Deductions & Exemptions	93,141,000
TOTAL	\$ 409,543,000

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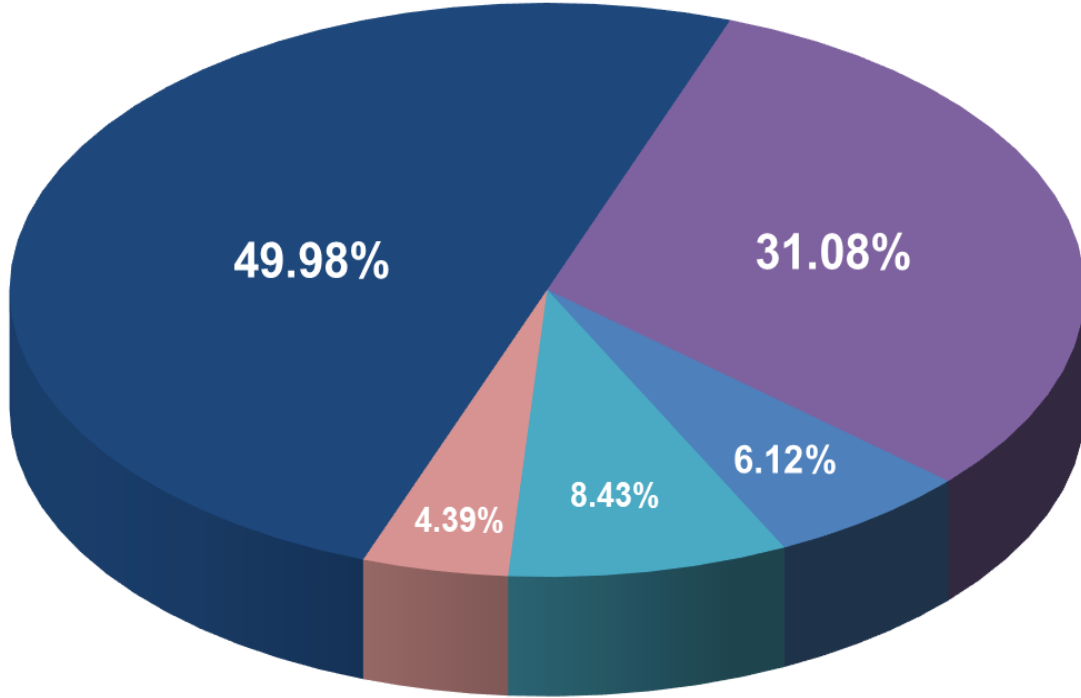
CORPORATE INCOME TAX (cont'd)

Expanded view of Other Credits, Deductions & Exemptions

Credits, Deductions & Exemptions (BREAK DOWN)

Other deductions	\$33,880,000	Dual Enrollment Credit	-
Alabama Jobs Act	14,606,000	Exemption from income tax due to operations within an enterprise zone	-
Tax Credit for Historic Structures	2,780,000	Interest portion of rent	-
Tax Credit for Historic Structures - 2017 Pass-Through Entity Tax	6,376,000	Railroad Modernization - Pass-Through Entity Tax	507,000
Growing Alabama Tax Credit	12,893,000	Neighborhood Infrastructure Credit	-
Expenses not deducted on the federal income tax return due to election to claim a credit for expenses	5,000,000	Rehabilitation of Historic Structures Tax Credit	671,000
Refunds of state and local income taxes	3,550,000	Small Business Act and Agribusiness Act	-
Interest income earned on direct obligations to the U.S.	2,170,000	26 USC 501(a) organizations exempt from federal income taxes	Conforms to Federal Law
Excess depletion allowance	NEA	Building & loan associations & insurance companies upon which a premium tax is levied	Taxed Elsewhere
Port Tax Credit	-	Capital Docks Credit	Included in Capital Credit
Small business health insurance premiums	20,000	Farmers & growers associations organized for the purpose of marketing products	Taxed Elsewhere
Interest income earned on obligations to Alabama	140,000	Farmers & other insurance companies	Taxed Elsewhere
Apprenticeship Tax Credit	16,000	Federal land banks & national farm loan associations	NEA - Government Not Taxable
Coal Credit	-	Local governments & instrumentalities of the state local governments	NEA - Government Not Taxable
Domestic Production Activities	-	National banks & banking associations which are subject to Financial Institutions Excise Tax	NEA - Government Not Taxable
Entertainment Industry Incentive - Pass-Through Entity Tax	1,372,000	Dividends Received from Foreign Sales Corporations	9,160,000

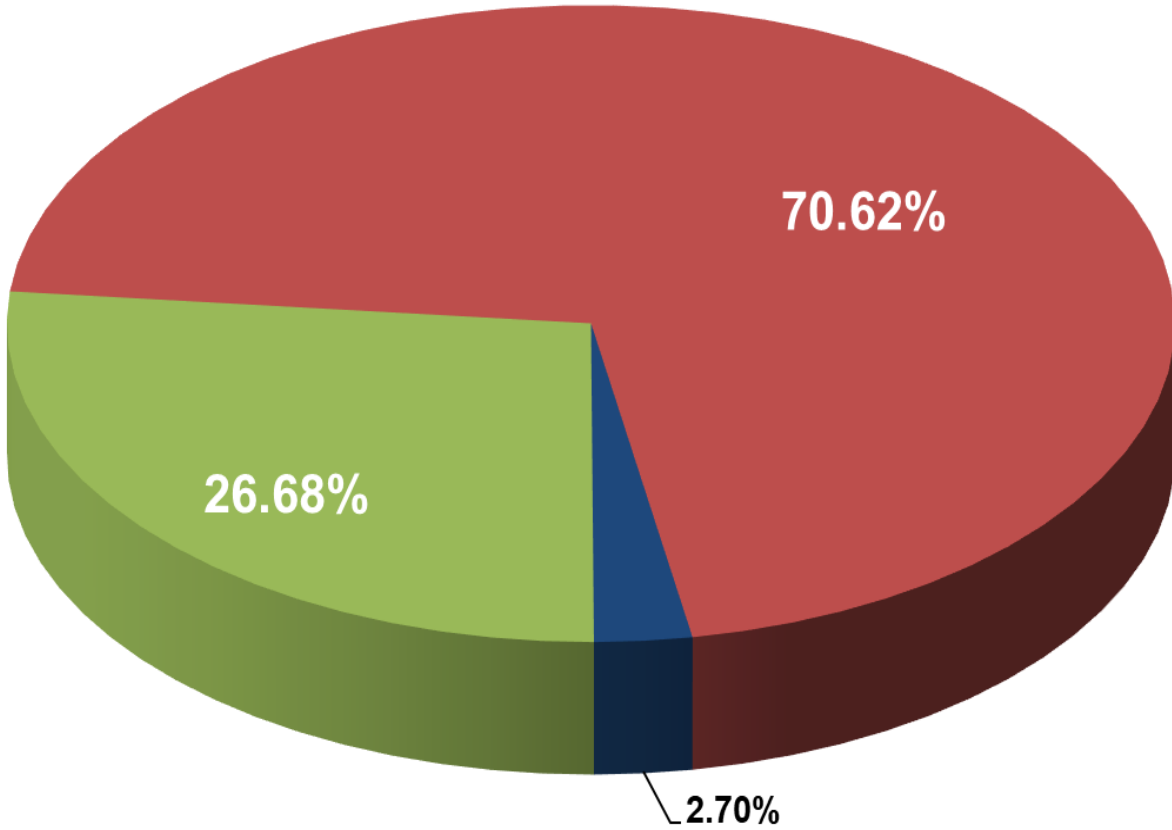
FINANCIAL INSTITUTIONS EXCISE TAX



Financial Institutions Excise Tax Expenditures

Sales & Use Tax Credit	\$ 31,834,000
Federal Income Tax Deduction	19,795,000
New Markets Credit	3,900,000
Jobs Act Investment Credit	5,368,000
Growing Alabama Credit	2,799,000
TOTAL	\$ 63,696,000

GASOLINE TAX



Gasoline Tax Expenditures

■	Licensed Distributor	\$ 458,000
Other:		
■	Discounts	4,530,000
■	Exemptions	11,989,000
TOTAL \$		16,977,000

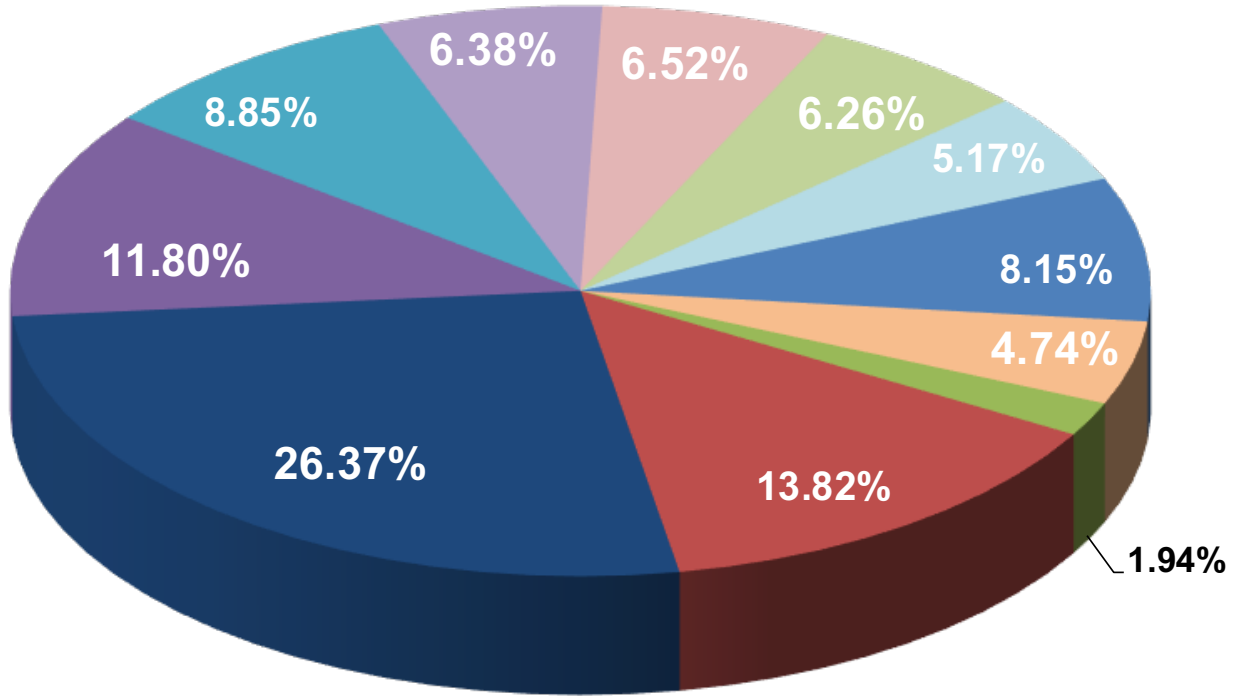
DISCOUNTS (BREAK DOWN)

Exported motor fuel	
Timely filing	NEA
Timely payer	
Timely filing for returns not previously submitted	

EXEMPTIONS (BREAK DOWN)

Exempt agency	
Gasoline blendstocks	NEA
Governmental entity	

INDIVIDUAL INCOME TAX



Individual Income Tax Expenditures

Federal Income Tax	\$ 817,750,000
Defined Benefit Plan	366,220,000
Federal Insurance Contributions Act (FICA)	274,500,000
Social Security	197,850,000
Charitable Contributions	202,290,000
Personal Exemption	194,250,000
Home Mortgage Interest	160,380,000
Credit for Taxes Paid on Income from Outside the State	252,965,000
Standard Deduction	147,200,000
Medical & Dental Expenses	60,150,000
Other: Exemptions	428,883,000
TOTAL	\$ 3,102,438,000

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INDIVIDUAL INCOME TAX (cont'd)

Expanded view of Other Exemptions

EXEMPTIONS (BREAK DOWN)

Severance & unemployment compensation	\$ 47,866,000	Rehabilitation of historic structures tax credit	1,347,000
Depreciation	41,298,000	Railroad Retirement pension benefits	450,000
Real property tax	41,730,000	Depletion allowances	348,000
Miscellaneous itemized deductions	28,470,000	Private intrastate adoption or adoption of a qualified foster child	343,000
Dependent exemption	36,210,000	Failing schools tax credit	270,000
Net operating loss	39,535,000	Rural physician	251,000
Trade/business taxes paid	15,173,000	Retrofitting homes in Alabama Insurance Underwriting Association (AUIA) zone	350,000
Accountability Act Scholarship Contributions	16,325,000	Total deduction	2,700,000
Self-employed health insurance premiums	16,040,000	Irrigation equipment	82,000
Income expenses	12,850,000	Adoption	110,000
Personal property	15,860,000	Apprenticeship Tax Credit Act	87,000
Entertainment Industry Incentive	1,349,000	Catastrophe savings account contribution	120,000
Pension & Annuity	9,100,000	Early withdrawal payment	70,000
IRA deduction	6,840,000	Moving expenses	30,000
Alimony	5,160,000	Full Employment Act of 2011	28,000
Investment interest	5,390,000	"Heroes for Hire" Tax Credit Act	0
Non-resident personal exemption	7,460,000	Growing Alabama Credit	405,000
Small employer/employee health insurance premiums	1,650,000	Fiduciary Growing Alabama Credit	0
Capital credit	3,495,000	"Heroes for Hire" Tax Credit Act expenses	0
Fiduciary Capital Credit	376,000	Small business & agribusiness credit	2,000
Alabama Prepaid Affordable College Tuition (PACT) Program/ the Alabama College Education Savings (ACES) Program contributions	4,320,000	Alabama New Markets Development Act	-
Long-term care premiums	2,650,000	Amortization	-
Home mortgage interest & points	3,100,000	Basic Skills Education Program (BSEP)	-
Foreign country taxes	25,761,000	Business expenses	-
Mortgage insurance premium (PMI)	5,360,000	Career-Technical Dual Enrollment Program contributions	-
Investment credit	2,147,000	Casualty & theft losses	-
Health savings account	1,400,000	Coal Tax Credit	-

