



ACT #2026-595

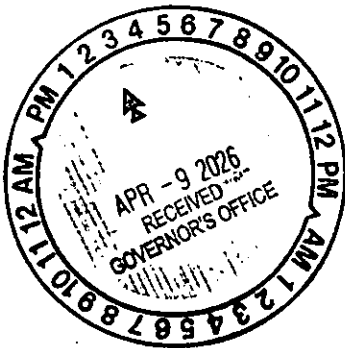
1 SB159

2 7BY7N22-3

3 By Senators Williams, Sessions, Kitchens, Shelnutt, Roberts,
4 Woods, Bell, Price, Butler, Barfoot, Allen, Carnley, Melson,
5 Jones, Hovey, Kelley

6 RFD: Finance and Taxation General Fund

7 First Read: 14-Jan-26





Enrolled, An Act,

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

BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

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

"§40-21-83

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

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

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

(3) Wholesale sales.

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



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

(6) The 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.

(7) The 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.

(8) The 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.

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

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



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

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

"§40-21-103

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

(1) 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~~ of 2022;

(2) 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;

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

(4) 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;

(5) 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;



(6) 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;

(7) 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;

(8) 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;

(9) 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; and

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

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

b. The exclusion provided in this subdivision shall not



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

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

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

SB159 Enrolled



[Signature]

President and Presiding Officer of the Senate

[Signature]

Speaker of the House of Representatives

SB159

Senate 17-Mar-26

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

Patrick Harris,
Secretary.

House of Representatives

Passed: 09-Apr-26

By: Senator Williams

APPROVED

4-16-2026

TIME

10:30 AM

[Signature]
GOVERNOR

Alabama Secretary Of State

Act Num.....: 2026-595
Bill Num....: S-159

ENGROSSED

Senate Bill No. 159

SENATE ACTION

SPONSOR

1 Williams

CO-SPONSORS

2 Sessions 19

3 Kitchens 20

4 Shelnutt 21

5 Roberts 22

6 Woods 23

7 Bell 24

8 Price 25

9 Butler 26

10 Baifoot 27

11 Allen 28

12 Canley 29

13 Melson 30

14 Jones 31

15 Hovey 32

16 Kelley 33

17 34

18 35

I hereby certify that the Resolution as required in Section C of Act No. 81-889 was adopted and is attached to the Bill.
SB 159.
yeas 34 nays 0 abstain 0
PATRICK HARRIS,
Secretary

I hereby certify that the notice & proof is attached to the Bill, SB _____ as required in the General Acts of Alabama, 1975 Act No. 919.
PATRICK HARRIS,
Secretary

CONFERENCE COMMITTEE

Senate Conferees _____

HOUSE ACTION

DATE: 3-19 2024

RD 1 RFD MAJORITY

REPORT OF STANDING COMMITTEE

This bill having been referred by the House, to its standing committee on Agriculture, was acted upon by such committee in session, and returned therefrom to the House with the recommendation that it be Passed, w/amend(s) _____ w/sub _____.
This 7th day of April, 2024.

Chairperson

DATE: 4-7 2024

RF RD 2 CAL

DATE: 4-7 2024

RE-REFERRED ☒ RE-COMMITTED ☐

Committee AIF

I hereby certify that the Resolution as required in Section C of Act No. 81-889 was adopted and is attached to the Bill.
SB _____
YEAS _____ NAYS _____

JOHN TREADWELL,
Clerk

FURTHER HOUSE ACTION (OVER)