SB24

171008-3

By Senator Pittman

RFD: Finance and Taxation Education

First Read: 03-AUG-15
ENROLLED, An Act,

To require all persons or companies exempt from the payment of sales, use, and lodgings taxes, other than governmental entities, to annually obtain a certificate of exemption from the Department of Revenue; to require persons or companies exempt from the payment of sales, use, and lodgings taxes to file information reports with the Department of Revenue; to provide penalties for noncompliance; to require the Department of Revenue to promulgate rules; and to provide effective dates.

BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

Section 1. (a) All persons or companies, including but not limited to those cited in Title 40, Chapter 9, other than governmental entities, which have statutory exemption from the payment of Alabama sales and use taxes levied in, including but not limited to, Title 40, Chapter 23, or lodgings taxes levied in Title 40, Chapter 26, regardless of the type of transaction or whether the tangible personal property is subject to sales and use tax or whether the accommodations are subject to lodgings tax, shall be required to annually obtain a certificate of exemption from the Department of Revenue. This requirement does not supersede or
replace the provisions of Section 40-9-14.1 or any other
provision of statute requiring an entity to obtain a
certificate of exemption.

This act only applies to entities that have been
granted a general exemption from sales, use, or lodging taxes.
The requirements of this act are not triggered by the purchase
of tangible personal property that is exempt from sales and
use tax.

(1) For purposes of this act, the term governmental
entity means the Federal Government, the State of Alabama,
Alabama public schools, Alabama public universities,
healthcare authorities, Alabama counties and municipalities,
and public corporations incorporated under any of the
provisions of Chapter 50 of Title 11, Chapter 50A of Title 11,
Chapter 5 of Title 37, or Chapter 7 of Title 39.

(2) The term governmental entity does not include
public corporations, other than those public corporations
described in subdivision (1), private schools, or private
universities.

(3) For purposes of this act, the term lodgings tax
means Transient Occupancy Tax, levied in Title 40, Chapter 26,

(4) For the purposes of this act, the terms person
or company shall have the same meaning as prescribed in Title
40, Chapter 23, Section 1, Code of Alabama 1975.
(b) Certificates of exemption shall be valid for one year from the date of issuance and shall be renewed annually each subsequent year. Any person or company that fails to obtain or renew a certificate of exemption, prior to its expiration, will no longer be allowed to make tax exempt purchases or rent tax exempt accommodations. The Department of Revenue may assess any person or company with state and local sales, use, and lodgings tax for any transaction conducted with a certificate of exemption not properly accounted for and reported as required in Section 2 of this act. Any reports required by the Department of Revenue shall be filed as a prerequisite to the renewal of a certificate of exemption.

(c) Any person or company that intentionally uses a certificate of exemption in violation of its intended purpose shall, in addition to the actual sales, use, and lodgings tax liability due, be subject to a civil penalty levied by the Department of Revenue in an amount of not less than two-thousand dollars ($2,000) or two times any state and local sales, use, and lodgings tax due for the transactions, whichever is greater, and based on the person or company’s willful misuse of the certificate of exemption, may be barred from the use of any certificate of exemption for up to two years.

(d) This section shall be operative for all applicable exempt persons or companies on January 1, 2016.
(e) The Department of Revenue may adopt rules to administer and implement this section and may adopt rules requiring an annual exemption certificate for persons or companies not subject to the provisions of subsection (a), other than government entities, providing for an annual information report from such persons or companies, and imposing penalties equivalent to the penalties provided for in subsection (c) for noncompliance by such persons or companies in order to verify exemptions and make reports to the Legislature.

Section 2. (a) All persons or companies, other than governmental entities as defined in Section 1, exempt from the payment of Alabama sales, use, and lodgings tax, regardless of the type of transaction or whether the tangible personal property is subject to sales and use tax, or whether the accommodations are subject to lodgings tax, may be required to file an information report in a manner as prescribed by the Department of Revenue.

(b) Any person or company that does not comply with the reporting requirements of this act and any rules promulgated thereunder, may be barred from the use of any certificate of exemption for up to six months for the first offense and one year for the second offense. On the third offense, such person or company shall be barred from the use of any certificate of exemption until such time as the person
or company is authorized to obtain a certificate of exemption pursuant to a joint resolution by the Alabama legislature.

Section 3. This act shall become effective immediately following its passage and approval by the Governor, or its otherwise becoming law.
President and Presiding Officer of the Senate

Speaker of the House of Representatives

SB24
Senate 05-AUG-15
I hereby certify that the within Act originated in and passed the Senate, as amended.

Patrick Harris
Secretary

House of Representatives
Passed: 11-AUG-15

By: Senator Pittman