

Revenue REVIEW

4th
Quarter
FY 2007
(July, August,
September 2007)

A Quarterly Publication of the Alabama Department of Revenue

Cynthia Underwood Named Acting Revenue Commissioner

Cynthia Underwood, Assistant Commissioner of the Alabama Department of Revenue, has been named Acting Commissioner of Revenue by Gov. Bob Riley, effective Sept. 15, 2007.

Ms. Underwood's new position follows the departure of former ADOR Commis-

sioner Tom Surtees to the Department of Industrial Relations, where he serves as the new director of that agency.

Alabama at Birmingham. She received her law degree from Jones School of Law in 1997, and she was admitted to the Bar in 1998.

In 1988 she achieved her Certified Public Accountant (CPA) designation; in 2001 she received her Certified Public Manager (CPM) designation.

Ms. Underwood's tenure as assistant state revenue commissioner began May 1, 2001. She assumed the duties of state revenue commissioner on Aug. 1, 2001, and served in that capacity until January of 2003, when Dwight Carlisle was named state revenue commissioner. Upon Carlisle's resignation on Feb. 10, 2004, she served as acting state revenue commissioner until March 15, when Tom Surtees began his tenure as state revenue commissioner.



Commissioner Underwood

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ADOR/IRS to Host Tax Practitioner Seminars

The annual Tax Practitioner Seminars, sponsored by Auburn University's Outreach Program Office in cooperation with the IRS and ADOR, will be held November and December.

Representatives from the Alabama Revenue Department's Individual and Corporate Tax Division and from the Internal Revenue Service will offer the continuing education seminars for tax practitioners, enrolled agents, certified public accountants, public accountants and attorneys.

The two-day seminars contain a total of 800 minutes of instruction, equal to 16 CPE hours, 13.3 CLE hours, and 1.3 CEU credits.

For further information, contact the Auburn University Outreach Program Office at 334-844-5100 or the website address at www.auburn.edu/taxseminar. Program Coordinator Claire Twardy can be reached at cst0003@auburn.edu or 334-844-3127.

Dates and locations follow.

Nov. 7-8	Dothan	Dothan Conference Center
Nov. 12-13	Florence	Univ. of North Alabama
Nov. 14-15	Huntsville	Univ. of Ala.-Huntsville
Nov. 19-20	Birmingham	Jeff State Comm College
Nov. 27-28	Auburn	U Hotel & Dixon Conf Center
Nov. 29-30	Bessemer	Bessemer Civic Center
Dec. 4-5	Montgomery	Auburn Univ.-Montgomery
Dec. 6-7	Mobile	Marriott Mobile-Airport Blvd.

New Business Workshop Presenters: A Lifeline for Alabama's Business Community

Nothing could be more daunting to the owner of a new business than facing a list of tax obligations and filing requirements, along with having to learn about the nature of Alabama's sales, income and property tax laws.

Alabama's business community benefits from several state organizations that help new and existing business owners, among them the Alabama Department of Revenue, with its New Business Workshop Program.

The New Business Workshop presenters, professionals in their respective fields of tax expertise, serve as a lifeline to the business community. They perform a valuable service in both their explanations of tax obligations and in their responses to business owners during the question-and-answer session.

Following are those individuals who serve as presenters in ADOR's New Business Workshop Program.

AUBURN-OPELIKA TSC

District Coordinator: **David Curlee**,
Sales, Use & Business Tax Manager



Presenters (left to right): Wayne Harkins, Dale Roberts. Not pictured: Sylvester Cannon, Income Tax Manager, will present a workshop when a scheduled examiner may have a conflict.



Presenters (front row, left to right): Pamela Higgins; back row: Anthony Bethea, G. Lee Murphy, La'Monica Slaughter, Debbie Long, Karen Brown, Carol Knox.