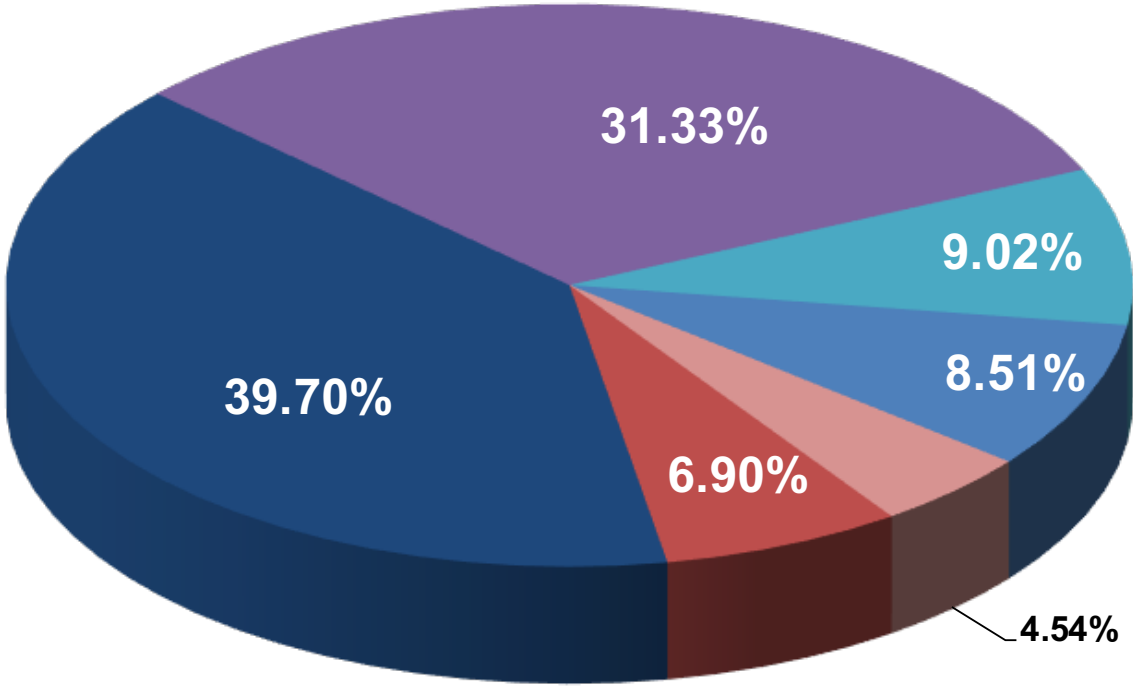
INDIVIDUAL INCOME TAX (cont'd)

Expanded view of Other Exemptions

EXEMPTIONS (BREAK DOWN)

Depreciable property	-	Federal retirement & disability benefits	NEA
Employees' Retirement System of Alabama benefits paid	-	Financial businesses net income	NEA
Enterprise zones expenses	-	Firefighter Retirement Benefits	NEA
Generation-skipping transfer	-	Foreign missionary income	NEA
Military retirement benefits	-	Gift value	NEA
Natural disaster retrofitting	-	Handicapped barrier removal	NEA
Neighborhood Infrastructure Incentive Plan	-	Indebtedness discharge income	NEA
Occupational & state unemployment contributions	-	Interest on obligations of state & political subdivisions	NEA
Port credit	-	Military allowances	NEA
Retirement savings deduction	-	Military death benefits	NEA
Self-employment	-	Minister parsonage	NEA
Tariff credit	1,000	Other income from insurance policies	NEA
Teachers' Retirement System of Alabama benefits paid	-	Peace Officer Retirement Benefits	NEA
Travel, entertainment & meals	-	Peace officer/fireman killed in line of duty death benefit payments	NEA
Uncompensated loss from transactions entered for profit	-	Personal injury/sickness amounts	NEA
Achieving a better life experience program	NEA	Personal residence gains from sale	NEA
Alabama Prepaid Affordable College Tuition (PACT) Program/ the Alabama College Education Savings (ACES) Program benefits	NEA	Radioactive fallout shelter	NEA
Bad debt losses	NEA	Rapid response to declared disasters	NEA
Bond income & interest	NEA	Reemployment Act	NEA
Cafeteria plan	NEA	Start-up expenditures	NEA
Catastrophe savings account interest income	NEA	State industrial development authority assistance	NEA
Combat zone income	NEA	State law enforcement subsistence allowance	NEA
Death income from insurance policies	NEA	State legislators' travel expenses	NEA
Deferred compensation plan	NEA	Trade/business uncompensated loss	NEA
Dependent care	NEA	Trust income from certain entities	NEA
Employer retirement contribution	NEA	U.S. obligations interest	NEA
		Wood conversion	NEA

INSURANCE PREMIUM TAX

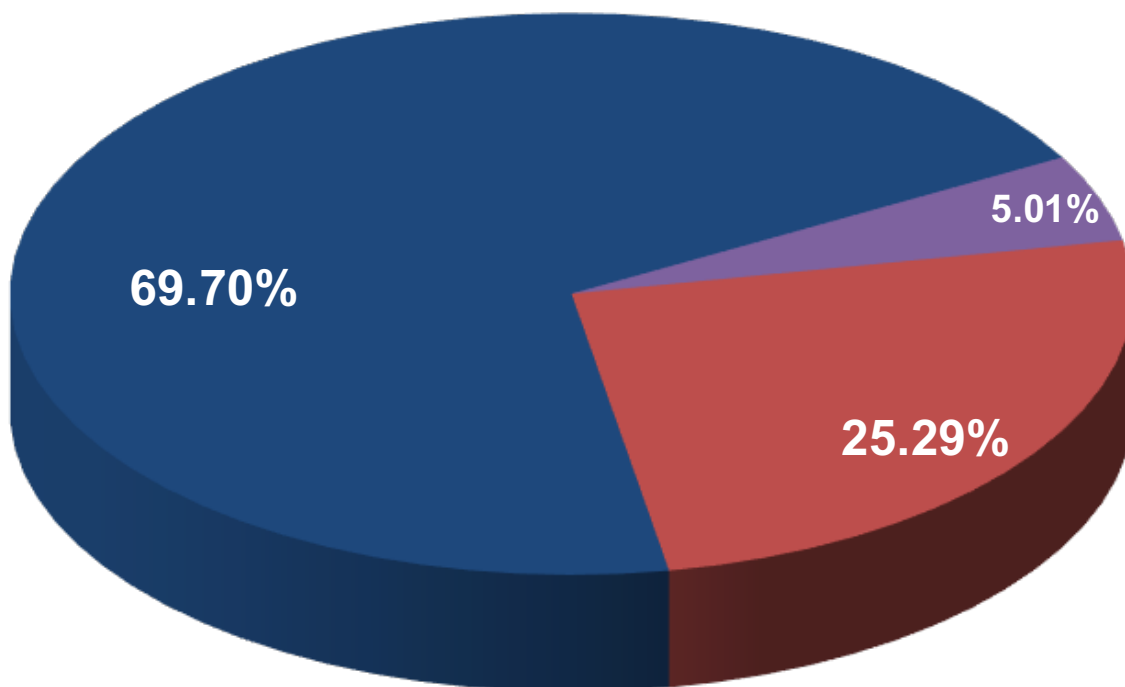


Insurance Premium Tax Expenditures

Annuity Considerations	\$ 43,130,000
Real Property Investment Credit	34,037,000
Facilities Credit	9,805,000
Business Privilege Tax	9,245,000
Ad Valorem Tax on Property	4,936,000
Other: Exemptions	7,493,000
TOTAL	\$ 108,646,000

EXEMPTIONS (BREAK DOWN)	
Certified Capital Company Program (CAPCO)	\$ 966,000
Premiums collected	1,981,000
Fraternal benefit societies	1,941,000
Non-profit life insurers' premium on certain institutions	1,303,000
Examination expenses	999,000
Guaranty fund assessments	303,000
Coastal premium (wind pool)	-
County business privilege tax	-
Surplus line wet marine and transportation insurance	-
Alabama Health Care Plan Deduction	NEA
Self-insurance programs	NEA
Supplemental health care benefit premium or annuity	NEA

LEASING OR RENTAL TAX



Leasing or Rental Tax Expenditures

Reduced Rate On:	
Automotive Vehicles	\$ 55,734,000
Linens & Garments	4,008,000
Other: Exemptions	20,215,000
TOTAL	\$ 79,957,000

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LEASING OR RENTAL TAX (cont'd)

Expanded view of Other Exemptions

EXEMPTIONS (BREAK DOWN)

A transaction involving the leasing or rental of tangible personal property when the sublessor & lessor are wholly-owned subsidiary corporations of the same parent corporation

NEA

Film or films to a lessee who charges admission for viewing the film

NEA

A transaction where under the lessor leases a truck or tractor-trailer or semitrailer for operation over the public roads & highways

Leasing or rental of tangible personal property to a lessee for the purpose of leasing or renting to another

A transaction which involves the leasing or rental of vessels or railroad equipments which are engaged in interstate or foreign commerce, or both

Nuclear fuel assemblies together with the nuclear material contained therein

Aircraft, replacement parts & components by an air carrier with a hub operation in the state

Oxygen or durable medical equipment

Any leasing or rental, as lessor, by the state or any municipality or county in the state

Pollution control devices

Charge in respect to the use of docks or docking facilities

Tangible personal property which the state is prohibited from taxing under the Constitution or laws of the United States or under the constitution of the state

Charge made by a landlord to a tenant in respect of the leasing or furnishing of tangible personal property to be used on the premises

Vehicles in interchange between regulated motor carriers on a per diem basis

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

LIQUOR TAX

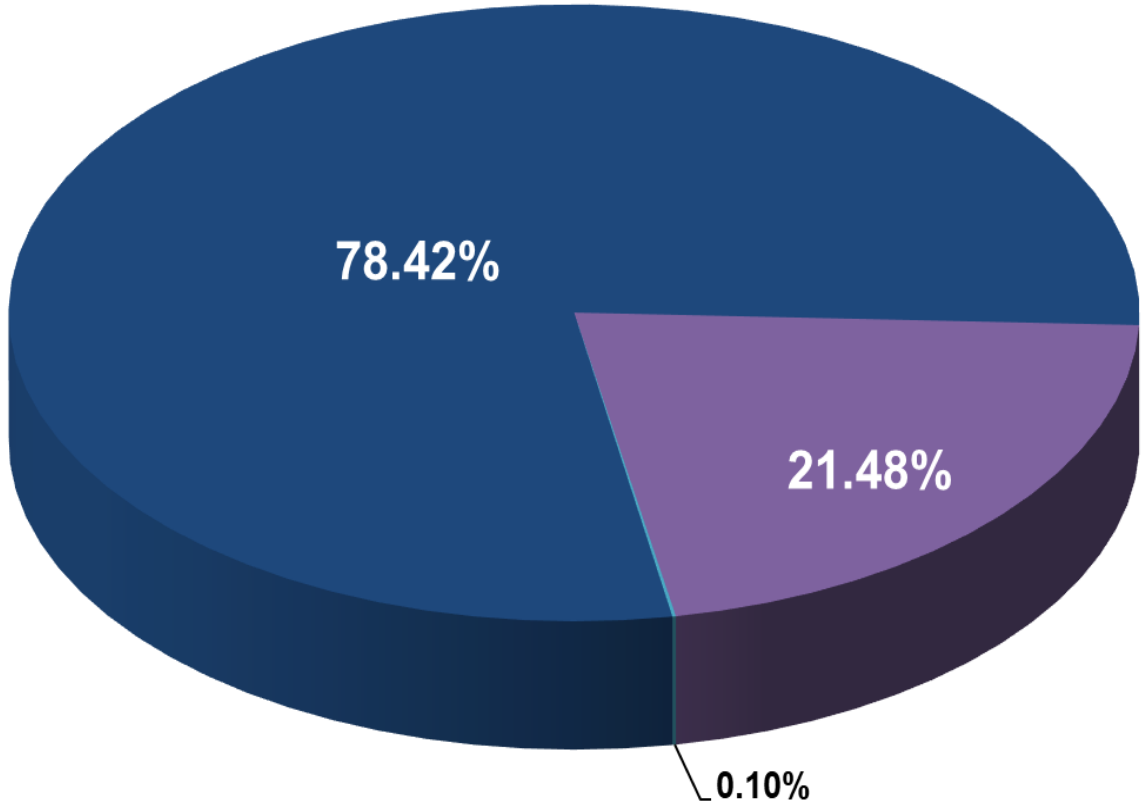


\$8,847,000

Liquor Tax Expenditures

Sales To:	
Certain Agencies of U.S. Armed Forces	\$ 8,847,000
Certified or Licensed Air carrier with Hub Operation within the State	NEA
TOTAL	\$ 8,847,000

LODGINGS TAX



Lodgings Tax Expenditures

Tax Discount	\$ 2,359,000
Exempt Entities	646,000
Approved Motion Picture	3,000
Other: Exemptions	NEA
TOTAL	\$ 3,008,000

NEXT PAGE FOR EXEMPTIONS BREAK DOWN

LODGINGS TAX (cont'd)

Expanded view of Other Exemptions

EXEMPTIONS (BREAK DOWN)

Alabama Educational Television Foundation Authority
(AETF)

