

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

Control No. 810 Department or Agency REVENUE

Rule No: 810-6-3-.42.03.

Rule Title: Sales of Certain Automotive Vehicles to Nonresidents for First Use and Registration or Titling Outside Alabama

 New X Amend Repeal Adopt by Reference

- NO
 YES

This rule has no economic impact.

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:

ALABAMA DEPARTMENT OF REVENUE
Sales & Use Tax Division

NOTICE OF INTENDED ACTION

RULE NO. & TITLE

810-6-1-.46 Contractor's Liability

INTENDED ACTION: Amend rule

SUBSTANCE OF PROPOSED ACTION: The department proposes to amend the above rule to include information from various court cases related to contractors and to clarify when the contractor's provision applies to additions to realty.

RULE NO. & TITLE

810-6-3-.42.02 Nonresidents, Sales to
810-6-3-.42.03 Sales of Certain Automotive Vehicles to Nonresidents for First
Use and Registration or Titling Outside Alabama

INTENDED ACTION: Amend rule

SUBSTANCE OF PROPOSED ACTION: The department proposes to amend the above rules to incorporate the changes in the drive out provision in Section 40-23-2(4) as amended by Act 2015-503, and provide an effective date for the change.

RULE NO. & TITLE

810-6-5-.02 State Sales and Use Tax Certificate of Exemption (Form STE-1) -
Responsibilities of Certificate Holder - Burden of Proof - Liability
for Taxes Later Determined to be Due

INTENDED ACTION: Amend rule

SUBSTANCE OF PROPOSED ACTION: The department proposes to amend the above rule to reflect changes created by Act 2015-534 that require entities having a statutory exemption from the payment of sales, use and lodgings tax to obtain an annual certificate of exemption, reference the new rule relating to those changes, and to change the title of this rule.

RULE NO. & TITLE

810-6-5-.02.01

State Sales and Use Tax Certificate of Exemption for Entities Having a Statutory Exemption from the Payment of Sales, Use, and Lodgings Taxes

INTENDED ACTION: Adopt rule

SUBSTANCE OF PROPOSED ACTION: The department proposes to adopt the above new rule to comply with the provisions of Act 2015-534.

TIME, PLACE, MANNER OF PRESENTING VIEWS: A public hearing will be held at **10:30 a.m. on Thursday, November 12, 2015, Room 1203, First Floor**, Gordon Persons Building, located at 50 N Ripley Street, Montgomery, Alabama. Copies of the rule(s) can be obtained at <http://revenue.alabama.gov/analysis/upcoming-rule-hearings.cfm>

All interested parties may present their views in writing to the **Secretary of the Alabama Department of Revenue, Room 4131, 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:

Thursday, November 12, 2015

CONTACT PERSON AT AGENCY:

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



Michael D. Gamble, Secretary
Alabama Department of Revenue

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810-6-3-.42.03 Sales of Certain Automotive Vehicles to Nonresidents for First Use and Registration or Titling Outside Alabama.

(1) **Effective January 1, 2016, Ssales of automobiles, motorcycles, trucks, truck trailers, or semitrailers that will be registered or titled outside Alabama, that are exported or removed from Alabama within 72 hours by the purchaser or purchaser's agent for first use outside Alabama are not subject to Alabama sales tax provided (i) the state sales tax laws of the state in which the purchaser will title or register the vehicle allows an Alabama resident to purchase a motor vehicle for first titling and registering in Alabama without the payment of tax to that state and (ii) the exempt sale is documented on the following form:**

STATE OF ALABAMA

AUTOMOTIVE VEHICLE DRIVE OUT CERTIFICATE FOR NONRESIDENTS

THIS FORM MUST BE EXECUTED BY BOTH THE SELLER AND THE PURCHASER OR PURCHASER'S AGENT AT THE TIME OF THE SALE. FORMS EXECUTED SUBSEQUENT TO THE TIME OF THE SALE ARE INVALID.

SELLER'S NAME AND ADDRESS:

PURCHASER'S NAME,
ADDRESS, AND PHONE NO.:

Name _____
Street _____
City _____ State _____
Zip Code _____

Name _____
Street _____
City _____ State _____
Zip Code _____
PHONE NO. (____) _____

Invoice No. _____ Automotive Vehicle Make _____ Model No. _____

Date of Sale: _____ VIN _____

Time of Sale: _____ A.M.

_____ P.M.

The facts set forth in this document are true and correct to the best knowledge and belief of the below-signed seller and purchaser or purchaser's agent.

The automobile, motorcycle, truck, truck trailer, or semitrailer referenced above will be exported or removed by the purchaser or purchaser's agent from Alabama within 72 hours from the time of sale to the State of _____ for first use and

registration or titling in accordance with the laws of that state.

Signature of the Seller: _____ Signature of Purchaser or Purchaser's Agent: _____

NOTICE: This form does not apply to and may not be used in conjunction with the sale of mobile homes, all terrain vehicles, motor homes, or boats. The 72 hour drive out provision does not apply to sales of these automotive vehicles. **This form does not apply to and may not be used for sales to non-residents when the laws of the state in which the non-resident will title or register the vehicle does not allow an Alabama resident to purchase a motor vehicle without the payment of tax to that state. The tax to be collected on such sales is the two percent (2%) Alabama sales tax.**

FAILURE TO PROPERLY COMPLETE AND MAINTAIN THIS CERTIFICATE IN THE SELLER'S FILES WILL RESULT IN THE SELLER BEING HELD LIABLE FOR THE ALABAMA SALES TAX.

(2) The certificate outlined in (1) above must be executed by both the seller and the purchaser or the purchaser's agent at the time of the sale. A certificate executed subsequent to the time of the sale shall be invalid and the Alabama sales tax shall be due from the seller on the sale for which the invalidated certificate was prepared.

(3) The certificate outlined in (1) above, properly completed, must be retained in the seller's records with a copy of the corresponding sales invoice. Both the certificate and the invoice shall be available for inspection or examination by the Department of Revenue or any authorized agent during normal business hours. The seller will be liable for the Alabama sales tax on any sale for which the export exemption has been claimed but for which a properly executed certificate and sales invoice are not maintained in the seller's records.

(4) A Certificate of Exemption - Out of State Delivery is not required for sales which qualify for the export exemption contained in Section 40-23-2(4) and for which the certificate outlined in (1) above is properly executed and maintained.

(5) Sales of other vehicles such as mobile homes, motor bikes, all terrain vehicles, **motor homes**, and boats do not qualify for the export exemption provision and are taxable unless the seller can provide factual evidence that the vehicle was delivered outside Alabama or to a common carrier for transportation outside Alabama.

(6) In the event the laws of the state in which the purchaser will title or register the vehicle does not allow an Alabama resident to purchase a motor vehicle for first titling and registering in Alabama without the payment of tax to that state, the sale of the automotive vehicle to the nonresident will be subject to

the Alabama state automotive sales tax rate. The tax collected will be state tax and will exclude county and municipal sales tax.

(7) A list of states that do not allow a reciprocal drive-out provision for Alabama residents purchasing automotive vehicles for first titling and registration in Alabama may be viewed on the Department's website at: <http://www.revenue.alabama.gov/salestax/>. Such list will be published by December 1, 2015, and will be updated each December 1 thereafter. Sellers that have relied on list information that is later determined to be incorrect shall not be held liable for the non-collection of the state automotive sales tax.

Author: Ginger Buchanan Dan-DeVaughn
Authority: Sections 40-2A-7(a)(5), 40-23-2(4) and 40-23-31 , Code of Alabama 1975
History: Adopted through APA effective January 24, 1989.