BIRMINGHAM TSC

District Coordinator: **Eve Harman**



Presenters (left to right): Lakanjala Campbell, Dina Crumbley, Levi Crumpton, Amelia McEachin (Income Tax); Bridget Talley (Sales Tax); Virginia Sharp, Patrick Price, Cheryl Howard (Income Tax). Not pictured: Mary Slaughter, Joni Jackson, (IncomeTax); Catherine Burpo, (Sales Tax).

DOTHAN TSC

District Coordinator: **Eugene French**



Presenters (seated, left to right): Wendy Ballard, Vicki Smith, Arlene Dickens, Hugh Kirkland; back row (left to right): Danny Hanson, Lloyd Byrd, Greg Wilkerson, Mike Skipper, Denise Mays, Richard Gamble, Jack Stewart. Not pictured: Vernell Craig (Income Tax).

GADSDEN TSC

District Coordinator: **Dwight Bush**



Gadsden Workshop Presenters (left to right, back row): Rebecca Gilbert (Income Tax), Matthew McClendon (Sales Tax); Michelle Bailey (Property Tax); front row: Carol Murphy (Sales Tax).



Oxford Workshop Presenters: (left to right) Betty Peak (Income Tax), Bobby Haynes (Sales Tax).

MOBILE TSC

District Coordinator: **Emanuel Roberts**



Presenters (left to right, first row): Jerlean Hudson, Robin Hoffman, Carolyn Mitchell, Christina Turbiville, Steve Spragg (Sales Tax). Second row: Mike Martin (Sales Tax), Patricia Solan (Income Tax); Jim Cronin, Donna Clark, Franklin McMillion (Sales Tax).

MONTGOMERY TSC

District Coordinator: **John Q. Davis**



Presenters (front row, left to right): Terri Barnes-Smith (Sales Tax), Barbara Harris (Income Tax); 2nd row, (left to right): Rosalind Toles (Income Tax), Bernice Braswell (Sales Tax). Not pictured: Brian Richardson (Sales Tax).

MUSCLE SHOALS/HUNTSVILLE TSC

District Coordinator Muscle Shoals: **Jerry Chaney**

District Coordinator Huntsville: **Patricia Lancaster**



Presenters (left to right): Matt Montgomery (Property Tax), Debbie Walker (Sales, Use & Business Tax), Tricia McCrary (Individual & Corporate Tax).



Presenters (left to right): William Jamar Jr., Jeanine Morris.

TUSCALOOSA TSC

District Coordinator: **Jerry Bobo**



Presenters (standing, left to right): Cameron Clark (Sales Tax), Telisa Knight (Income Tax), Eva Lipscomb (Sales Tax), Annah Roberts (Income Tax), Jermaine King (Income Tax) (presented at the Demopolis Workshop). Seated: Howard Purdes, (Sales Tax) Jasper; Aggie Perry (Sales Tax), Demopolis. Not pictured: Keith Goodman (Income Tax), Jasper; Amy Clelland, Felicia Martin (Property Tax).

PROPERTY TAX NBW PRESENTERS



Presenters from the ADOR Property Tax Division have their workshop locations identified in parentheses by their names.

Front row (left to right); Michelle Bailey (Gadsden), Jana Butterworth (Anniston), Jodi Henley (Montgomery and surrounding areas), Carl Walker (Sylacauga); second row (left to right): Jennifer Byrd, Heather Parenteau, Kelly Eggers (Montgomery and surrounding areas); third row (left to right): Matt Huggins (Gilbertown), James Robinson, Erica Jones (Montgomery and surrounding areas), Felicia Flowers (Mobile); back row (left to right): Lan Waller (Andalusia, Dothan), Matt Montgomery (Muscle Shoals), Amy Clelland, Felicia Martin (Tuscaloosa). Not pictured: Marty Vice, Oliver Fitzpatrick, William Hollinger, Leslie Mackey, Monica Mason (Montgomery and surrounding areas), Chad Baswell (Huntsville), Shannon Smith (Sylacauga), Robert Calhoun (Huntsville).

Alabama Businesses Can Now File Their State Corporate Income Tax Returns Electronically

Alabama business taxpayers can now file their state corporate income tax returns and tax schedules electronically.