Charitable & nonprofit organizations

Downtown redevelopment authorities

Educational building authorities

Extended stay

Federal credit unions

Foreign diplomats

Historic Preservation Commission

Hudson-Alpha Institute for Biotechnology

Industrial development boards

NEA

Nonprofit facilities

Parks & recreation boards

Port authorities

Private facilities

Public athletic boards

Regional mental health

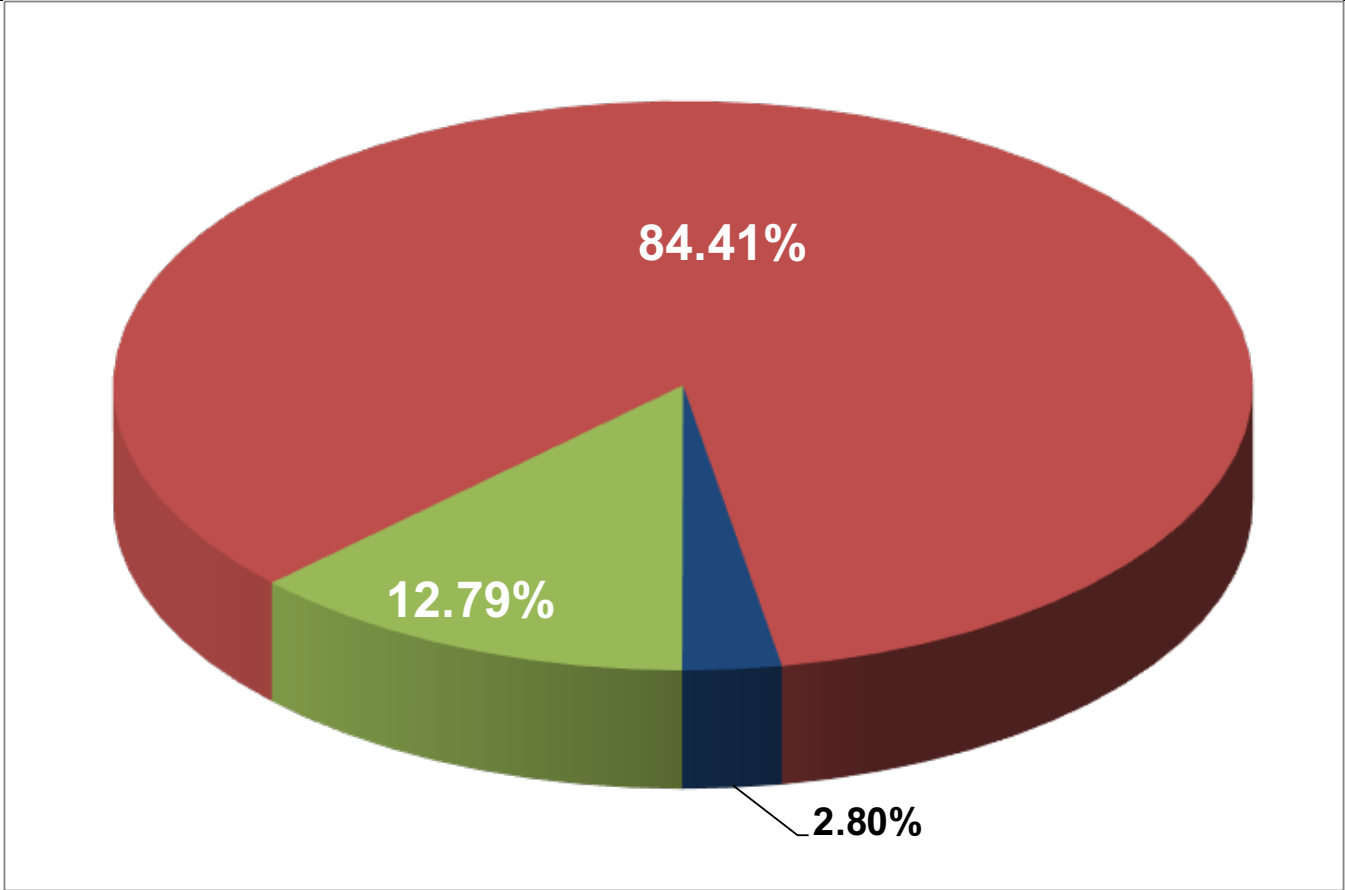
The Citizen Trust

Time-share

U.S. Government

NEA

MOTOR FUELS (DIESEL) TAX

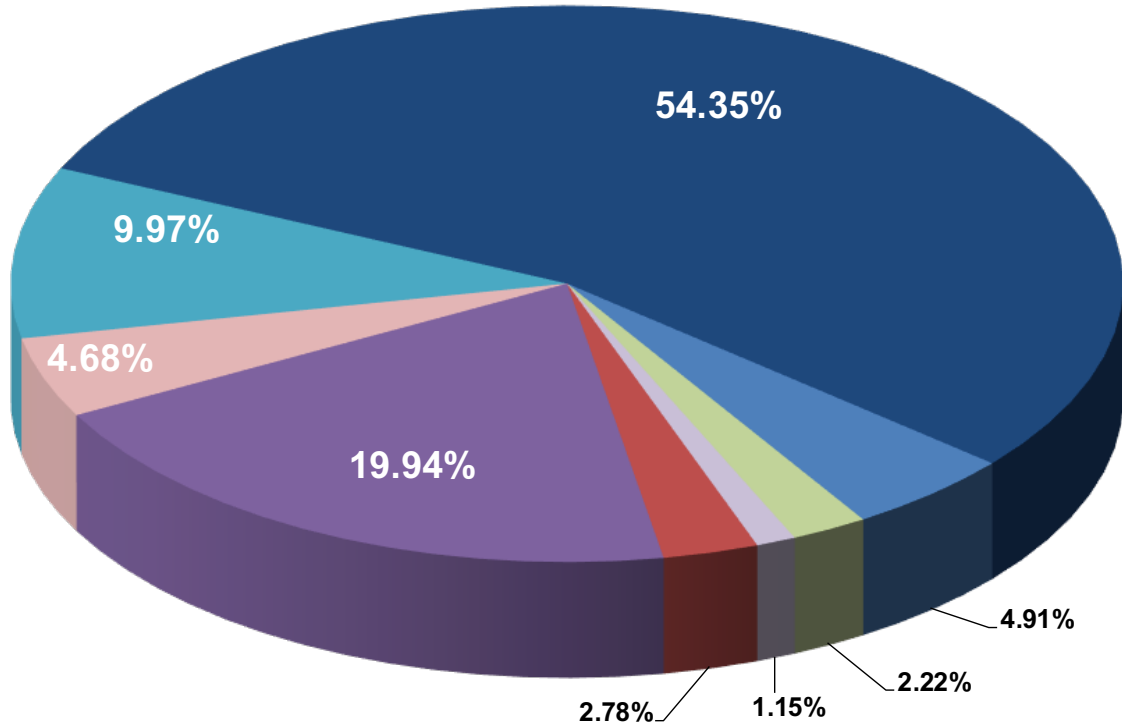


Motor Fuels (Diesel) Tax Expenditures

Licensed Distributor	\$ 397,000
Other:	
Discounts	1,812,000
Exemptions	11,960,000
TOTAL \$	14,169,000

DISCOUNTS (BREAK DOWN)	
Exported motor fuel	
Timely filing	NEA
Timely filing for returns not previously submitted	
Timely payer	
EXEMPTIONS (BREAK DOWN)	
Dyed diesel fuel	
Exempt agencies	NEA
Gasoline blendstocks	
Government entities	

MOTOR VEHICLE REGISTRATION



Motor Vehicle Registration Expenditures

Farm Rate Reduction:		
F1 - up to 30,000 lbs	\$	934,000
F2 - 30,001 lbs to 42,000 lbs		219,000
F3 - 42,001 lbs & over		467,000
Disabled Veterans		2,546,000
National Guard		230,000
Purple Heart recipient, surviving spouse		104,000
Forest L1 - 30,001 lbs to 42,000 lbs		54,000
Other: Exemptions		130,000
TOTAL	\$	4,684,000

EXEMPTIONS (BREAK DOWN)

Volunteer rescue squad	\$	32,000
Vintage		54,000
Forest L1 - up to 30,000 lbs.		8,000
Active reserve		19,000
Alabama Gold Star Family		15,000
Volunteer firefighters		2,000
Consul		-
Legion of Valor, surviving spouse		-
Medal of Honor, surviving spouse		-
POW, surviving spouse		-

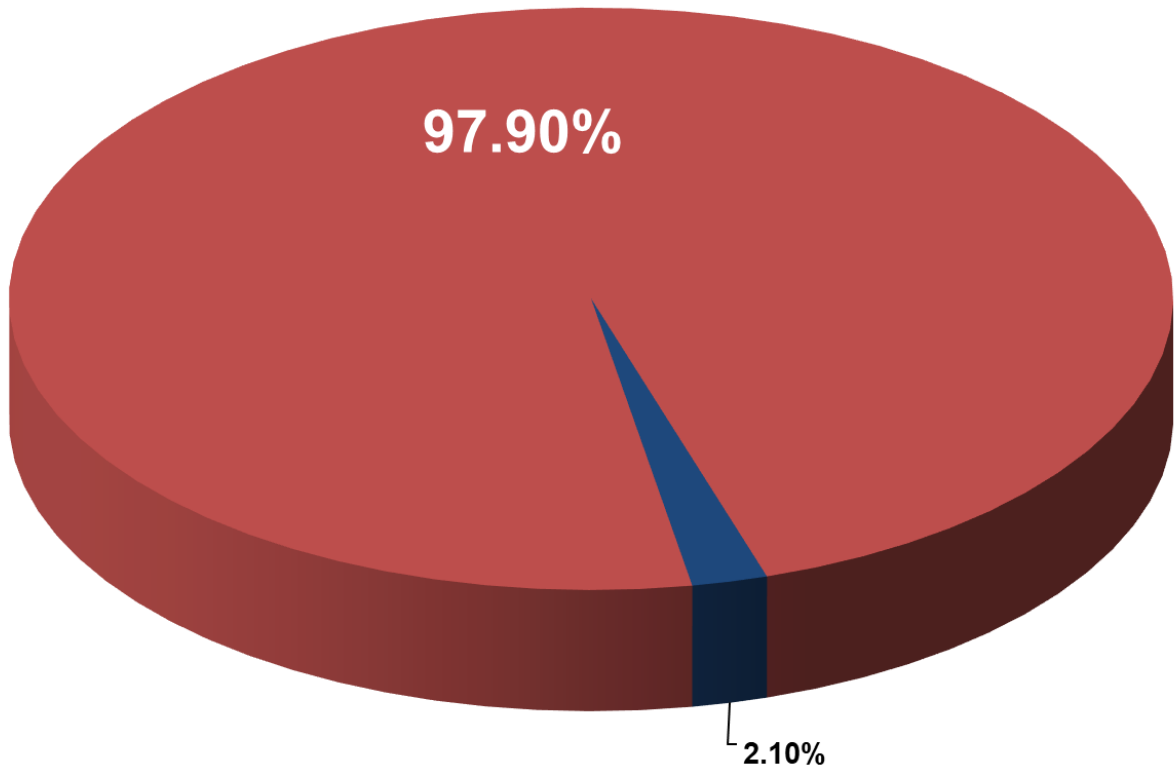
OIL & GAS PRIVILEGE TAX

\$11,752,000

Oil & Gas Privilege Tax Expenditures

Refunds:		
	Incremental production from enhanced recovery projects	NEA
	Low production wells	NEA
	Offshore wells deeper than 8,000 ft	NEA
	Offshore wells less than 8,000 ft (After 7/1/88)	NEA
	Onshore wells (After 7/1/88)	NEA
	TOTAL \$	11,752,000

PUBLIC UTILITIES LICENSE TAX



Public Utilities License Tax Expenditures

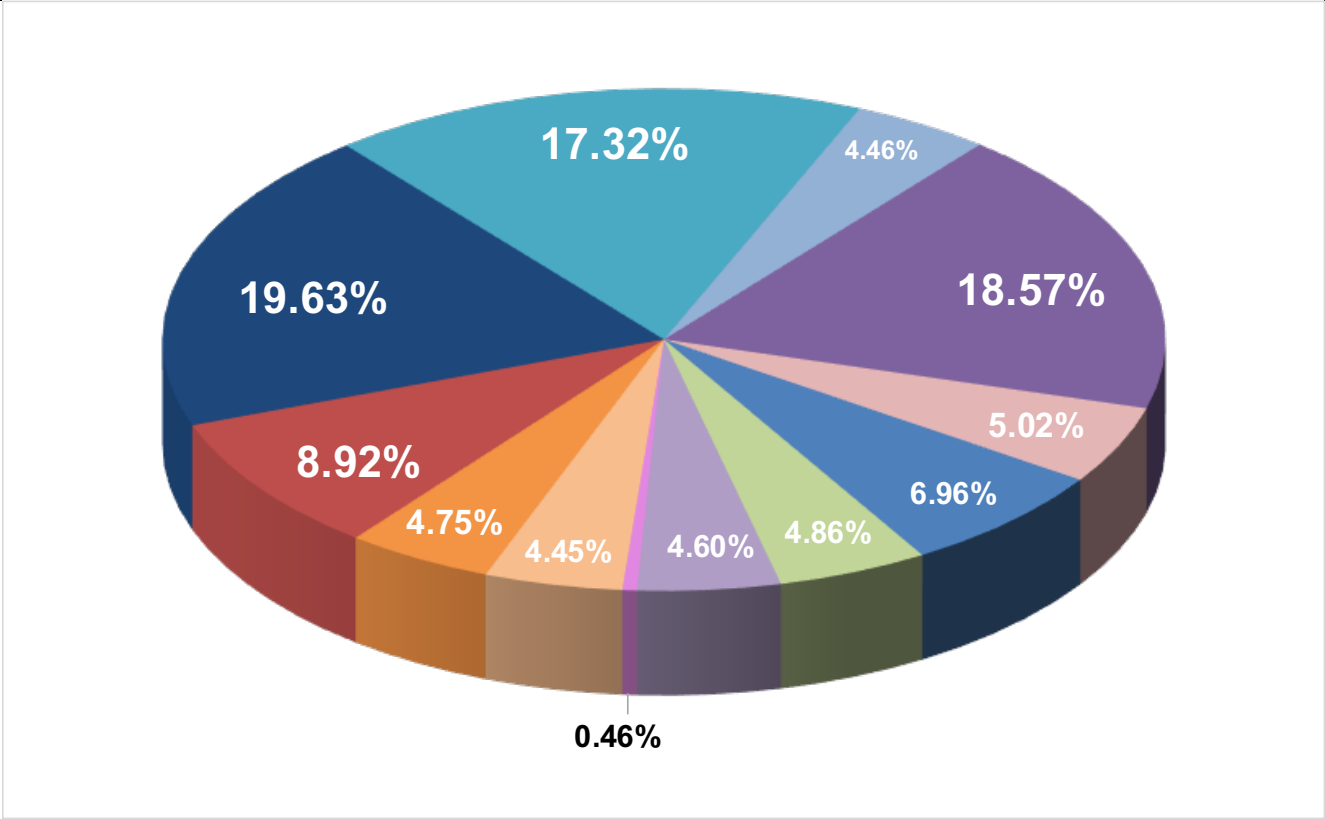
Exemptions	\$81,180,000
Growing Alabama Tax Credit	\$1,743,000
TOTAL \$	82,923,000

