

ALABAMA DEPARTMENT OF REVENUE - SALES AND USE TAX RULES
Code of Alabama 1975, Sections 40-23-31 and 40-23-83

810-6-2-.88.03. Schools and Colleges Owned by the State, Counties or Cities, Sales Made By.

(1) Except as outlined in paragraph (2), retail sales of tangible personal property made by all schools and colleges owned and operated by the State of Alabama are subject to sales tax.

(2) Sales by elementary or secondary schools owned and operated by the State of Alabama are exempt from sales tax when the net proceeds from the sales are used solely for the benefit of the elementary or secondary school.

(3) Sales made by all colleges, universities, or other institutions of higher learning, both privately and publicly owned and operated, are by specific provisions of the Sales Tax Law subject to sales tax.

(4) If a student activity fee is collected from each student as a lump sum not broken down and covers the yearbook which is then supplied without further charge, the distribution of the yearbooks to the students is a service of the school not subject to tax.

(5) Gross proceeds of sales made by schools (not including institutions of higher learning) owned and operated by the counties and municipalities of the State are not subject to sales tax.

(6) Gross receipts from athletic contests conducted by or under the auspices of state-, city-, and county-operated educational institutions, other than primary or secondary schools, are subject to sales tax. Such institutions must collect the sales tax on their gross receipts from athletic contests and remit the tax to the Department of Revenue. State-, city-, and county-operated primary and secondary schools shall collect the sales tax on their gross receipts from athletic contests including receipts from any football playoff conducted by or under the auspices of the Alabama High School Athletic Association; but, instead of remitting the tax collected to the Department of Revenue, the tax shall be retained by the collecting school and used by the school for school purposes. Effective July 1, 2006, pursuant to Act #2006-602, this exemption and retention of the sales tax collected shall apply to any athletic event conducted by or under the auspices of the Alabama High School Athletic Association. With the exception of athletic events conducted by educational institutions other than primary or secondary schools, no sales tax is due on receipts accruing from admissions or fees from other amusements or entertainment conducted by schools and colleges owned and operated by the State of Alabama, a county or city of the State of Alabama. (Section 40-23-2(2)) (Amended July 2, 1975, readopted through APA effective October 1, 1982, amended June 5, 1992, amended September 29, 1994, amended November 5, 1996, amended December 13, 2006)