

**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. 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.

**3. WHAT BUSINESSES COLLECT AND PAY THE SCHOOL SALES AND 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**.

**4. WHAT RULES APPLY TO THE SCHOOL SALES AND USE TAX?**

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

**5. HOW DO BUSINESSES REPORT AND PAY THE SCHOOL SALES AND USE TAX?**

**School Sales & Use Tax** is incorporated into the **Locality Code 7049** tax rates and is not reported as a separate tax. If your business also has Sales & Use tax liability for sales/use within the corporate limits of Mobile and Prichard, those taxes will be reported using **Locality Code 7749**.

**6. I HAVE AN STE-2 ABATEMENT, DO I STILL OWE THE SCHOOL SALES AND USE TAX?**

**YES.** 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. Use **Locality Code 7849** to report **School Sales & Use Tax** when the transaction has been exempted from non-education taxes. **PLEASE NOTE Locality Code 7849 is only to be used by entities possessing a valid STE-2 Certificate issued by the State of Alabama Department of Revenue.**

**7. WHO CAN ANSWER QUESTIONS ABOUT THE SCHOOL SALES AND 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.