EXEMPTIONS (BREAK DOWN)

- Alabama Municipal Electric Authority (AMEA)
- Cellular telecommunication services & providers
- County water, sewer & fire protection authorities
- Disabled & elderly electricity sales
- Municipal utility companies
- Resale of electricity
- Water authorities

NEA

SALES & USE TAX



Sales & Use Tax Expenditures

	Prescription Drugs	\$ 320,658,000
Automotive Vehicles:		
	Sales Tax Rate Differential	283,100,000
	Casual Tax Rate Differential	72,913,000
	Livestock, Poultry & Farm Products	303,463,000
	Food Stamp Purchases	81,959,000
	Fish, Livestock & Poultry Feed Ingredients, Antibiotics, Vitamins, etc	113,758,000
Machinery used for Mining, Manufacturing or Agricultural:		
	Sales Tax Rate Differential	79,398,000
	Use Tax Rate Differential	75,244,000
	Contractor Exemption for Government Contracts	7,595,000
	Exempt Entities	72,727,000
Other:		
	Abatements	77,616,000
	Exemptions	145,762,000
	TOTAL	\$ 1,634,193,000

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SALES & USE TAX (cont'd)

Expanded view of Exempt Entities, Abatements & Exemptions

EXEMPT ENTITIES

Entities exempt from sales and use tax as provided by statute	\$72,727,000
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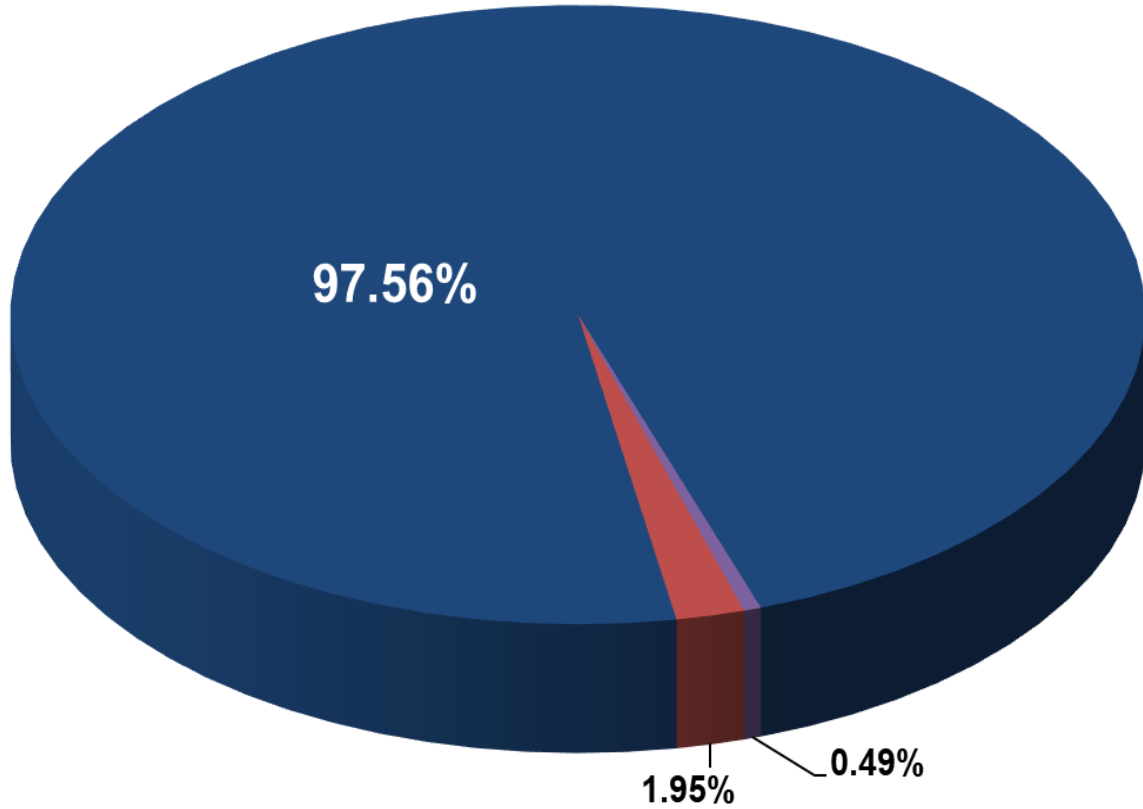
ABATEMENTS (BREAK DOWN)

Brownfield Development Tax Act abatement	NEA
Qualifying project abatement	
Tax Incentive Reform Act	

EXEMPTIONS (BREAK DOWN)

Sales tax discount	\$24,764,000
Durable medical equipment, etc	24,795,000
School lunches	15,585,000
Fertilizer	23,258,000
Back to school sales tax holiday	13,489,000
Off-highway diesel	9,136,000
Seeds for planting & baby chicks & poults	7,357,000
Automotive vehicles - use tax rate differential	5,503,000
Insecticides & fungicides for agricultural purposes	5,875,000
Boats - casual tax	5,272,000
Simplified seller use discount	5,735,000
Air or water pollution devices	1,054,000
Severe weather preparedness sales tax holiday	3,247,000
Vending machine sales	692,000
Qualified production company	-

TOBACCO TAX



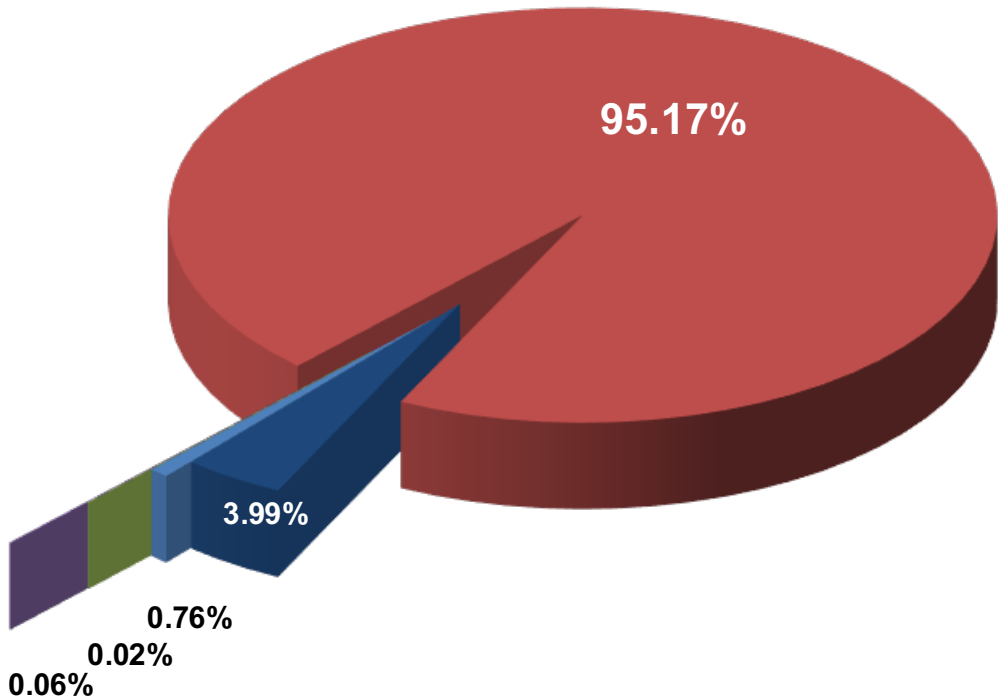
Tobacco Tax Expenditures

Sales in Interstate Commerce	\$ 5,551,000
Sales to Native Americans	28,000
Other: Credit & Exemptions	111,020
TOTAL	\$ 5,690,020

CREDIT & EXEMPTIONS (BREAK DOWN)

Unfit or unsalable products	\$ 108,000
Sales to U.S. Government or Armed Forces	3,000
Sales to National Guard	20
Sales to specific organizations	NEA

UTILITY GROSS RECEIPTS/SERVICE USE TAX



Utility Gross Receipts / Service Use Tax Expenditures

Jobs Credit (Utility Tax Fund)	6,187,000
Investment Credit - Utility Taxes	1,180,000
Chapter 9G Utility Refund	36,000
Discounts	93,000
Exemptions	147,599,000
TOTAL \$	155,095,000

NEXT PAGE FOR DISCOUNTS

NEXT PAGE FOR EXEMPTIONS BREAK DOWN

UTILITY GROSS RECEIPTS/SERVICE USE TAX (cont'd)

Expanded view of Discounts & Exemptions

DISCOUNTS

Not to exceed 5% of the first \$100 of taxes levied and 2% of the taxes levied over \$100

EXEMPTIONS (BREAK DOWN)

Deaf & hearing-impaired telephone surcharge

Ancillary telephone services

Bakerhill Water Authority

Cable television service, paging services, specialized mobile radio or mobile telecommunications service

Chambers County E911 Authority

Chemically convert raw materials in an electrolytic or electrothermal manufacturing process

Constitutionally prohibited from taxing of utility services

Constitutionally prohibited from taxing the storage, use or consumption

Customer premises equipment

Direct production, generation, etc of electricity, natural gas or domestic water

Electricity purchased for storage, use or other consumption is used for the isotopic enrichment of uranium

Electricity used or consumed by a manufacturer in an electrolytic or electrothermal manufacturing process

Electrolytic or electrothermal manufacturing or compounding process

Eligible enterprise zone businesses in contract with ADECA

Furnishing natural gas to a manufacturer as a chemical raw material in the manufacturing of tangible personal property, but not as fuel or energy

NEA

Governmental entities

Heating of poultry houses

Incorporated municipality, board or corporation organized under the authority of any incorporated municipality

Natural gas purchased for storage, use or other consumption used by a manufacturer as a chemical raw material in the manufacturing of tangible personal property, but not as fuel or energy

Natural gas purchased for storage, use or other consumption used by a manufacturer to chemically convert raw materials prior to the use of such converted raw materials in an electrolytic or electrothermal manufacturing process

Northeast Crenshaw Water & Fire Protection Authority

Purchase of utility services shall have been at a wholesale sale

Russell County Water Authority

Smith's Water Authority

Telephone services provided through any pay telephone

Utility services included as a part of the gross receipts or gross sales of a utility subject to the utility gross receipts tax

Utility services shall have been used or consumed directly in or for the production, generation, etc of utility services

Wholesale sales

NEA

EXEMPT ENTITIES

EXEMPT ENTITIES

ENTITY	LEGAL CITATION
Birmingham-Jefferson Civic Center	CA Jefferson 37-3.01
Educational, Religious, & Charitable Entities	40-8-1, 40-9-1
County Airport Authority	4-3-8
Airport Authorities	4-3-59
Credit Unions	5-17-1, 5-17-24
Environmental Improvement Authorities	9-6-15
Soil & Water Conservation Districts	9-8-25(d)
Watershed Conservancy Districts	9-8-67
Waterworks operating in unincorporated areas	10A-20-9.04
Public Building Authorities	11-15-17
Public Park & Recreation Boards	11-22-13
County Law Libraries	11-25-7
Radio/Alert Districts	11-31-1
Transit Authority	11-49A-15, 11-49B-1
Utility Systems	11-50-322
Boards of Water & 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
Public Library Authorities	11-57-1
Medical Clinic Boards	11-58-14
Public Athletic Boards	11-59-16
Public Park & Recreation Boards	11-60-17
Municipal Parking Authority	11-61A-1
Municipal Special Health Care Facilities	11-62-18
Historic Preservation Commissions	11-68-4
Alabama Revolving Loan Fund Authority	11-85-100
Public Park & Recreation Authorities	11-86A-18
Water, Sewer, & Fire Protection Authorities	11-88-16
Water, Sewer, Solid Waste Disposal & 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
Emergency Telephone Service	11-98-1
Alabama Improvement Districts	11-99A-20
Capital Improvement Cooperative Districts	11-99B-14
Federal Building Authority construction proceeds	11-101A-21
Tourism Promotion & Development Authorities	11-105-1
Alabama Corrections Institution Finance Authority	14-2-32
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 & Citizenship Education	16-44A-19
Citizenship Trust	16-44A-34
University of Montevallo	16-54-12
Junior College for Franklin, Marion, & Winston Counties	16-60-35
AIDS Action Council of Huntsville	22-11A-93
AIDS Alabama, Inc	22-11A-93
Birmingham AIDS Outreach, Inc	22-11A-93
Health 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	22-11A-93
West Alabama AIDS Outreach	22-11A-93
Wiregrass AIDS Outreach, Inc	22-11A-93
County Hospital Boards	22-21-80
County & Municipal Hospital Authorities	22-21-186
Health Care Facility property used in construction & 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 & Facilities	22-51-13
Alabama Housing Finance Authority	24-1A-12
Fire Fighters' Personnel Standards & Education Commission	36-32-1
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 & controlled by universities, schools or colleges	40-9-1
Benevolent & Protective Order of Elks	40-9-1
Fraternal Order of Eagles	40-9-1
Fraternal Order of Police	40-9-1
Literary & Scientific Institutions & 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
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	40-9-12
Building & Construction Trades Group, Inc	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 & United Appeal Funds, & all charitable, civic, & eleemosynary organizations & 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 H& 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
National Foundation's Alabama Field Offices	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 Way Member Agency	40-9-12
United Way Organization	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 & 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
George Lindsey Celebrity Benefit, Inc	40-9-25
Special Olympics Alabama, Inc	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	40-9-25.5
North Alabama Christian Children's Home	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	40-9-25.14
Christian Service Centers of Covington Baptist Association, Inc	40-9-25.15
Food banks	40-9-25.16