Alabama is the eighth state to partner with the Internal Revenue Service (IRS) and approved IRS software vendors to provide a single-point electronic filing method that allows federal and state corporate tax returns to be filed simultaneously.

The Alabama corporate e-file program presently includes only the Alabama Form 20C, but Forms 20S and the Alabama partnership return, Form 65, should be available in time for the 2008 tax filing season.

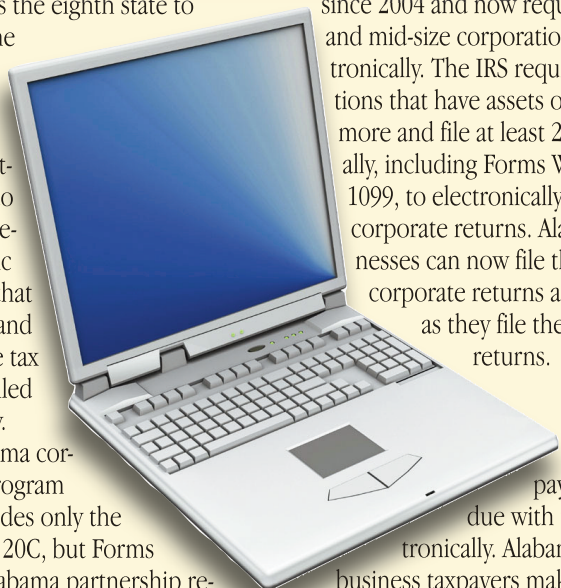
Testing of the program has been completed for the Alabama Corporate Return Form 20C. The department wanted to move ahead and make the electronic filing option available to those corporate

taxpayers who filed returns in September.

The IRS has offered electronic filing for federal corporate income tax returns since 2004 and now requires some large and mid-size corporations to file electronically. The IRS requires corporations that have assets of \$10 million or more and file at least 250 returns annually, including Forms W-2 and Forms 1099, to electronically file their federal corporate returns. Alabama businesses can now file their Alabama corporate returns at the same time as they file their federal returns.

Corporations filing electronically must also pay the tax liability due with the return electronically. Alabama requires all business taxpayers making single tax payments of \$750 or more to submit their tax payments electronically.

For more information concerning Alabama's corporate income tax filing program, visit the ADOR's Web site at <http://www.revenue.alabama.gov/incometax/corpefilemain.htm>.



New Walk-in Assistance Hours for State Motor Vehicle Division Office

The ADOR Motor Vehicle Division office now offers new hours for its walk-in counter service. The new hours are 7:30 a.m. until 4:30 p.m., Monday through Friday.

The department's Motor Vehicle Division, located on the first floor of the Gordon Persons Building, 50 North Ripley Street, offers walk-in assistance to customers seeking motor vehicle title assistance, International Registration Plan (IRP) registrations and/or renewals, and International Fuel Tax Agreement (IFTA) registrations.

The department's Motor Vehicle Division serves over 15,000 walk-in customers annually in the registration and titling areas.

Administrative Rules

Effective Sept. 28, 2007

Amended:

810-6-1-.196

Withdrawals from Inventory

810-6-5-.22

Lodgings Tax Returns

IRS Interest Rate to Remain at 8% for Quarter Beginning Oct. 1, 2007

The interest rate for the calendar quarter beginning OCTOBER 1, 2007, will remain at eight percent (8% a.p.r.) for underpayments, according to the Internal Revenue Service's "News Room" webpage, (News Release: IR-2007-154, citing Rev. Rul. 2007-56).

Under Sect. 40-1-44, Code of Alabama 1975, the Department of Revenue will calculate interest on underpayments and overpayments (where applicable) at this same annual rate (8%); however, land sold by the state for taxes, shall be calculated at 12% in accordance with Sect. 40-5-9. (Historical rates shown.)

Interest Rates By Calendar Quarter

(Established by: 26 USCA §6621; §40-1-44, Code of Alabama 1975)

	1ST QTR	2ND QTR	3RD QTR	4TH QTR
2001	9%	8%	7%	7%
2002	6%	6%	6%	6%
2003	5%	5%	5%	4%
2004	4%	5%	4%	5%
2005	5%	6%	6%	7%
2006	7%	7%	8%	8%
2007	8%	8%	8%	8%

Alabama Income Tax Refund Checkoffs (Non-Campaign) \$'s Collected

Fiscal Quarters:	2007/1	2007/2	2007/3	2007/4	2007 FYTD
Alabama Aging Fund	\$ 1,118.00	\$ 6,677.00	\$ 10,145.00	\$ 435.00	\$ 18,375.00
Alabama Arts Development Fund	536.00	4,511.00	7,716.00	833.00	13,596.00
Child Abuse Trust Fund	1,987.00	23,089.00	25,231.00	2,656.00	52,963.00
Foster Care Trust Fund	1,271.00	6,369.00	8,482.00	1,293.00	17,415.00
AL Indian Children's Scholarship Fund	288.00	4,533.00	5,570.00	300.00	10,691.00
Penny Trust Fund	359.00	2,094.00	3,406.00	177.00	6,036.00
Alabama Veterans Program	1,285.00	13,581.00	19,291.00	1,491.00	35,648.00
Alabama Nongame Wildlife Fund	703.00	7,228.00	11,672.00	726.00	20,329.00
Mental Health	1,455.00	9,981.00	8,612.00	534.00	20,582.00
Neighbors Helping Neighbors	976.00	3,257.00	5,474.00	687.00	10,394.00
Breast & Cervical Cancers Fund	1,769.00	16,272.00	15,540.00	1,084.00	34,665.00
4H Clubs	322.00	2,166.00	2,698.00	150.00	5,336.00
Cancer Institute	0	9,421.00	11,900.00	907.24	22,228.24
Organ Donations	0	2,364.00	2,432.00	161.00	4,957.00
National Guard	0	3,584.00	5,539.00	605.00	9,728.00
TOTALS:	\$12,069.00	\$115,127.00	\$143,708.00	\$12,039.24	\$282,943.24

Alabama Income Tax Refund Checkoffs (Non-Campaign): No. of Returns

Fiscal Quarters:	2007/1	2007/2	2007/3	2007/4	2007 FYTD
Alabama Aging Fund	64	681	929	44	1,718
Alabama Arts Development Fund	59	507	751	61	1,378
Child Abuse Trust Fund	114	1,638	1,642	119	3,513
Foster Care Trust Fund	64	629	813	49	1,555
AL Indian Children's Scholarship Fund	39	444	558	32	1,073
Penny Trust Fund	37	305	443	25	810
Alabama Veterans Program	68	919	1,108	71	2,166
Alabama Nongame Wildlife Fund	60	696	920	44	1,720
Mental Health	57	579	675	38	1,349
Neighbors Helping Neighbors	51	369	518	32	970
Breast & Cervical Cancers Fund	83	1,225	1,101	74	2,483
4H Clubs	40	292	379	19	730
Cancer Institute	0	885	857	41	1,783
Organ Donations	0	304	361	19	684
National Guard	0	289	372	19	680
TOTALS:	736	9,762	11,427	687	22,612

Political Contribution Report Fiscal Year 2007

Party:	Contributions	Amount
Democratic Party	5,049	\$ 6,596.00
Republican Party	4,976	7,358.00
Libertarian Party	1	2.00
TOTALS:	10,026	\$13,956.00

Tax Calendar

Required Monthly Returns Tax Activity

10th • Medicaid-related tax return and payment due for nursing facilities.

- Tobacco use tax return and payment due.

15th • Gasoline information return due from carriers, transporters, and warehouses.

- Lubricating oils information return due from carriers, transporters, and warehouses.
- Motor carrier mileage tax return and payment due.
- Oil and gas production tax and privilege tax return and payment due two months following month of production.
- Withholding return and payment due from those employers required to remit on a monthly basis.

20th • Aviation fuel tax return and payment due.

- Coal severance tax return and payment due.
- Coal transporters' and purchasers' returns due.
- Contractors' gross receipts tax return and payment due.
- Gasoline tax return and payment due.
- Iron ore severance tax return and payment due.
- Local solid minerals tax returns and payments due.
- Lodgings tax return and payment due.
- Lubricating oils tax return and payment due.
- Medicaid tax return and payment due from pharmaceutical service providers.
- Mobile telecommunications tax return and payment due.
- Motor fuel tax return and payment due.
- Natural minerals severance tax return and payment due.
- Pari-mutuel pool tax return and payment due.
- Rental or leasing tax return and payment due.
- Sales tax (state and local) return and payment due.
- Scrap Tire Environmental Fee due.
- Tobacco tax (state and county) return and payment due.
- Underground and aboveground storage tank trust fund charge due.
- Use tax return and payment due.
- Utility gross receipts tax return and payment due.

30th • Hazardous waste fee return and payment due.

Last day

of month • State horse wagering fee return and payment due.

Quarterly/Annual Tax Activity

(November-December 2007/January-February 2008)

November

30 • Last day to register and pay fee for manufactured homes without penalty.

December

15 • Fourth installment of estimated corporate income tax due (for calendar-year taxpayers).

- Property tax on real and personal property delinquent after this date.
- Last day to claim exemptions/abatements on property tax assessments.
- Expiration of the previous calendar year's motor fuel identification markers.

2008

January

1 • Quarterly Dry Cleaning Trust Fund Fee return and payment due.

- Utility license (2.2%) second quarterly payment due.

15 • Fourth installment of estimated personal income tax due.

20 • Quarterly sales tax return and payment due.

- Annual sales tax return and payment due.
- Quarterly use tax return and payment due.
- Annual use tax return and payment due.

(Continued)

Tax Policy and Research Conducts Nexus Training

Joe Garrett, Tax Policy and Research Division, recently conducted a two-day training session dealing with state nexus issues. The in-house training explored the concept of nexus, a physical presence for purposes of taxation. Garrett is Administrator of Tax Policy.



Legal Division's David Avery explains statutory and regulatory rules which apply to the Commerce Clause.

- Quarterly rental or leasing tax return and payment due.
- Annual rental or leasing tax return and payment due.

30 • Forest products' severance tax return and payment due.

31 • Quarterly withholding return and payment due from employer.

- Quarterly IFTA tax return and payment due.

February

28 • Annual withholding return due.



Tax Policy and Research's Christy Vandevender and Brenda Taylor (seated, left to right) listen as Joe Garrett explains jurisdictional issues between Alabama localities.

Statement of Gross Tax Collections

Through End of 4th Quarter FY 2007
(July, August, September 2007)

	FYTD 2006-2007	FYTD 2005-2006	% Change
Business Privilege Tax	\$ 97,868,854.95	\$ 87,443,111.19	11.92
Gasoline	412,509,182.22	407,818,667.71	1.15
Income Tax-Corporate	509,862,079.64	528,408,663.11	(3.51)
Income Tax-Individual	3,511,759,431.08	3,219,548,603.47	9.08
Income Tax (Total)	4,021,621,510.72	3,747,957,266.58	7.30
Motor Fuels	155,521,723.50	159,780,250.35	(2.67)
Oil & Gas Privilege (8%)	99,084,478.04	125,836,828.72	(21.26)
Oil & Gas Production (2%)	40,295,504.93	51,443,630.87	(21.67)
Sales	2,017,663,521.13	1,968,659,603.51	2.49
Use Tax	273,347,656.29	259,377,593.67	5.39
Utility Gross Receipts	409,774,591.75	401,161,833.67	2.15
SUBTOTAL	7,527,687,023.53	7,209,478,786.27	4.41
SUBTOTAL (OTHER TAXES)	1,197,271,209.45	1,161,935,447.04	3.04
TOTAL (ALL TAXES)	8,724,958,232.98	8,371,414,233.31	4.22