Vendors and Contractors Subject to State Sales Tax

This Act provides that vendors or contractors and each affiliate selling or leasing tangible personal property to a state agency shall be subject to state taxation on its sales or leases into the state.

Submitted as:
Alabama
Act 2006-557
Status: Enacted into law in 2006.

Suggested State Legislation

(Title, enacting clause, etc.)

Section 1. [Short Title.] This Act is entitled “An Act To Tax Tangible Personal Property Sold or Leased to the State.”

Section 2. [Definitions.] As used in this Act:
(a) The following terms shall have the respective meanings ascribed by this section:
   (1) “Affiliate” means a related party as defined in [insert citation] as that provision exists on [January 1, 2004.]
   (2) “State Department” or “Agency” means every state office, department, division, bureau, board, or commission of this state.
(b) A state department or agency may not contract for the purchase or lease of tangible personal property from a vendor, contractor, or an affiliate of a vendor or contractor, unless that vendor, contractor, and all of its affiliates that make sales for delivery into this state or leases for use in this state are properly registered, collecting, and remitting to this state, state, and local sales, use, and lease tax, as provided for by [insert citation] or by any local act or ordinance.
(c) Each vendor, contractor, or affiliate of a vendor or contractor that is offered a contract to do business with a state department or state agency shall be required to certify that the vendor or affiliate is appropriately registered to collect and remit sales, use, and lease tax as required by this section and submit to that state department or agency certification required by the state [Department of Revenue].
(d) Every bid submitted and contract executed by the state shall contain a certification by the bidder or contractor that the bidder or contractor is not barred from bidding for or entering into a contract under this section and that the bidder or contractor acknowledges that the contracting state agency may declare the contract void if the certification completed is false.
(e) Each vendor or contractor that sells or leases tangible personal property to a state department or agency, and each affiliate of that vendor or contractor that makes sales for delivery into this state, shall be required to collect and remit this state’s sales, use, or lease tax on all its sales and leases into this state.

Section 3. [Severability.] [Insert severability clause.]

Section 4. [Repealer.] [Insert repealer clause.]

Section 5. [Effective Date.] [Insert effective date.]