Eagles' Wings, Inc	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
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
TWG 2021 Birmingham Foundation	40-9-26.2
Victims of Crime & Leniency, Inc	40-9-26.3
Selma-Dallas County Historic Preservation Society	40-9-28
Valley Gr&e Community Center, Inc	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
County volunteer rescue associations	40-9-38
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Birmingham Regional Paratransit Consortium, Inc, doing business as ClasTran	40-9-39.2
Birmingham Holocaust Education Center	40-9-39.3
The Community Foundation of South Alabama	40-9-39.4
The Community Foundation of West Alabama	40-9-39.4
The Black Belt Community Foundation	40-9-39.4
The Community Foundation of Northeast Alabama	40-9-39.4
The Community Foundation of Greater Birmingham	40-9-39.4
The Community Foundation of Greater Huntsville	40-9-39.4
The Community Foundation of Greater Decatur	40-9-39.4
The Limestone Area Community Foundation	40-9-39.4
The Central Alabama Community Foundation	40-9-39.4
The Community Foundation of East Alabama	40-9-39.4
The Walker Area Community Foundation	40-9-39.4
Smith's Water Authority	40-21-82.1
Northeast Crenshaw Water & 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	40-23-4, 40-23-62
Diabetes Trust Fund, Inc	40-23-5
Chilton County Rescue Squad	40-23-5
American Veterans of World War II, Korea, & Vietnam (AMVETS)	40-23-5
Alabama Lions Sight Conservation Association, Inc (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
Alabama National Fair & Agricultural Exposition, Inc	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
Blind vendors associated with the Business Enterprise Program of the Department of Rehabilitation Services	40-23-5
Vendors who are blind as defined by Section 1-1-3 & 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	40-23-5
Eye Foundation, Inc	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 & any of their branches, agencies, lessees or successors organized pursuant to Section 10-3A-1, et seq., Code of Alabama 1975, which operate or maintain hospitals for purposes other than pecuniary gain & not for individual profit	40-23-5
Christian Service Mission, 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) & 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	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
Zoo Foundation, Inc, operating as the Alabama Gulf Coast Zoo	40-23-5
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Southern Research Institute	40-9-25.22
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Historic Blakely Authority	41-10-179
Alabama Shakespeare Festival Theatre Finance Authority	41-10-209
Alabama Space Science Exhibit Finance Authority	41-10-327
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INDEX OF TAX EXPENDITURES

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<p>A Transaction Involving the Leasing or Rental of Tangible Personal Property when the Sublessor & Lessor are Wholly-Owned Subsidiary Corporations of the Same Parent Corporation ^(LR) 40-12-223 (11)</p> <p>A Transaction Where under the Lessor Leases a Truck or Tractor-Trailer or Semitrailer for Operation over the Public Roads & Highways ^(LR) 40-12-223 (8)</p> <p>Accountability Act Scholarship Credit ^{(CI) / (II)} 16-6D-9</p> <p>Achieving a Better Life Experience Program ^(II) 16-33C-24</p> <p>Active Reserve ^(MV) 32-6-351, 40-12-244</p> <p>Adoption ^(II) 40-18-15(a)(24)</p> <p>Ad Valorem Tax on Property ^(IP) 27-4A-3</p> <p>Administrative Discount ^(CG) 810-6-5-.03.01</p> <p>Agricultural Cooperatives ^(BP) 40-14A-43</p> <p>Agricultural Herbicides ^(SU) Sales: 40-23-4(a)(25) Use: 40-23-62</p> <p>Agricultural Products ^(AV) 40-9-1(9)</p> <p>Aid or Assistance to the State Industrial Development Authority ^(CI) 40-18-35 (a)(5)</p> <p>Air Carriers ^(AV) 40-9-1(24)</p> <p>Air Carrier Food and Beverages ^(SU) Sales: 40-23-4(a)(41) Use: 40-23-62</p> <p>Air Carrier with Hub Operation ^(AG) 40-17-329</p> <p>Air or Water Pollution Devices ^(SU) Sales: 40-23-4(a)(16) Use: 40-23-62</p> <p>Aircraft, Replacement Parts & Components by an Air Carrier with a Hub Operation in the State ^(LR) 40-12-223 (13)</p> <p>Aircraft Replacement Parts, Components, etc used by Licensed Air Carrier with Hub of Operation ^(BP) 40-14A-24(b)(4)</p> <p>Alabama Aircraft ^(SU) 40-23-4(a)(37)</p> <p>Alabama Corrections Institution Finance Authority ^(AV) 14-2-32</p> <p>Alabama Economic Incentive Enhancement Act of 2007 ^(AV) 40-9D-1 thru 40-9D-4</p> <p>Alabama Educational Television Foundation Authority ^(L) 16-7A-4(b)</p>	<p>Alabama Gold Star Family ^(MV) 32-6-630, 40-12-244</p> <p>Alabama Health Care Plan Deduction ^(IP) 27-21-4</p> <p>Alabama Health Insurance Plan (AHIP) Deduction ^(IP) 27-52-3</p> <p>Alabama Jobs Act – Investment Credit ^(CI) 40-18-376</p> <p>Alabama Jobs Act – Investment Credit ^(FI) 40-18-376.2</p> <p>Alabama Municipal Electric Authority ^(PU) 11-50A-7</p> <p>Alabama New Markets Development Credit ^{(CI) / (II) / (IP)} 41-9-219</p> <p>Alabama New Markets Development Credit ^(FI) 41-9-219.3 thru 41-9-219.4</p> <p>Alabama Prepaid Affordable College Tuition Program or the Alabama College Education Savings Benefits ^(II) 40-18-19(a)(10)</p> <p>Alabama Prepaid Affordable College Tuition Program or the Alabama College Education Savings Contributions ^(II) 40-18-15(a)(28)</p> <p>Alabama Reinvestment & Abatement Act ^(AV) 40-9G-1, 40-9G-2</p> <p>Alimony ^(II) 40-18-15(a)(17)</p> <p>All National Banks & Banking Associations which Subject to Financial Institutions Excise Taxes ^(CI) 40-18-32(4)</p> <p>Amortization ^(II) 40-18-15(a)(8)</p> <p>Amounts Received as Dividends where Taxpayer Owns > 20% of the Stock of Distributing Corporation ^(CI) 40-18-35 (a)(7)</p> <p>Ancillary Telephone Services ^(UG) UGR: 40-21-80(a)(11)(vi) USU: 40-21-100(a)(17)(vi)</p> <p>Annexed Industrial or Manufacturing Plant ^(AV) 11-42-102</p> <p>Annuity Considerations ^(IP) 27-4-8</p> <p>Any Aircraft & Replacement Parts, etc ^(SU) Sales: 40-23-4(a)(40) Use: 40-23-62(32)</p> <p>Apprenticeship Tax Credit ^{(CI) / (FI)} 40-18-420 thru 40-18-424</p> <p>Apprenticeship Tax Credit Act of 2016 ^(II) 40-18-422</p> <p>Approved Motion Picture ^(L) 41-7A-45</p> <p>Artesian Wells ^(AV) 40-9-8</p> <p>Automotive Vehicles – Casual ^(SU) 40-23-101</p> <p>Automotive Vehicles ^(SU) Sales: 40-23-2 Use: 40-23-61</p> <p>Aviation Jet Fuel ^(SU) Sales: 40-23-4(a)(42) Use: 40-23-62</p>

(AV) Ad Valorem Tax	(AG) Aviation Gasoline Tax	(BP) Business Privilege Tax	(C) Cigarette Tax	(CG) Contractors' Gross Receipts	(CI) Corp Income Tax
(FI) FIET	(G) Gasoline Tax	(II) Individual Income Tax	(IP) Insurance Premium Tax	(LR) Leasing or Rental Tax	(LQ) Liquor Tax
(L) Lodgings Tax	(MF) Motor Fuels (Diesel) Tax	(MV) Motor Vehicle Registration	(OG) Oil & Gas Privilege Tax	(PU) Public Utilities License Tax	(SU) Sales & Use Tax
(T) Tobacco Tax	(UG) UGR/Service Use Tax	♦ Statute has been repealed.			

B**B**

Back to School Sales Tax Holiday ^(SU)
[40-23-211](#)

Bad Debt Losses ^(II)
[40-18-15\(a\)\(7\)](#)

Bank Deposits ^(AV)
[40-9-1\(1\)](#)

Basic Skills Credit ^(CI)
[40-18-135 thru 40-18-139](#)

Basic Skills Education Program ^(II)
[40-18-136](#)

Bingo Games & Operations Receipts ^(SU)
[40-23-4\(a\)\(44\)](#)

Boat, Ship, etc. Fuel & Supplies ^(SU)
Sales: [40-23-4\(a\)\(43\)\(c\)](#)
Use: [40-23-62\(35\)\(c\)](#)

Boats – Casual ^(SU)
[40-23-101](#)

Bonds & Securities issued by Alabama ^(BP)
[40-14A-24\(b\)\(1\)](#)

Bonus Depreciation ^(CI)
26 U.S.C. § 179

Book Value of Taxpayer Investment in any other Taxpayer
doing Business in Alabama ^(BP)
[40-14A-23\(g\)\(1\)](#)

Bond Income & Interest ^(II)
[41-10-28](#), [41-10-61](#), [41-10-107](#), [41-10-147](#), [41-10-179](#), [41-10-209](#) ♦,
[41-10-279](#), [41-10-327](#), [41-10-362](#), [41-10-464](#), [41-10-517](#), [41-10-553](#),
[41-10-632](#)

Brownfield Development Tax Abatement ^(AV)
[40-9C-1 thru 40-9C-8](#)

Brownfield Development Tax Abatement ^(SU)
[40-9C-1](#)

Building & Loan Associations & Insurance Companies
Upon which a Premium Tax is Levied ^(CI)
[40-18-32\(5\)](#)

Business Expenses ^(II)
[40-18-15\(a\)\(1\)](#)

Business Privilege Tax ^(IP)
[27-4A-3](#)

C**C**

Cafeteria Plan ^(II)
[40-18-14\(3\)\(k\)](#)

Capital Credit ^(CI)
[40-18-190 thru 40-18-203](#) ♦

Capital Credit ^(FI)
[40-18-194](#) ♦

Capital Credit ^(II)
[40-18-195.1](#) ♦

Capital Docks Credit ^(CI)
[40-18-240 thru 40-18-250](#) ♦

Capital Stock in Corporations Owning Hospital Property ^(AV)
[40-9-1\(3\)](#)

Career-Technical Dual Enrollment Program Contributions ^(II)
[16-60-351](#)

Casualty & Theft Losses ^(II)
[40-18-15\(a\)\(6\)](#)

Catastrophe Savings Account Contribution ^(II)
[40-18-311](#)

Catastrophe Savings Account Interest Income ^(II)
[40-18-311](#)

Cellular Telecommunication Services & Providers ^(PU)
[40-21-120](#)

Cemeteries ^(AV)
[40-9-1\(1\)](#)

Certain Property Purchased for Foreign Export ^(SU)
[40-23-39](#)

Certified Capital Company Program (CAPCO) ^(IP)
[40-14B-1 thru 40-14B-22](#)

Chapter 9G Utility Refund ^(UG)
[40-9G-1](#), [40-9G-2](#)

Charge in Respect to the Use of Docks
or Docking Facilities ^(LR)
[40-12-223\(2\)](#)

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 ^(LR)
[40-12-223\(5\)](#)

Charitable & Nonprofit Organizations ^(L)
[40-9-9 thru 40-9-13](#)

Charitable Contributions ^(II)
[40-18-15\(a\)\(10\)](#)

Chemically Convert Raw Materials in an Electrolytic or
Electrothermal Manufacturing Process ^(UG)
[40-21-83\(7\)](#)

Class II, III, IV Assessment ^(AV)
[40-1-1 thru 40-11-4](#), [40-21-1 thru 40-21-34](#)

Coal Credit ^{(CI) / (II)}
[40-18-220](#)

Coastal Premium (Wind Pool) Tax Credit ^(IP)
[27-1-24.1](#)

College Housing & Construction ^(AV)
[40-9-17](#)

Combat Zone Income ^(II)
[40-18-3](#)

Commercial Fish Feed ^(SU)
[40-23-1\(a\)\(9\)\(i\)](#)

Commercial Fishing Vessels Fuel ^(SU)
Sales: [40-23-4\(a\)\(27\)](#)
Use: [40-23-62\(27\)](#)

Commercial Shrimping ^(AV)
[40-9-1\(26\)](#)

Community Chests, Funds, or Foundations ^(BP)
[40-14A-43](#)

Constitutionally Prohibited from Taxing the
Storage, Use, or Consumption ^(UG)
[40-21-103\(1\)](#)

Constitutionally Prohibited from Taxing of Utility Services ^(UG)
[40-21-83\(1\)](#)

Consul ^(MV)
[40-12-243](#)

Containers for Baby Chicks ^(SU)
[40-23-1\(a\)\(9\)\(f\)](#)

Contractor Exemption for Government Contracts ^(SU)
[40-9-14.1](#)

Contractor Under Contractual Escalation Provisions ^(CG)
[40-23-50](#)

Cotton Bagging & Ties ^(SU)
[40-23-1\(a\)\(9\)\(q\)](#)

Cotton Warehoused ^(AV)
[40-9-1\(10\)](#)

Cottonseed Meal ^(SU)
Sales: [40-23-4\(a\)\(6\)](#)
Use: [40-23-62\(9\)](#)

County & Incorporated City or Town ^(CG)
[40-23-50](#)

County Business Privilege Tax ^(IP)
[27-4A-3](#)

County or City Boards of Education Warrants ^(AV)
[40-9-1\(1\)](#)

County Water, Sewer, & Fire Protection Authorities ^(PU)
[11-88-16](#)

Crowns, Caps, etc ^(SU)
[40-23-1\(a\)\(9\)\(e\)](#)

(AV) Ad Valorem Tax	(AG) Aviation Gasoline Tax	(BP) Business Privilege Tax	(C) Cigarette Tax	(CG) Contractors' Gross Receipts	(CI) Corp Income Tax
(FI) FIET	(G) Gasoline Tax	(II) Individual Income Tax	(IP) Insurance Premium Tax	(LR) Leasing or Rental Tax	(LQ) Liquor Tax
(L) Lodgings Tax	(MF) Motor Fuels (Diesel) Tax	(MV) Motor Vehicle Registration	(OG) Oil & Gas Privilege Tax	(PU) Public Utilities License Tax	(SU) Sales & Use Tax
(T) Tobacco Tax	(UG) UGR/Service Use Tax	♦ Statute has been repealed.			

Customer Premises Equipment ^(UG)

UGR: [40-21-80\(a\)\(11\)\(iv\)](#)

USU: [40-21-100\(a\)\(17\)\(iv\)](#)

D

D

Deaf & Hearing-Impaired Telephone Surcharge ^(UG)

[37-1-80.2](#)

Deaf Mutes, Insane & Blind ^(AV)

[40-9-1\(7\)](#)

Death Income from Insurance Policies ^(II)

[40-18-14\(3\)\(a\)](#)

Debt ^(AV)

[40-9-1\(1\)](#)

Deferred Compensation Plan ^(II)

[40-18-14.1](#)

Defined Benefit Plan ^(II)

[40-18-19\(a\)\(6\)](#)

Delivered by Licensed Supplier ^{(G) / (MF)}

[40-17-329](#)

Dependent Care ^(II)

[40-18-14\(3\)\(f\)](#)

Dependent Exemption ^(II)

[40-18-19\(a\)\(9\)](#)

Depletion Allowances ^(II)

[40-18-15\(a\)\(9\)](#)

Depreciable Property ^(II)

[40-18-15\(a\)\(21\)](#)

Depreciation ^(II)

[40-18-15\(a\)\(8\)](#)

Direct Production, Generation, etc of Electricity, Natural Gas,
or Domestic Water ^(UG)

[40-21-83\(4\)](#)

Disabled & Elderly Electricity Sales ^(PU)

[40-21-53](#)

Disabled Veterans ^(MV)

[32-6-130](#), [40-12-244](#), [40-12-254](#)

Domestic Production Activities ^(CI)

26 U.S.C. § 199

Domestically Mined Coal, Coke, etc ^(SU)

Sales: [40-23-4\(a\)\(46\)](#)

Use: [40-23-2\(35\)\(e\)](#)

Downtown Redevelopment Authorities ^(L)

[11-54A-14](#)

Drill Pipe, Casing, etc ^(SU)

Sales: [40-23-4\(a\)\(43\)\(a\)](#)

Use: [40-23-62](#)

Drilling Equipment ^(SU)

Sales: [40-23-4\(a\)\(43\)\(d\)](#)

Use: [40-23-62](#)

Dual Enrollment Credit ^{(CI) / (II)}

[16-60-351](#)

Durable Medical Equipment, etc ^(SU)

[40-9-30](#)

Dyed Diesel Fuel ^(MF)

[40-17-329](#)

E

E

Early Withdrawal Payment ^(II)

[810-3-15-09](#)

Educational Building Authorities ^(L)

[16-17-14](#), [16-18-16](#)

Election to Expense Certain Depreciable Assets ^(CI)

26 U.S.C. § 179

Electricity Purchased for Storage, Use, or Other Consumption
is used for the Isotopic Enrichment of Uranium ^(UG)

[40-21-103\(9\)](#)

Electricity Used or Consumed by a Manufacturer

in an Electrolytic or Electrothermal

Manufacturing Process ^(UG)

[40-21-103\(5\)](#)

Electrolytic or Electrothermal Manufacturing or
Compounding Process ^(UG)

[40-21-83\(5\)](#)

Eligible Enterprise Zone Businesses in Contract
with ADECA ^(UG)

[41-23-30](#)

Employees' Retirement System of Alabama Benefits Paid ^(II)

[40-18-19\(a\)\(2\)](#)

Employer-Sponsored Government Employees Health Care ^(IP)

[27-4A-3](#)

Employer Retirement Contribution ^(II)

[40-18-14\(3\)\(f\)](#)

Entertainment Industry Incentive ^(CI)

[41-7A-43](#)

Enterprise Zone Credit ^{(CI) / (II)}

[41-23-24](#)

Enterprise Zones ^(SU)

[41-23-30](#)

Examination Expenses ^(IP)

[27-4A-3](#)

Excess Depletion Allowance ^(CI)

[40-18-35\(a\)\(10\)](#)

Exempt Agency ^{(G) / (MF)}

[40-17-329](#)

Exemption from Income Tax due to Operations
within an Enterprise Zone ^(CI)

[41-23-30](#)

Expenses Not Deducted on the Federal Income Tax Return
due to Election to Claim a Credit for Expenses ^(CI)

[40-18-35\(a\)\(6\)](#)

Exported Motor Fuel ^{(G) / (MF)}

[40-17-329](#)

Exporter ^(AG)

[40-17-329](#)

Extended Stay ^(L)

[40-26-1\(b\)](#)

F

F

Fabricated Steel Tube Sections ^(SU)

Sales: [40-23-4\(a\)\(23\)](#)

Use: [40-23-62](#)

Facilities Credit ^(IP)

[27-4A-3](#)

Factories Producing Calcium Cyanamide, Aluminum, or
Aluminum Product ^(AV)

[40-9-5](#)

Failing Schools Tax Credit ^(II)

[16-6D-8](#)

Family Portraits ^(AV)

[40-9-1\(8\)](#)

Farm F1 – up to 30,000 lbs ^(MV)

[40-12-248](#)

Farm F2 – 30,001 lbs to 42,000 lbs ^(MV)

[40-12-248](#)

Farm F3 – 42,001 lbs & over ^(MV)

[40-12-248](#)

Farm F4 – 42,001 lbs & over Truck Tractor ^(MV)

[40-12-248](#)

Farm Tractors ^(AV)

[40-9-1\(22\)](#)

Farmers & Growers Associations Organized for the
Purpose of Marketing Products ^(CI)

[40-18-32\(2\)](#)

Farmers & Other Insurance Companies ^(CI)

[40-18-32\(1\)](#)

Farming Implements ^(AV)

[40-9-1\(22\)](#)

Farming Supplies ^(AV)

[40-9-1\(11\)](#)

(AV) Ad Valorem Tax

(AG) Aviation Gasoline Tax

(BP) Business Privilege Tax

(C) Cigarette Tax

(CG) Contractors' Gross Receipts

(CI) Corp Income Tax

(FI) FIET

(G) Gasoline Tax

(II) Individual Income Tax

(IP) Insurance Premium Tax

(LR) Leasing or Rental Tax

(LQ) Liquor Tax

(L) Lodgings Tax

(MF) Motor Fuels (Diesel) Tax

(MV) Motor Vehicle Registration

(OG) Oil & Gas Privilege Tax

(PU) Public Utilities License Tax

(SU) Sales & Use Tax

(T) Tobacco Tax

(UG) UGR/Service Use Tax

♦ Statute has been repealed.

Farm-to-Market Tomato Materials ^(SU)
[40-23-4\(a\)\(32\)](#)

Federal, State & Local Bonds ^(AV)
[40-9-1](#)

Federal Credit Unions ^(L)
 12 U.S.C. §1768

Federal Income Tax ^(II)
[40-18-15\(a\)\(3\)](#)

Federal Income Taxes Paid or Accrued within the Taxable Year ^(CI)
[40-18-35\(a\)\(2\)](#)

Federal Income Tax Deduction ^(FI)
[40-16-8](#)

Federal Land Banks & National Farm Loan Associations ^(CI)
[40-18-32\(3\)](#)

Federal Retirement & Disability Benefits ^(II)
[40-18-19\(a\)\(5\)](#)

Fertilizer ^(SU)
 Sales: [40-23-4\(a\)\(2\)](#)
 Use: [40-23-62](#)

FICA ^(II)
[40-18-15\(a\)\(3\)](#)

Film Credit ^(II)
[41-7A-43](#)

Film or Films to a Lessee who Charges Admission for Viewing the Film ^(LR)
[40-12-223\(1\)](#)

Financial Businesses Net Income ^(II)
[40-18-19\(a\)\(7\)](#)

Financial Institutions, Taxpayer Investment in any other Corporation or LLE not doing Business in Alabama ^(BP)
[40-14A-23\(g\)\(2\)](#)

Financial Institution Net Worth Exceeding 6% of Assets ^(BP)
[40-14A-23\(g\)\(5\)](#)

Firefighter Retirement Benefits ^(II)
[40-18-19\(a\)\(3\)](#)

Fish, Livestock & Poultry Antibiotics, etc ^(SU)
 Sales: [40-23-4\(a\)\(29\)](#)
 Use: [40-23-62](#)

Fish, Livestock & Poultry Feed Ingredients, Antibiotics, Vitamins, etc ^(SU)
 Sales: [40-23-4\(a\)\(21\)](#)
 Use: [40-23-62](#)

Food Stamps Purchases ^(SU)
[40-23-4.2](#)

Foreign Country Taxes ^(II)
[40-18-21\(a\)\(1\)](#)

Foreign Diplomats ^(L)
Treaties & diplomatic agreements with the U.S.

Foreign Missionary Income ^(II)
[40-18-2.1](#)

Forest L1 – 30,001 lbs to 42,000 lbs ^(MV)
[40-12-248](#)

Forest L1 – up to 30,000 lbs ^(MV)
[40-12-248](#)

Forest Tree Seed Sold by the State ^(SU)
[40-23-4\(a\)\(35\)](#)

Fraternal Benefit Societies ^(IP)
[27-34-42](#)

Fruit or Agricultural Product Sales ^(SU)
[40-23-1](#), [40-23-4\(a\)\(45\)](#)

Fuel & Supplies for Use or Consumption Aboard Ships, etc ^(SU)
 Sales: [40-23-4\(a\)\(10\)](#)
 Use: [40-23-62](#)

Fuel Oil Purchases as Fuel for Kiln ^(SU)
 Sales: [40-23-4\(a\)\(14\)](#)
 Use: [40-23-62](#)

Full Employment Act of 2011 ^{(CI) / (FI) / (II)}
[40-18-293](#)

Furnishing Natural Gas to a Manufacturer as a Chemical Raw Material ^(UG)
[40-21-83\(6\)](#)

Furnishing of Utility Services Taxed ^(UG)
[40-21-83\(2\)](#)

Furnishing Utility Services through the Use of a Prepaid Telephone Calling Card ^(UG)
[40-21-83\(10\)](#)

Furnishing Utility Services Using a Prepaid Telephone Calling Card ^(UG)
[40-21-103\(10\)](#)

G G

Gasoline ^(SU)
 Sales: [40-23-4\(a\)\(1\)](#)
 Use: [40-23-62](#)

Gasoline Blend Stocks ^{(G) / (MF)}
[40-17-329](#)

Generation-skipping Transfer ^(II)
[40-18-15\(a\)\(3\)](#)

Gift Value ^(II)
[40-18-14\(3\)©](#)

Grain Bins ^(AV)
[40-9-1\(23\)](#)

Grass Sod ^(SU)
[40-23-4\(a\)\(31\)](#)

Growing Alabama Tax Credit ^{(CI) / (II)}
[40-18-413](#)

Governmental Corporations ^(BP)
[40-14A-43](#)

Governmental Entity ^{(G) / (MF) / (UG)}
[40-17-329](#)

Governmental Entity ^(UG)
 UGR: [40-21-80\(a\)\(11\)\(ii\)](#)
 USU: [40-21-100\(a\)\(17\)\(ii\)](#)

Guaranty Fund Assessments ^(IP)
[27-4A-3](#)

Government Entities ^(AG)
[40-18-290 thru 40-18-293](#)

H H

Handicapped Barrier Removal ^(II)
[40-18-15\(a\)\(19\)](#)

Health Savings Account ^(II)
[40-18-15.6](#)

Heating of Poultry Houses ^(UG)
[40-21-83\(9\)](#)

Heroes for Hire Credit ^(FI)
[40-18-320 thru 40-18-324](#)

Heroes for Hire Credit ^(II)
[40-18-322](#), [40-18-323](#)

Historic Preservation Commission ^(L)
[11-68-4](#)

Historic Tax Credit ^(FI)
[40-9F-4](#)

Historical Preservation Authorities ^(SU)
[41-10-147](#)

Home Mortgage Interest ^(II)
[40-18-15\(a\)\(2\)](#)

Home Mortgage Interest & Points ^(II)
[40-18-15\(a\)\(2\)](#)

Homeowner's Associations ^(BP)
[40-14A-43](#)

Homestead – 65 or Younger ^(AV)
[40-9-19](#)

Homestead – Greater than \$12,000 AGI ^(AV)
[40-9-19](#)

Homestead – Less than \$12,000 AGI ^(AV)
[40-9-19](#)

(AV) Ad Valorem Tax	(AG) Aviation Gasoline Tax	(BP) Business Privilege Tax	(C) Cigarette Tax	(CG) Contractors' Gross Receipts	(CI) Corp Income Tax
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(L) Lodgings Tax	(MF) Motor Fuels (Diesel) Tax	(MV) Motor Vehicle Registration	(OG) Oil & Gas Privilege Tax	(PU) Public Utilities License Tax	(SU) Sales & Use Tax
(T) Tobacco Tax	(UG) UGR/Service Use Tax	◆ Statute has been repealed.			

