

**TRANSMITTAL SHEET FOR  
NOTICE OF INTENDED ACTION**

Control 810 Department or Agency REVENUE

Rule Nos. 810-8-7-.03

Rule Title: Exemptions

XX New; \_\_\_ Amend; \_\_\_ Repeal; \_\_\_ Adopt by Reference

Would the absence of the proposed rule significantly harm or endanger the public health, welfare, or safety? No

Is there a reasonable relationship between the state's police power and the protection of the public health, safety, or welfare? Yes

Is there another, less restrictive method of regulation available that could adequately protect the public? No

Does the proposed rule have the effect of directly or indirectly increasing the costs of any goods or services involved and, if so, to what degree? No

Is the increase in cost, if any, more harmful to the public than the harm that might result from the absence of the proposed rule? N/A

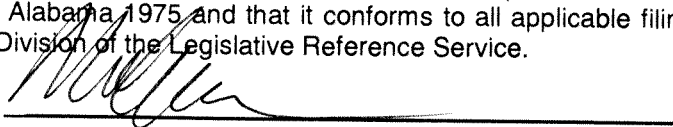
Are all facets of the rulemaking process designed solely for the purpose of, and so they have, as their primary effect, the protection of the public? Yes

\*\*\*\*\*  
Does the proposed rule have any economic impact? No

If the proposed rule has an economic impact, the proposed rule is required to be accompanied by a fiscal note prepared in accordance with subsection (f) of Section 41-22-23, Code of Alabama 1975.

\*\*\*\*\*  
Certification of Authorized Official

I certify that the attached proposed rule has been proposed in full compliance with the requirements of Chapter 22, Title 41, Code of Alabama 1975 and that it conforms to all applicable filing requirements of the Administrative Procedure Division of the Legislative Reference Service.

Signature of certifying officer 

Date 7/20/12

APA-6  
10/96

**ECONOMIC IMPACT STATEMENT  
FOR APA RULE  
(Section 41-22-23(f))**

Control No. 810 Department or Agency REVENUE

Rule No: 810-8-7-.03

Rule Title: Exemptions

X New \_\_\_\_\_ Amend \_\_\_\_\_ Repeal \_\_\_\_\_ Adopt by Reference

- NO This rule has no economic impact.  
 YES This rule has an economic impact, as explained below:

1. NEED/EXPECTED BENEFIT OF RULE:
2. COSTS/BENEFITS OF RULE AND WHY RULE IS THE MOST EFFECTIVE, EFFICIENT, AND FEASIBLE MEANS FOR ALLOCATING RESOURCES AND ACHIEVING THE STATED PURPOSE:
3. EFFECT OF THIS RULE ON COMPETITION:
4. EFFECT OF THIS RULE ON COST OF LIVING AND DOING BUSINESS IN THE GEOGRAPHICAL AREA WHERE THE RULE IS TO BE IMPLEMENTED:
5. EFFECT OF THIS RULE ON EMPLOYMENT IN THE GEOGRAPHICAL AREA HERE THE RULE IS TO BE IMPLEMENTED:
6. SOURCE OF REVENUE TO BE USED FOR IMPLEMENTING AND ENFORCING THIS RULE:
7. THE SHORT-TERM/LONG-TERM ECONOMIC IMPACT OF THIS RULE ON AFFECTED PERSONS, INCLUDING ANALYSIS OF PERSONS WHO WILL BEAR THE COSTS AND THOSE WHO WILL BENEFIT FROM THE RULE:
8. UNCERTAINTIES ASSOCIATED WITH THE ESTIMATED BENEFITS AND

BURDENS OF THE RULE, INCLUDING QUALITATIVE/QUANTITATIVE  
BENEFITS AND BURDEN COMPARISON:

9. THE EFFECT OF THIS RULE ON THE ENVIRONMENT AND PUBLIC  
HEALTH:
10. DETRIMENTAL EFFECT ON THE ENVIRONMENT AND PUBLIC HEALTH  
IF THE RULE IS NOT IMPLEMENTED:
11. OTHER COMMENTS:

APA-2  
11/96

**ALABAMA DEPARTMENT OF REVENUE  
Business & License Tax Division**

**NOTICE OF INTENDED ACTION**

**RULE NO. & TITLE**

810-8-7-.01	Scope of Rules
810-8-7-.02	Definitions
810-8-7-.03	Exemptions
810-8-7-.04	Sales Subject to the Tax
810-8-7-.05	Producer's Responsibility to Collect and Remit the Tax
810-8-7-.06	Purchaser's Responsibility to Remit the Tax
810-8-7-.07	Application of the Tax
810-8-7-.08	Conversion of Cubic Yards to Tons

**INTENDED ACTION:** Adopt the above new rules

**SUBSTANCE OF PROPOSED ACTION:** The department proposes to adopt the above rules to comply with the provisions of Act 2012-318 (Alabama Uniform Severance Tax).

