

# Utilities Sales Tax Rates and Taxability

## Welcome to Utilities Sales Tax Rates and Taxability

This bulletin provides important information about the July 2023 release of Utilities Sales Tax Rates and Taxability. Please review this bulletin carefully. If you have any questions, additional information is available on CCH [Support Online](#).

## Updates to Current Utilities Database - Rate Changes Effective July 2023

---

### Rate Changes in New Mexico and South Dakota

Effective July 1, 2023 the New Mexico State Gross Receipts Tax, Tax Type 01, is changing from 5.0% to 4.875%. The South Dakota Sales Tax, Tax Type 01, is also changing from 4.5% to 4.2%.

## Updates to Current Utilities Database - System Changes Effective June 2023

---

### Invalidation of the Local Business License Tax in Various Alabama Police Jurisdictions

Among the taxes covered in our database is the Alabama Local Business License Tax as alternatively captured by Tax Types 38/83 (Electric) & 38/84 (Natural Gas).

As per a Notice published by the Alabama Department of Revenue, the Local Business License Tax in some municipal police jurisdictions has now been declared "invalid" thereby barring such municipal police jurisdictions from continuing to collect those taxes.

As a starting point, the state statute that authorizes municipalities in Alabama to impose a Local Business License Tax recites as follows:

"The maximum amount of privilege or license tax which the several municipalities within the state may annually assess and collect of persons operating electric or hydroelectric street railroads, electric light and power companies, gas companies, waterworks companies, pipe line companies for transporting or carrying gas, oil, gasoline, water or other commodities, gas distributing companies, whether by means of pipe lines or by tanks, drums, tubes, cylinders or otherwise, heating companies or other public utilities, incorporated under the laws of this state or any other state or whether incorporated at all or not, except telephone and telegraph companies, railroad and sleeping car companies and express companies which are otherwise licensed shall not exceed three percent of the gross receipts of the business done by the utility in the municipality during the preceding year; etc."<sup>1</sup>

In turn, the term "municipality" is defined as:

" Any town or city in this state that levies a business license tax from time to time."

The same provision adds:

---

<sup>1</sup> Alabama Code § 11-51-129.

"The term shall also include the town's or city's police jurisdiction, where the business license tax is levied in the police jurisdiction."<sup>2</sup>

To quote the Notice published by the Alabama Department of Revenue:

"Effective June 1, 2023, the local license, taxes, and fees levied in the police jurisdictions of the above listed municipalities are no longer valid and should no longer be collected. See Act 2021- 297.

The prohibition against tax collection of municipal licenses, taxes, and fees is limited to ONLY the police jurisdiction and does NOT impact licenses, taxes, and fees within a municipality's city limits nor state or county licenses, taxes, and fees.

[Conversely]The local taxes within a municipality's corporate limits and all state and county taxes must be collected and remitted."<sup>3</sup>

Based upon this legal distinction, we are hereby zeroing out the rates for Tax Types 38/83 & 38/84 in the following Alabama police jurisdictions and backdating such an update to June 1, 2023:

- |                   |                  |                  |                     |                   |
|-------------------|------------------|------------------|---------------------|-------------------|
| 1. Alexander City | 17. Clio         | 33. Grove Hill   | 49. Napier Field    | 65. Taylor        |
| 2. Akron          | 18. Cottonwood   | 34. Headland     | 50. Newton          | 66. Toxey         |
| 3. Ariton         | 19. Cuba         | 35. Hurtsboro    | 51. Newville        | 67. Union         |
| 4. Beaverton      | 20. Detroit      | 36. Irondale     | 52. North Courtland | 68. Union Springs |
| 5. Boligee        | 21. Edwardsville | 37. Lafayette    | 53. Oakman          | 69. Uniontown     |
| 6. Brewton        | 22. Eldridge     | 38. Linden       | 54. Orrville        | 70. Valley Grande |
| 7. Bridgeport     | 23. Eutaw        | 39. Lipscomb     | 55. Parrish         | 71. Waterloo      |
| 8. Camden         | 24. Flomaton     | 40. Livingston   | 56. Pennington      | 72. Waverly       |
| 9. Camp Hill      | 25. Forkland     | 41. Lockhart     | 57. Piedmont        | 73. Weaver        |
| 10. Carrollton    | 26. Fort Deposit | 42. Locust Fork  | 58. Ranburne        | 74. Webb          |
| 11. Castleberry   | 27. Frisco City  | 43. McIntosh     | 59. Reform          | 75. Wedowee       |
| 12. Centreville   | 28. Fulton       | 44. Midway       | 60. Rogersville     | 76. Wilsonville   |
| 13. Cherokee      | 29. Geiger       | 45. Millry       | 61. Sanford         | 77. Wilton        |
| 14. Childersburg  | 30. Georgiana    | 46. Mosses       | 62. Satsuma         |                   |
| 15. Clayhatchee   | 31. Gilbertown   | 47. Mount Vernon | 63. Shorter         |                   |
| 16. Clayton       | 32. Gordo        | 48. Myrtlewood   | 64. Snead           |                   |

## Updates to Current Utilities Database - System Changes Effective July 2023

---

Reconfiguration of the Canadian Federal Carbon Tax

---

<sup>2</sup> Alabama Code § 11-51-90.1(10).

<sup>3</sup> Revised Notice dated May 26, 2023.

Currently, the Federal pollution pricing fuel charge applies in Alberta, Manitoba, Ontario, Saskatchewan, Yukon and Nunavut and is intended to apply, as of July 1, 2023, in New Brunswick, Nova Scotia, and Newfoundland and Labrador.

Therefore, we are removing the imposition of Tax Type 27 Tax Cat 84 from Group 5501 Item 001 for New Brunswick and Newfoundland and Labrador. We will instead be imposing the Federal Carbon Tax, Tax Type 00 Tax Cat 84. We will also be applying Tax Type 00 Tax Cat 84 in Nova Scotia.

#### GENERAL LEGAL DISCLAIMER:

CCH Incorporated (“we”, “us”, “CCH” or “our”) is pleased to provide the requested research materials (“materials”) but must make clear that we are providing these materials to assist you in your research and analysis relating to the subject matter thereof. Our providing these materials is conditioned upon the following terms and your reliance upon or use in any respect of the materials or communications confirms your acceptance and agreement to these terms (the “terms”):

THE MATERIALS ARE PROVIDED "AS IS" WITHOUT WARRANTY OF ANY KIND. CCH EXPRESSLY DISCLAIMS ALL WARRANTIES RELATING TO THE MATERIALS, EXPRESS OR IMPLIED, INCLUDING BUT NOT LIMITED TO THE IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE.

CCH IS NOT ENGAGED IN RENDERING LEGAL, ACCOUNTING, TAX OR OTHER PROFESSIONAL SERVICES OR ADVICE. IF LEGAL, ACCOUNTING, TAX OR OTHER EXPERT ASSISTANCE IS REQUIRED, THE SERVICES OF A COMPETENT PROFESSIONAL SHOULD BE OBTAINED.

YOU ASSUME ALL RESPONSIBILITIES AND OBLIGATIONS WITH RESPECT TO ANY DECISIONS OR ADVICE MADE OR GIVEN AS A RESULT OF THE USE OF THE MATERIALS. YOU EXPRESSLY AGREE THAT USE OF THE MATERIAL IS AT YOUR OWN RISK AND THAT THE MATERIALS ARE NOT INTENDED TO REPLACE YOUR PROFESSIONAL SKILL AND JUDGMENT.

NEITHER CCH NOR ANY OF ITS AFFILIATES SHALL HAVE ANY LIABILITY TO YOU OR ANYONE ELSE FOR ANY INACCURACY, ERROR OR OMISSION CONTAINED IN THE MATERIALS OR ARISING FROM YOUR USE IN ANY RESPECT OF THE MATERIALS, REGARDLESS OF THE CAUSE. THE FOREGOING EXCLUSION OF LIABILITY IS INTENDED TO APPLY REGARDLESS OF THE FORM OF CLAIM.

THE MATERIALS RELATE TO PRODUCTS AND/OR SERVICES ACQUIRED BY YOU, PURSUANT TO OTHER AGREEMENTS BETWEEN CCH AND YOU AND SUBJECT TO OUR GENERAL TERMS AND CONDITIONS IN THE FOREGOING AGREEMENTS. THE PROVISION OF THESE RESEARCH MATERIALS IS NOT INTENDED TO CHANGE OR OTHERWISE AFFECT, AND IN NO WAY CHANGES OR OTHERWISE AFFECTS, THE RIGHTS AND OBLIGATIONS UNDER THOSE AGREEMENTS; YOUR USE OF SUCH PRODUCTS AND/OR SERVICES SHALL CONTINUE TO BE GOVERNED BY THE TERMS OF THOSE AGREEMENTS AND THESE TERMS.

FINALLY, THE MATERIALS BEING PROVIDED ARE CONFIDENTIAL AND ARE BEING PROVIDED TO YOU FOR YOUR PERSONAL AND NON-COMMERCIAL USE. YOU MAY NOT DISTRIBUTE ANY PORTION OF THE MATERIALS OUTSIDE OF YOUR COMPANY WITHOUT OUR PRIOR WRITTEN AUTHORIZATION, NOR RESELL OR USE THE MATERIALS FOR ANY COMMERCIAL USE WHATSOEVER.

© 2023 CCH Incorporated and its affiliates and licensors. All rights reserved.