

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.