

**School Sales & Use Tax**  
***The Education First Amendment***  
***Acts of Alabama*, Act No. 2001-223**

**1. →WHAT IS IT?**

The *Education First Amendment* levied a ½% (.005) sales and use tax to be used for Mobile County, Alabama, public school purposes. It's called the **School Sales & Use Tax**.

**2. →WHEN DOES IT TAKE EFFECT?**

The **School Sales & Use Tax** goes into effect August 1, 2001. The first reports to include the **School Sales & Use Tax** will be the monthly tax reports due on or before September 20, 2001.

**3. →WHERE DOES IT APPLY?**

The **School Sales & Use Tax** applies through all of Mobile County except within the city limits of Mobile and Prichard. The **School Sales & Use Tax** applies within the police jurisdictions of the City of Mobile and the City of Prichard.

**4. →WHAT BUSINESSES COLLECT AND PAY THE SCHOOL SALES & USE TAX?**

Generally, businesses making retail sales in Mobile County outside the city limits of Mobile and Prichard must report and pay the **School Sales & Use Tax**. Businesses located elsewhere with nexus to Mobile County that pay State of Alabama sales & use tax on deliveries to Mobile County outside the city limits of Mobile and Prichard generally will report and pay the **School Sales & Use Tax**.

**5. →HOW DO BUSINESSES REPORT THE SCHOOL SALES & USE TAX?**

Beginning with the August 2001 taxes, you will use the new Mobile County Gross Receipts Tax and **School Sales & Use Tax** form. This is the form on which you will report all gross receipts tax, street delivery or use tax, leasing or rental tax, and tax on admissions to places of amusement, just as you did before. This part of the form hasn't changed. What's new is a school tax column, column "S" which appears on the form. This is where you will report any **School Sales & Use Tax** owed. If you don't owe any **School Sales & Use Tax**, simply leave this column blank.

**6. →WHAT IS THE REPORTING PERIOD FOR SCHOOL SALES & USE TAX?**

The **School Sales & Use Tax** uses the same reporting period as Mobile County's gross receipts tax.

**7. →HOW DO BUSINESSES PAY SCHOOL SALES & USE TAX?**

The **School Sales & Use Tax** is payable to Mobile County. You can write one check to Mobile County for all taxes and penalties reported on the single form, both gross receipts tax and **School Sales & Use Tax**.

**8. →WHAT RULES APPLY TO SCHOOL SALES & USE TAX?**

Generally, **School Sales & Use Tax** follows the rules that apply to the State of Alabama sales and use tax.

**9. →WHO CAN ANSWER QUESTIONS ABOUT THE SCHOOL SALES & USE TAX?**

The **School Sales & Use Tax** will be administered by the Mobile County License Commissioner's Office, which administers the gross receipts tax. If you have any questions, call (251) 574-4800 or visit the License Commissioner's web site at [www.LicenseMobile.com](http://www.LicenseMobile.com) which has e-mail capability.

**10. →DOES THE SCHOOL SALES & USE TAX RECOGNIZE ANY REDUCED RATES?**

No. The **School Sales & Use Tax** is ½% on all sales, including sales of automotive vehicles, sales of manufacturing machinery, farm machinery, and the sales of food and beverages through vending machines.

**11. →DO CUSTOMERS THAT HAVE BEEN GRANTED TAX ABATEMENTS, AND/OR HAVE AN STE-2, OWE THE SCHOOL SALES & USE TAX?**

The school Sales & Use Tax is a tax for educational purposes that cannot be abated. Having a valid STE-2 form relieves the vendor from collecting and paying sales taxes on material or equipment qualifying for the tax abatement. **However**, the ½% School Sales & Use Tax is due on the sale(s) and must be paid directly to Mobile County by the contractor, sub-contractor, or the business holding the abatement.

**12. → WHAT TYPE TANGIBLE PERSONAL PROPERTY CAN BE PURCHASED TAX FREE BY THE HOLDER OF A VALID STE-2?**

An abatement of non-educational construction related transaction taxes shall apply only to the purchase of tangible personal property which can be depreciated and which is in fact incorporated into the industrial project having the abatement.