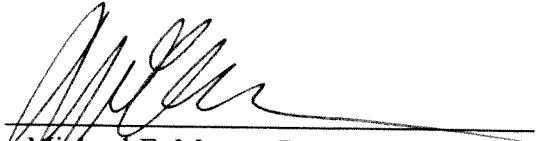
**TIME, PLACE, MANNER OF PRESENTING VIEWS:** A public hearing will be held at **2:00 p.m. on Wednesday, September 12, 2012, in the Office of the Legal Division, Room 3114**, Gordon Persons Building, located at 50 N Ripley Street, Montgomery, Alabama. Copies of the rule(s) can be obtained at [www.revenue.alabama.gov/rulehear.html](http://www.revenue.alabama.gov/rulehear.html).

All interested parties may present their views in writing to the **Deputy Commissioner of the Alabama Department of Revenue, Room 4112, Gordon Persons Building, 50 N Ripley Street, Montgomery, Alabama 36132** at any time during the thirty-five (35) day period following publication of the notice or by appearing at the hearing.

**FINAL DATE FOR COMMENT AND COMPLETION OF NOTICE:**  
Wednesday, September 12, 2012

**CONTACT PERSON AT AGENCY:**

Patricia Toles  
Alabama Department of Revenue  
4131 Gordon Persons Building  
Montgomery, Alabama 36132  
(334) 242-1380



Michael E. Mason, Deputy Commissioner  
Alabama Department of Revenue

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810-8-7-.03 Exemptions. **(NEW RULE)**

(1) The following minerals are not subject to the Alabama Uniform Severance Tax. No quantities of these minerals should be reported to the Department on the monthly Uniform Severance Tax returns.

(a) **Exempt Products:**

1. Marble and marble by-products,
2. Iron ore - Materials subject to the tax in Section 40-12-128, Code of Alabama 1975,
3. Quartzite,
4. Coal - Materials subject to the tax in Chapter 13 of Title 40, Code of Alabama 1975,
5. Oil and natural gas - Hydrocarbons subject to the tax in Chapter 20 of Title 40, Code of Alabama 1975, and
6. Chert

(b) **Exempt Usage:** The minerals listed in this section are not exempt from the severance tax unless used as described below. The total quantities of these materials produced and sold should be listed on the tax return. Any materials used by the producer or first purchaser in ways qualifying the materials for the stated exemptions should be listed on the tax return and subtracted from the total quantities of the various materials to arrive at taxable quantities.

1. Portland Cement or Clay that produces lightweight aggregate
2. Lime or limestone used for agricultural purposes –
  - (i) Producers and first purchasers of lime or limestone who are permitted as manufacturers or distributors of “Agricultural Liming Materials” by the Alabama Department of Agriculture and Industries may claim an exemption from the tax.
  - (ii) A first purchaser who is not required to be permitted because he is located outside the State of Alabama, who manufacturers or distributes liming materials meeting the specifications of the Alabama Department of Agriculture and Industries may also claim an exemption from the tax.
  - (iii) Producers may report as exempt the quantity of agricultural liming materials reported by the producer or first purchaser to the Alabama Department of Agriculture and Industries in accordance with Section 2-23-5(a).

(iv) Exemptions may also be claimed for the quantity of materials meeting the specifications of the Alabama Department of Agriculture and Industries but not required to be reported because the first purchaser is located outside the State of Alabama.

3. Lime or limestone used for pollution control or abatement purposes - Producers or first purchasers selling lime or limestone in a transaction which is exempt from the State of Alabama's sales tax because the lime or limestone qualifies for the pollution control exemption may claim an exemption from the severance tax.

4. Rock dust used for settling coal dust in underground mines or similar uses.

5. Processed sand used in the foundry cores, molds, and linings.

6. Severed materials that are further processed into a finished aggregate or limestone product without being transported on a public road in the State.

(c) **Exempt Sales:**

1. Product sold for use outside the State provided product is not transported on public roads in the State.

2. Product moved from one place to another on the same site, or transported to another site owned by the operator or producer.

3. Product used for fill by an operator, producer or other person other than product from a commercial quarry.

4. Product sold by a producer to a purchaser without being transported on a public road in the State provided such product will be processed into a finished aggregate or limestone product for resale.

5. Product sold to exempt purchasers that is wasted during the manufacturing process provided the material is not transported on a public road in the State or sold to another entity.

6. Sales by producers directly to governmental agencies including, federal, state, county and municipal governments to include city and county school boards.

Author: Alisa G. Johnson

Authority: Title 40, Code of Alabama 1975, Sections 40-2A-7(a)(5) and 40-13-55

History: