

**ALABAMA DEPARTMENT OF REVENUE
REVENUE RULING 02-019**

This document may not be used or cited as precedent. Code of Ala. 1975, §40-2A-5(a).

TO:

FROM: Dwight Carlisle, Commissioner of Revenue
Alabama Department of Revenue

DATE: April 4, 2003

RE: Applicability of Alabama Sales and Use Tax Exemption to purchases of materials used in the renovation of a training facility and furnishings for the facility to be used by the taxpayer solely for training classrooms, laboratories and faculty and staff offices.

Dear Sir:

Your client is a not-for-profit organization under §501(c)(3) of the Internal Revenue Code, is an education partnership whose purpose is to train apprentice and journeymen electricians for employment in Alabama. The taxpayer seeks an exemption from sales and use taxes as a private school for purchases of materials that will be used in the renovation of a training facility and furnishings for the facility that will be used for educational purposes.

ISSUES

The issue is whether or not the taxpayer qualifies as a private school under 810-6-3-.47.02(2) and (4) of the Alabama Administrative Code and, therefore, would be exempt from sales and use taxes as a educational institution pursuant to §§ 40-23-4(a)(15) and 40-23-62(16), Code of Alabama 1975, as amended, for purchases of materials that will be used in the renovation of a training facility and furnishings for the facility that will be used for educational purposes.

FACTS

The facts as represented by the Requestor are as follows:

The taxpayer is a not-for-profit, 501(c)(3) organization formed under a national association. It has a Training Director and principal offices are located in Alabama. As an educational partnership, the taxpayer's five-year program combines classroom instruction in electrical theory, mathematics, and related scientific theories and business principles with on-the-job skill training in conjunction with member electrical contractors.

Courses taught by the taxpayer parallel those of Career and Technical programs provided by Alabama public schools. The taxpayer has in the past (as recently as 2000) received partial funding from the State of Alabama Department of Education, through the Birmingham City Board of Education. Due to budget deficits and reductions in adult education programs state-wide, the taxpayer received no public funds for the 2001-2002 academic year and none have been appropriated for 2002-2003. Nevertheless, funding from the State Department of Education may again be provided in the future, commensurate with the availability of funds for adult education.

LAW AND ANALYSIS

Pursuant to 810-6-3-.47.02 of the Alabama Administrative Code, private schools in the State of Alabama are exempt from sales and use taxes. The term "private school" has been defined to include specialized courses of study if they provide, in addition to the specialized training, general courses in conventional academic subjects.

The primary purpose of the taxpayer is to provide theoretical and practical training for apprentice and journeymen electricians who ultimately are employed in jobs in the electrical, communication and construction industries, as well as others. As a necessary concomitant, however, this specialized training also encompasses general academic courses, including mathematics, science, physics, safety and general business principles. Training provided by the taxpayer is equivalent to and extends training offered by the Alabama Department of Education through its career and technical programs in public schools.

The taxpayer, therefore, qualifies as a private school within the meaning of 810-6-3-.47.02. of the Alabama Administrative Code. Purchases made by the taxpayer in the renovation and furnishing of its training facility, and for the subsequent operation of its training programs are therefore exempt from sales and use tax under §§ 40-23-4(a)(15) and 40-23-62(16), Code of Alabama 1975, as amended.

RULING

Based upon an analysis of Alabama's laws and regulations, it is the position of the Department of Revenue that the taxpayer qualifies as a private school as defined in 810-6-3-.47.02 of the Alabama Administrative Code. Thus, the taxpayer also qualifies for the exception from sales and use taxes provided in §§ 40-23-4(a)(15) and 40-23-62(16), Code of Alabama 1975, as amended, for purchases of property made by the taxpayer for use in the renovation and furnishing of its training facility and purchases of supplies used in providing educational training.

Dwight Carlisle, Commissioner
Department of Revenue

DC:WH:CGJ