Homestead – Less than \$12,000 Federal
Net Taxable Income ^(AV)

[40-9-21](#)

Hospital Canteens Food ^(SU)

[40-23-4\(a\)\(19\)](#)

Hospital Property ^(AV)

[40-9-1\(2\)](#)

Household & Kitchen Furniture ^(AV)

[40-9-1\(11\)](#)

HUD 202 Property ^(AV)

[40-9-1\(25\)](#)

Hudson Alpha ^(L)

[40-9-34](#)

Insecticides & Fungicides for Agricultural Purposes ^(SU)

Sales: [40-23-4\(a\)\(4\)](#)

Use: [40-23-62](#)

Income Expenses ^(II)

[40-18-15\(a\)\(14\)](#)

Incompetent Veterans ^(AV)

[40-9-1\(17\)](#)

Incorporated Municipality, Board, or Corporation

Organized Under the Authority of any
Incorporated Municipality ^(UG)

[40-21-83\(8\)](#)

Incremental Production from Enhanced Recovery Projects ^(OG)

[40-20-2\(a\)\(2\)](#)

Indebtedness Discharge Income ^(II)

[40-18-14\(3\)\(h\)](#)

Industrial Development Boards ^(L)

[11-54-96](#)

Interest Income Earned on Direct Obligations to the U.S. ^(CI)

[40-18-35\(a\)\(3\)](#)

Interest Income Earned on Obligations to Alabama ^(CI)

[40-18-35\(a\)\(4\)](#)

Interest on Obligations of State & Political Subdivisions ^(II)

[40-18-14\(3\)\(f\)](#)

Interest Portion of Rent ^(CI)

[40-18-35\(a\)\(9\)](#)

Inventories ^(AV)

[40-9-1\(23\)](#)

Investment Credit ^{(II) / (UG)}

[40-18-370 thru 40-18-383](#)

Investment Interest ^(II)

[40-18-15\(a\)\(2\)](#)

IRA Deduction ^(II)

[40-18-14.2\(a\)\(8\)](#)

Irrigation Tax Credit ^{(CI) / (II)}

[40-18-342](#)

Items Used for the Treatment of Diabetes ^(SU)

[40-9-27.1](#)

Job Development Fees ^(CI)

[41-10-44.8](#)

Job Development Fees ^(II)

[40-18-21\(b\)](#)

Jobs Act Investment Credit ^(FI)

[40-18-370 thru 40-18-383](#)

Jobs Credit ^(UG)

[40-18-375](#)

K-1 Kerosene/Aviation Jet Fuel ^(AG)

[40-17-329](#)

Leasing or Rental of Tangible Personal Property
to a Lessee for the Purpose of Leasing
or Renting to Another ^(LR)

[40-12-223\(4\)](#)

Legion of Valor, Surviving Spouse ^(MV)

[32-6-250](#)

Licensed Aviation Fuel Purchaser ^(AG)

[40-17-329](#)

Licensed Distributor ^{(G) / (MF)}

[8-17-87, 40-17-329](#)

Livestock, Poultry & Farm Products ^(SU)

Sales: [40-23-4\(a\)\(5\)](#)

Use: [40-23-62\(8\)](#)

Local Governments & Instrumentalities of the State

Local Governments ^(CI)

[40-18-32\(6\)](#)

Long-term Care Premiums ^(II)

[40-18-15\(a\)\(26\)](#)

Low Income Housing Projects ^(BP)

[40-14A-24\(b\)\(7\)](#)

Low Production Wells ^(OG)

[40-20-2\(a\)\(3\)](#)

LP or Natural Gas Sales ^(SU)

[40-23-4\(a\)\(33\)](#)

Lubricating Oil ^(SU)

Sales: [40-23-4\(a\)\(1\)](#)

Use: [40-23-62\(4\)](#)

Machinery Used for Mining, Manufacturing or
Agricultural ^(SU)

Sales: [40-23-2, 40-23-37](#)

Use: [40-23-63](#)

Manufacturer Products ^(AV)

[40-9-1\(14\)](#)

Manufacturing Raw Materials ^(AV)

[40-9-1\(13\)](#)

Materials of Ships, Vessels, etc ^(SU)

Sales: [40-23-4\(a\)\(13\)](#)

Use: [40-23-62](#)

Meat Casings ^(SU)

[40-23-1\(a\)\(9\)h](#)

Medal of Honor, Surviving Spouse ^(MV)

[32-6-231.1, 32-6-250](#)

Medical & Dental Expenses ^(II)

[40-18-15\(a\)\(13\)](#)

Metal Sales (other than Gold or Silver) ^(SU)

Sales: [40-23-4\(a\)\(47\)](#)

Use: [40-23-62](#)

Military Aircraft or Certified Transport ^(SU)

Sales: [40-23-4\(a\)\(48\)](#)

Use: [40-23-62](#)

Military Allowances

[810-3-14-.02](#)

Military Death Benefits ^(II)

[40-9-37](#)

Military Retirement Benefits ^(II)

[40-18-20](#)

Minister Parsonage ^(II)

[40-18-14\(3\)\(g\)](#)

Ministers' Libraries ^(AV)

[40-9-1\(6\)](#)

Miscellaneous Itemized Deductions ^(II)

[40-18-15\(a\)\(23\)](#)

Mortgage Insurance Premium (PMI) ^(II)

[40-18-15\(a\)\(2\)](#)

Municipal Utility Companies ^(PU)

[11-97-18](#)

(AV) Ad Valorem Tax

(AG) Aviation Gasoline Tax

(BP) Business Privilege Tax

(C) Cigarette Tax

(CG) Contractors' Gross Receipts

(CI) Corp Income Tax

(FI) FIET

(G) Gasoline Tax

(II) Individual Income Tax

(IP) Insurance Premium Tax

(LR) Leasing or Rental Tax

(LQ) Liquor Tax

(L) Lodgings Tax

(MF) Motor Fuels (Diesel) Tax

(MV) Motor Vehicle Registration

(OG) Oil & Gas Privilege Tax

(PU) Public Utilities License Tax

(SU) Sales & Use Tax

(T) Tobacco Tax

(UG) UGR/Service Use Tax

♦ Statute has been repealed.

Moving Expenses ^(II)
[40-18-15\(a\)\(18\)](#)

N **N**

National Guard ^(MV)

[31-2-12](#), [32-6-110](#), [32-6-111.1](#), [32-6-231.1](#), [40-12-244](#)

Natural Disaster Retrofitting ^(II)

[40-18-15.5](#)

Natural Gas Purchased for Storage, Use, or Other Consumption ^(UG)

[40-21-103\(7\)](#)

Natural Gas Purchased for Storage, Use, or Other Consumption Used by a Manufacturer as a Chemical Raw Material in the Manufacturing of Tangible Personal Property, but not as Fuel or Energy ^(UG)

[40-21-103\(6\)](#)

Neighborhood Infrastructure Credit ^{(CI) / (II)}

[11-71-11](#)

Net Operating Loss ^(CI)

[40-18-35.1](#)

Non-Profit Life Insurers' Premium on Certain Institutions ^(IP)

[27-4-8](#)

Nonprofit Facilities ^(L)

[40-26-1\(b\)](#)

Nonbusiness Interest Expense ^(CI)

[40-18-35\(a\)\(8\)](#)

Nonresident Personal Exemption ^(II)

[40-18-19\(b\)](#)

Nuclear Fuel Assemblies Together with the Nuclear Material Contained Therein ^(LR)

[40-12-223\(7\)](#)

O **O**

Occupational Taxes & State Unemployment Contributions ^(II)

[40-18-15\(a\)\(3\)](#)

Off-Highway Diesel ^(SU)

Sales: [40-23-4\(a\)\(38\)](#)

Use: [40-23-62](#)

Offshore Wells Deeper than 8,000 ft ^(OG)

[40-20-21](#)

Offshore Wells less than 8,000 ft (After 7/1/88) ^(OG)

[40-20-2\(a\)\(5\)](#)

Oil & Gas ^(AV)

[40-20-12](#)

Onshore Wells (After 7/1/88) ^(OG)

[40-20-2\(a\)\(5\)](#)

One Sewing Machine ^(AV)

[40-9-1\(11\)](#)

One-Time Use Containers ^(SU)

[40-23-1\(a\)\(9\)\(c\)](#)

One-Time Use Pallets ^(SU)

[40-23-1\(a\)\(9\)\(d\)](#)

Other Deduction ^(CI)

[40-18-35\(b\)](#), [40-2A-17](#)

Other Income from Insurance Policies ^(II)

[40-18-14\(3\)\(b\)](#)

Oxygen or Durable Medical Equipment ^(LR)

[40-9-30](#)

P **P**

Parks & Recreation Boards ^(L)

[11-22-13](#), [11-60-17](#)

Passenger Vehicle or Truck (not exceeding 8,000 lbs) ^(SU)

[40-23-39\(b\)](#)

Peace Officer/Fireman Killed in Line of Duty ^(II)

[40-18-19.2](#)

Peace Officer Retirement Benefits ^(II)

[40-18-19\(a\)\(4\)](#)

Pension & Annuity ^(II)

[40-18-15\(a\)\(12\)](#)

Perennial Plant Seed (Wildlife Food) ^(SU)

[40-23-4\(a\)\(36\)](#)

Personal Exemption ^(II)

[40-18-19\(a\)\(8\)](#)

Personal Home Items ^(AV)

[40-9-1\(18\)](#)

Personal Injury/Sickness Amounts ^(II)

[40-18-14\(3\)\(e\)](#)

Personal Property Stored for Shipment Outside Alabama ^(AV)

[40-9-6](#)

Personal Property Stored in Licensed Warehouses ^(AV)

[40-9-7](#)

Personal Property Taxes ^(II)

[40-18-15\(a\)\(3\)](#)

Personal Residence Gains from Sale ^(II)

[40-18-14\(3\)\(i\)](#)

Political Parties, PACs & Political Campaign Committees ^(BP)

[40-14A-43](#)

Pollution Control Devices ^(BP)

[40-14A-24\(b\)\(2\)](#)

Pollution Control Devices ^(LR)

[40-12-223\(10\)](#)

Pollution Control Property ^(AV)

[40-9-1\(20\)](#)

Port Authorities ^(L)

[11-94-19](#)

Port Tax Credit ^{(CI) / (II)}

[40-18-403](#)

Poultry ^(AV)

[40-9-1\(16\)](#)

Poultry Wrapping Paper ^(SU)

Sales: [40-23-4\(a\)\(20\)](#)

Use: [40-23-62](#)

POW, Surviving Spouse ^(MV)

[32-6-231.1](#), [32-6-250](#)

Premiums Collected ^(IP)

[27-4A-3](#)

Prescription Drugs ^(SU)

[40-23-4.1](#)

Prescription Medication (65 years or older) ^(SU)

Sales: [40-23-4\(a\)\(30\)](#)

Use: [40-23-62](#)

Private Facilities ^(L)

[40-26-1\(b\)](#)

Private Intrastate Adoption or Adoption of a Qualified Foster Child ^(II)

[40-18-361](#)

Products, Including Iron Ore, sold to a Manufacturer Which become a Product Component ^(SU)

[40-23-1\(a\)\(9\)\(b\)](#)

Products used in Quality Control Test ^(SU)

[40-23-1\(e\)](#)

Property Exclusively used in Exploration of Oil, Gas, etc in Federal Waters ^(SU)

Sales: [40-23-4\(a\)\(43\)\(b\)](#)

Use: [40-23-62](#)

Property Sales to those Engaged in Renting or Leasing Property ^(SU)

[40-23-1\(a\)\(9\)\(j\)](#)

Public Athletic Boards ^(L)

[11-59-16](#)

Public Lands ^(AV)

[40-9-14](#)

Public Utilities ^(SU)

Sales: [40-23-4\(a\)\(7\)](#), [40-23-4\(a\)\(8\)](#)

Use: [40-23-62](#)

Purple Heart Recipient, Surviving Spouse ^(MV)

[32-6-231.1](#), [32-6-250](#)

Purchase of Utility Services shall have been at a Wholesale Sale ^(UG)

[40-21-103\(3\)](#)

(AV) Ad Valorem Tax

(AG) Aviation Gasoline Tax

(BP) Business Privilege Tax

(C) Cigarette Tax

(CG) Contractors' Gross Receipts

(CI) Corp Income Tax

(FI) FIET

(G) Gasoline Tax

(II) Individual Income Tax

(IP) Insurance Premium Tax

(LR) Leasing or Rental Tax

(LQ) Liquor Tax

(L) Lodgings Tax

(MF) Motor Fuels (Diesel) Tax

(MV) Motor Vehicle Registration

(OG) Oil & Gas Privilege Tax

(PU) Public Utilities License Tax

(SU) Sales & Use Tax

(T) Tobacco Tax

(UG) UGR/Service Use Tax

♦ Statute has been repealed.

