



2013 Alabama Sales and Use Tax Legislation

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On May 9, 2013, Alabama Governor Robert Bentley signed into law House Bill 419, which relates to construction projects for governmental entities who are exempt from sales and use taxes.

HB419 permits the Alabama Department of Revenue to grant certificates of exemption from sales and use taxes to contractors and subcontractors licensed by the Alabama State Licensing Board for General Contractors. It applies to the purchase of building materials, construction materials and supplies, and other tangible property that becomes part of the structure or project for a governmental entity who is exempt from the payment of sales and use taxes. The exemption does not apply to contracts for the construction of a highway, road or bridge for a governmental entity who is exempt from payment of sales and use taxes.

Current law now requires that contractors be appointed in writing as the purchasing agents of the government entity who is exempt, and requires that the governmental entity's own funds be used to purchase the construction materials subject to the exemption. Therefore, HB419 will relieve administrative burdens and cash flow issues.

HB419 applies to contracts entered into on or after January 1, 2014. It does not apply to contracts entered into prior to this date. In addition, HB419 will not apply to contract change orders or contract extensions, including revised, renegotiated or altered contracts, when the original contract was entered into prior to January 1, 2014.

FOR MORE INFORMATION, CONTACT:

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or the Burr & Forman attorney with whom you regularly work.

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