

# 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.)

1           Section 1. [*Short Title.*] This Act is entitled “An Act To Tax Tangible Personal Property  
2 Sold or Leased to the State.”  
3

4           Section 2. [*Definitions.*] As used in this Act:

5           (a) The following terms shall have the respective meanings ascribed by this section:

6                   (1) “Affiliate” means a related party as defined in [insert citation] as that provision  
7 exists on [January 1, 2004.]

8                   (2) “State Department” or “Agency” means every state office, department,  
9 division, bureau, board, or commission of this state.

10           (b) A state department or agency may not contract for the purchase or lease of tangible  
11 personal property from a vendor, contractor, or an affiliate of a vendor or contractor, unless that  
12 vendor, contractor, and all of its affiliates that make sales for delivery into this state or leases for  
13 use in this state are properly registered, collecting, and remitting to this state, state, and local  
14 sales, use, and lease tax, as provided for by [insert citation] or by any local act or ordinance.

15           (c) Each vendor, contractor, or affiliate of a vendor or contractor that is offered a contract  
16 to do business with a state department or state agency shall be required to certify that the vendor  
17 or affiliate is appropriately registered to collect and remit sales, use, and lease tax as required by  
18 this section and submit to that state department or agency certification required by the state  
19 [Department of Revenue].

20           (d) Every bid submitted and contract executed by the state shall contain a certification by  
21 the bidder or contractor that the bidder or contractor is not barred from bidding for or entering  
22 into a contract under this section and that the bidder or contractor acknowledges that the  
23 contracting state agency may declare the contract void if the certification completed is false.

24           (e) Each vendor or contractor that sells or leases tangible personal property to a state  
25 department or agency, and each affiliate of that vendor or contractor that makes sales for delivery  
26 into this state, shall be required to collect and remit this state’s sales, use, or lease tax on all its  
27 sales and leases into this state.  
28

29           Section 3. [*Severability.*] [Insert severability clause.]  
30

31           Section 4. [*Repealer.*] [Insert repealer clause.]  
32

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