Q

Qualified Production Company ^(SU)
[41-7A-45](#)
 Qualifying Project Abatement ^(SU)
[40-9G-2](#)

Q

Sales to Ships in Foreign Commerce ^{(C) / (T)}
[40-25-15](#)
 Sales to Specific Organizations ^{(C) / (T)}
[810-7-1-10](#)
 Sales to the State, Counties or Municipalities ^(SU)
 Sales: [40-23-4\(a\)\(11\)](#)
 Use: [40-23-62](#)
 Sales to U.S. Government or Armed Forces ^{(C) / (T)}
[40-25-15](#)
 Sawdust, Wood Shavings, etc ^(SU)
 Sales: [40-23-4\(a\)\(28\)](#)
 Use: [40-23-62](#)

R

Radioactive Fallout Shelter ^(II)
[40-18-15\(a\)\(15\)](#)
 Railroad Cars, Vessels, etc ^(SU)
 Sales: [40-23-4\(a\)\(12\)](#)
 Use: [40-23-62](#)
 Rail Credit ^(CI)
[37-11C-1 thru 37-11C-6](#)
 Railroad Retirement Pension ^(II)
[40-18-19\(a\)\(5\)](#)
 Rapid Response to Declared Disasters ^(II)
[40-31-3](#)
 Real Property Investment Credit ^(IP)
[27-4A-3](#)
 Real Property Tax ^(II)
[40-18-15\(a\)\(3\)](#)
 Reduced Rate on Automotive Vehicles ^(LR)
[40-12-222](#)
 Reduced Rate on Linens & Garments ^(LR)
[40-12-222](#)
 Reemployment Act of 2010 ^(II)
[40-18-271](#)
 Refunds of State & Local Income Taxes ^(CI)
[40-18-35\(a\)\(1\)](#)
 Regional Mental Health ^(L)
[40-9-23](#)
 Rehabilitation of Historic Structures Tax Credit ^{(CI) / (II)}
[40-9F-4](#)
 Religious Entities ^(BP)
[40-14A-43](#)
 Resale of Electricity ^(PU)
[40-21-53](#)
 Retirement Savings Deduction ^(II)
[40-18-15\(a\)\(11\)](#)
 Retrofitting Homes ^(II)
[40-18-15.4](#)
 Reserves for Reclamation, Storage, etc associated with a
 Plant, Facility, Mine, or Site in Alabama ^(BP)
[40-14A-24\(b\)\(6\)](#)
 Rural Physician ^(II)
[40-18-132](#)

R

School Board Tangible Personal Property ^(SU)
 Sales: [40-23-4\(a\)\(15\)](#)
 Use: [40-23-62](#)
 School Lunches ^(SU)
[40-23-62](#)
 Security Agreements & Interests ^(AV)
[40-9-1\(1\)](#)
 Seedlings, Plants, etc ^(SU)
 Sales: [40-23-4\(a\)\(22\)](#)
 Use: [40-23-62](#)
 Seeds for Planting & Baby Chicks & Poults ^(SU)
 Sales: [40-23-4\(a\)\(3\)](#)
 Use: [40-23-62](#)
 Self-Employed Health Insurance Premiums ^(II)
[40-18-15\(a\)\(1\)](#)
 Self-Employment Taxes ^(II)
[40-18-15\(a\)\(3\)](#)
 Self-Insurance Programs ^(IP)
[11-30-4](#)
 Services ^(UG)
 UGR: [40-21-80\(a\)\(11\)\(v\)](#)
 USU: [40-21-100\(a\)\(17\)\(v\)](#)
 Severance & Unemployment Compensation ^(II)
[40-18-19.1](#)
 Severe Weather Preparedness Sales Tax Holiday ^(SU)
[40-23-231](#)
 SIDA Credit ^(CI)
[40-18-35\(e\)\(1\)](#)
 Simplified Seller Use Discount ^(SU)
[40-23-194](#)
 Single-tax and other Mutual Economic Associations ^(UG)
[10A-20-9.01](#)
 Small Business & Agribusiness Credit ^{(CI) / (FI) / (II)}
[40-18-390 thru 40-18-394](#)
 Small Business Health Insurance Premiums ^(CI)
[40-18-15.3](#)
 Small Employee Health Insurance Premiums ^(II)
[40-18-15.3](#)
 Small Employer Health Insurance Premiums ^(II)
[40-18-15.3](#)
 Social Security ^(II)
[40-18-19\(a\)\(5\)](#)
 Sporting Event Sales ^(SU)
[40-23-4\(a\)\(39\)](#)
 Specialized Mobile Radio, or Mobile
 Telecommunications Service ^(UG)
 UGR: [40-21-80\(a\)\(11\)\(v\)](#)
 USU: [40-21-100\(a\)\(17\)\(v\)](#)
 Standard Deduction ^(II)
[40-18-15\(b\)](#)
 Start-up Expenditures ^(II)
[40-18-15\(a\)\(22\)](#)
 State & Localities ^(AV)
[40-8-1, 40-9-1\(1\)](#)
 State Industrial Development Authority Assistance ^(II)
[40-18-15\(a\)\(25\)](#)
 State Law Enforcement Subsistence Allowance ^(II)
[36-21-2](#)
 State Legislators' Travel Expenses ^(II)
[40-18-15\(a\)\(27\)](#)

S

S Corporations, LLE's & Disregarded Entities ^(BP)
[40-14A-24\(b\)\(8\) thru 40-14A-24-\(b\)\(9\)](#)
 Sales & Use Tax Credit ^(FI)
[40-16-8](#)
 Sales by Elementary or Secondary Schools, etc ^(SU)
[40-9-31](#)
 Sales in Interstate Commerce ^{(C) / (T)}
[40-25-15](#)
 Sales Tax Discount ^(SU)
[40-23-36, 810-6-4-.03](#)
 Sales to Certain Agencies of the U.S. Armed Forces ^(LQ)
 N/A
 Sales to Certified or Licensed Air Carrier with Hub
 Operation within the State ^(LQ)
[28-3-207](#)
 Sales to National Guard ^{(C) / (T)}
[810-7-1-.03](#)
 Sales to Native Americans ^(C)
 Federal Statute
 Sales to Native Americans ^(T)
[40-25-70](#)

S

Social Security ^(II)
[40-18-19\(a\)\(5\)](#)
 Sporting Event Sales ^(SU)
[40-23-4\(a\)\(39\)](#)
 Specialized Mobile Radio, or Mobile
 Telecommunications Service ^(UG)
 UGR: [40-21-80\(a\)\(11\)\(v\)](#)
 USU: [40-21-100\(a\)\(17\)\(v\)](#)
 Standard Deduction ^(II)
[40-18-15\(b\)](#)
 Start-up Expenditures ^(II)
[40-18-15\(a\)\(22\)](#)
 State & Localities ^(AV)
[40-8-1, 40-9-1\(1\)](#)
 State Industrial Development Authority Assistance ^(II)
[40-18-15\(a\)\(25\)](#)
 State Law Enforcement Subsistence Allowance ^(II)
[36-21-2](#)
 State Legislators' Travel Expenses ^(II)
[40-18-15\(a\)\(27\)](#)

(AV) Ad Valorem Tax	(AG) Aviation Gasoline Tax	(BP) Business Privilege Tax	(C) Cigarette Tax	(CG) Contractors' Gross Receipts	(CI) Corp Income Tax
(FI) FIET	(G) Gasoline Tax	(II) Individual Income Tax	(IP) Insurance Premium Tax	(LR) Leasing or Rental Tax	(LQ) Liquor Tax
(L) Lodgings Tax	(MF) Motor Fuels (Diesel) Tax	(MV) Motor Vehicle Registration	(OG) Oil & Gas Privilege Tax	(PU) Public Utilities License Tax	(SU) Sales & Use Tax
(T) Tobacco Tax	(UG) UGR/Service Use Tax	◆ Statute has been repealed.			

State Nursery Sales ^(SU)
[40-23-4\(a\)\(34\)](#)
 State Products Mart & Coliseum Authorities ^(SU)
[41-10-107](#)
 Stock Parts Used for Repair or Reconditioning ^(SU)
[40-23-1\(a\)\(9\)\(k\)](#)
 Stored Peanuts & Pecans ^(AV)
[40-9-3](#)
 Supplemental Health Care Benefit Premium or Annuity ^(IP)
[27-4A-3\(a\)\(2\)\(c\)](#)
 Surplus Line Wet Marine & Transportation Insurance ^(IP)
[27-10-34](#)

T T

Tariff Tax Credit ^(CI)
[40-18-214](#) ♦
 Tariff Tax Credit ^(II)
[40-18-209](#) ♦
 Tax Credit for Historic Structures ^(CI)
[40-9F-32](#)
 Tax Discount ^(L)
[40-26-21](#)
 Tax Increment Fund ^(CI)
[41-10-44.9](#)
 Tax Incentive Reform Act ^(AV)
[40-9B-1 thru 40-9B-13](#)
 Tax Incentive Reform Act ^(SU)
[40-9B-1](#)
 Tax Increment Districts ^(AV)
[40-9E-1 thru 40-9E-2](#)
 Taxes Paid on Income from Outside the State ^(II)
[40-18-21\(a\)\(1\)](#)
 Taxes Prohibited by Constitution or Law ^(SU)
Sales: [40-23-4\(a\)\(17\)](#)
Use: [40-23-62\(2\)](#)
 Teachers' Retirement System of Alabama Benefits Paid ^(II)
[40-18-19\(a\)\(1\)](#)
 Telephone Services Provided Through any Pay Telephone ^(UG)
UGR: [40-21-80\(a\)\(11\)\(i\)](#)
USU: [40-21-100\(a\)\(17\)\(i\)](#)
 Textile Manufacturing ^(AV)
[40-9-4](#)
 The Citizen Trust ^(L)
[16-44A-34\(a\)](#)
 Theatrical Production Sales ^(SU)
[40-23-4\(a\)\(24\)](#)
 Time-Share ^(L)
[34-27-65](#)
 Timely Filing ^{(G) / (MF)}
[40-17-340](#)
 Timely Filing for Returns Not Previously Submitted ^{(G) / (MF)}
[40-17-343](#)
 Timely Payer ^{(G) / (MF)}
[40-17-341](#)
 Trade/Business Taxes Paid ^(II)
[40-18-15\(a\)\(3\)](#)
 Travel, Entertainment & Meals ^(II)
[40-18-15\(a\)\(20\)](#)
 Trust Income from Certain Entities ^(II)
[40-18-25.1](#)
 Tobacco Leaf Stored in Hogsheads ^(AV)
[40-9-1\(21\)](#)

U U

Unamortized Balance of any Amount that the Taxpayer Properly Elected, Pursuant to FASB 106 ^(BP)
[40-14A-23\(g\)\(4\)](#)

Unamortized Portion of Goodwill & Core Deposit Intangibles ^(BP)
[40-14A-23\(g\)\(3\)](#)
 Uncompensated Loss from Transactions Entered for Profit ^(II)
[40-18-15\(a\)\(5\)](#)
 Unfit or Unsalable Products ^{(C) / (T)}
[810-7-1-.02, 810-7-1-.08\(5\)](#)
 U.S. Government ^(L)
U.S. Constitution Article VI
 U.S. Obligations Interest ^(II)
[40-18-14\(3\)\(d\)](#)
 User of Freight Cars, Oxygen & Acetylene Tanks, & Similar Property for which a Per Diem Charge is Made Against the User ^(LR)
[40-12-220\(5\)](#)
 Utilities Gross Receipts Discount ^(UG)
[40-23-36](#)
 Utility Services Included as a Part of the Gross Receipts or Gross Sales of a Utility Subject to the Utility Gross Receipts Tax ^(UG)
[40-21-103\(8\)](#)
 Utility Services shall have been Used or Consumed Directly in or for the Production, Generation, etc of Utility Services ^(UG)
[40-21-103\(4\)](#)
 Utility Services Taxed under the Provisions of Article 2 of Chapter 23 of Title 40, or Under the Provisions of Sections 40-23-1 Through 40-23-36 or the Alabama Transaction Tax Act of 1992 ^(UG)
[40-21-103\(2\)](#)

V V

Vending Machine Sales ^(SU)
[40-23-2](#)
 Vendor Discount ^(C)
[40-25-5](#)
 Veterans' Homes ^(AV)
[40-9-20](#)
 Vintage Vehicle ^(MV)
[40-12-290](#)
 Vitamins, Minerals & Dietary Supplements by Prescription ^(SU)
[40-9-27](#)
 Volunteer Firefighters ^(MV)
[32-6-270, 32-6-272, 40-12-244](#)
 Volunteer Rescue Squad ^(MV)
[32-6-171, 32-11-2](#)

W W

Warranty Repair Stocks ^(SU)
Sales: [40-23-4\(a\)\(18\)](#)
Use: [40-23-62](#)
 Water Authorities ^(PU)
[10A-20-9.04](#)
 Wholesale Sales ^(UG)
[40-21-83\(3\)](#)
 Wholesale Sales or Sales for Resale ^(SU)
[40-23-1\(a\)\(9\)\(a\)](#)
 Wood Conversion ^(II)
[40-18-15\(a\)\(16\)](#)
 Wood Residue, Coal, or Coke ^(SU)
Sales: [40-23-4\(a\)\(9\)](#)
Use: [40-23-62](#)
