

**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 one half percent (½% or .005) sales & use tax in Mobile County in areas outside the municipalities of Mobile and Prichard. It's called the **School Sales & Use Tax** and there is no lease tax in this levy.

**2. □ WHEN DOES IT TAKE EFFECT?**

The **School Sales & Use Tax** went into effect August 1, 2001 with the first reports to include the **School Sales & Use Tax** due on or before September 20, 2001.

**3. □ WHERE DOES IT APPLY?**

It applies throughout 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 and within municipalities of Mobile County other than Mobile and 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 inside the city limits of Mobile and Prichard that have nexus with Mobile County and 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**. Businesses within the city limits of Mobile and Prichard that make deliveries within the county beyond those city limits generally must also collect and pay the **School Sales & Use Tax**. If your business is located in the school tax area and you pay State of Alabama, and/or Mobile County use tax, you also owe the **School Use Tax**.

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

Beginning with the August 2001 taxes, taxpayers have used the Mobile County combined Sales, Use & Lease Tax and **School Sales & Use Tax** form. This is the form on which you report the Mobile County sales, use, leasing or rental tax, and tax on admissions to places of amusement or entertainment in the first and second columns. The third column, column "S", is for reporting School Sales & Use Tax after deducting allowed exemptions shown on the reverse. If you don't have any **School Sales & Use Tax** liability, simply leave this column blank or enter zeros.

**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 Sales, Use & Lease 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 the County Sales & Use 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** is administered by the Mobile County License Commissioner's Office, which also administers the County sales, use & lease 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 email 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, linens, 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 by law cannot be abated. Having a valid STE-2 form relieves the vendor from collecting and paying all 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 purchases of tangible personal property within the dates on the STE-2 which can be depreciated and which is in fact incorporated into the industrial project having the abatement.