

1 HB617  
2 131279-1  
3 By Representative Robinson (O)  
4 RFD: Ways and Means General Fund  
5 First Read: 05-MAY-11

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8 SYNOPSIS: This bill would provide that the  
9 classification of property as residential property  
10 for ad valorem tax purposes and property subject to  
11 other exemptions from ad valorem tax as a homestead  
12 or principal residence would not be affected for  
13 two years if the property is damaged by a natural  
14 disaster such as a tornado.

15  
16 A BILL  
17 TO BE ENTITLED  
18 AN ACT  
19

20 To amend Section 40-8-1, Code of Alabama 1975,  
21 relating to classification of property for ad valorem tax  
22 purposes, and Section 40-9-19, Code of Alabama 1975, relating  
23 to homesteads; to provide that the classification of property  
24 as residential property or a homestead would not be affected  
25 under certain conditions when the property is damaged by a  
26 natural disaster.

27 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

1           Section 1. Sections 40-8-1 and 40-9-19, Code of  
2 Alabama 1975, are amended to read as follows:

3           "§40-8-1.

4           "(a) On and after October 1, 1978, with respect to  
5 ad valorem taxes levied by the state, and, unless otherwise  
6 provided, with respect to ad valorem taxes levied by a county,  
7 municipality, or other taxing authority other than the state,  
8 all taxable property shall be divided into the following  
9 classes and no other and shall be assessed for ad valorem tax  
10 purposes at the following ratios of assessed value to the fair  
11 and reasonable market value of such property, or, as may be  
12 provided by law, to the current use value of such property:

13           "CLASS I. All property of utilities used in the  
14 business of such utilities, 30 percent.

15           "CLASS II. All property not otherwise classified, 20  
16 percent.

17           "CLASS III. All agricultural, forest, and  
18 residential property, and historic buildings and sites, 10  
19 percent.

20           "CLASS IV. All private passenger automobiles and  
21 motor trucks of the type commonly known as "pickups" or  
22 "pickup trucks" owned and operated by an individual for  
23 personal or private use and not for hire, rent, or  
24 compensation, 15 percent.

25           "(b) As used herein, the following terms shall have  
26 the following meanings, respectively, unless the context  
27 clearly indicates otherwise:

1           "(1) AGRICULTURAL AND FOREST PROPERTY. All real  
2 property used for raising, harvesting, and selling crops or  
3 for the feeding, breeding, management, raising, sale of, or  
4 the production of livestock, including beef cattle, sheep,  
5 swine, horses, ponies, mules, poultry, fur-bearing animals,  
6 honeybees, and fish, or for dairying and the sale of dairy  
7 products, or for the growing and sale of timber and forest  
8 products, or any other agricultural or horticultural use or  
9 animal husbandry and any combination thereof.

10           "(2) HISTORIC BUILDINGS AND SITES. Regardless of the  
11 use to which such property is put, all buildings or structures  
12 (i) determined eligible by the state historic preservation  
13 officer for listing on the National Register of Historic  
14 Places; or (ii) located in a registered historic district and  
15 certified by the United States Secretary of the Interior as  
16 being of historic significance to the district.

17           "(3) PRIVATE PASSENGER AUTOMOBILES AND MOTOR TRUCKS  
18 OF THE TYPE COMMONLY KNOWN AS "PICKUPS" OR "PICKUP TRUCKS"  
19 OWNED AND OPERATED BY AN INDIVIDUAL FOR PERSONAL OR PRIVATE  
20 USE AND NOT FOR HIRE, RENT, OR COMPENSATION. All private  
21 passenger automobiles, as that term is defined in Sections  
22 40-12-240, subdivision (12), and 40-12-241; and all motor  
23 trucks of the type commonly known as "pickups" or "pickup  
24 trucks," weighing not exceeding 8,000 pounds gross weight.

25           "(4) PROPERTY NOT OTHERWISE CLASSIFIED. All real and  
26 personal property which does not fall within any one or more  
27 of Classes I, III, and IV.

1           "(5) PROPERTY OF UTILITIES. All property assessed  
2 for taxation by the Department of Revenue pursuant to the  
3 provisions of Chapter 21 of this title; provided, that after  
4 September 30, 1979, and only to the extent required by Title  
5 III, §306 of Pub. L. 94-210 (the Railroad Revitalization and  
6 Regulatory Reform Act of 1976, codified as 49 U.S.C. §26c),  
7 "transportation property," as that term is defined in the  
8 aforesaid statute, as heretofore or hereafter amended, or in  
9 any subsequent statute of similar import, shall not be  
10 assessed as Class I property and customer-owned coin-operated  
11 telephone companies shall not be assessed as Class I property.

12           "(6) RESIDENTIAL PROPERTY. ~~Only real~~ Real property,  
13 used by the owner thereof exclusively as the owner's  
14 single-family dwelling. This includes an owner who resides on  
15 the property and remains in possession of the property after  
16 it is sold at a tax sale. Property classified as residential  
17 property shall not lose its classification as residential  
18 property for a period of 24 months if the property is not used  
19 as the owner's single-family dwelling because the property is  
20 not inhabitable or is otherwise under repair after being  
21 damaged by a natural disaster such as a tornado or hurricane.

22           "(c) Wherever any statute provides for, limits, or  
23 measures the power or authority of any county, municipality,  
24 or other taxing authority to levy taxes, borrow money, or  
25 incur indebtedness in relation to the assessment of property  
26 therein for state taxes or for state and county taxes, such

1 provision shall mean as assessed for county or municipal  
2 taxes.

3 "(d) The following property shall be exempted from  
4 ad valorem taxation: The real and personal property of the  
5 state, counties, and municipalities and real and personal  
6 property devoted exclusively to religious, education, or  
7 charitable purposes. The property of Masonic lodges, Knights  
8 of Columbus homes, and union halls shall be exempt when used  
9 exclusively for the purposes and business of such  
10 organizations. All property now exempt by law shall continue  
11 to be exempt from taxation until changed by law.

12 "(e) The Department of Revenue shall have authority  
13 to promulgate rules and regulations for the uniform  
14 identification and assessment of manufactured homes.

15 "§40-9-19.

16 "(a) Homesteads, as defined by the Constitution and  
17 laws of Alabama, are hereby exempted from all state ad valorem  
18 taxes. In no case shall the exemption herein made apply to  
19 more than one person, head of the family, nor shall the said  
20 exemption exceed \$4,000 in assessed value, nor 160 acres in  
21 area for any resident of this state who is not over 65 years  
22 of age. The homesteads of residents of this state, over 65  
23 years of age, or who are retired due to permanent and total  
24 disability, regardless of age, or who are blind as defined in  
25 Section 1-1-3, regardless of age or whether such person is  
26 retired, shall be exempt from all state ad valorem taxes.

1           "The state Commissioner of Revenue is hereby  
2 empowered to define and specify the condition or state of  
3 health that makes a person "permanently and totally disabled"  
4 and may issue certificates of disability to such person as he  
5 may find meets such specifications. Any person who is drawing  
6 any pension or annuity from the armed services or a company or  
7 governmental agency as being permanently and totally disabled  
8 shall automatically be granted a certificate of permanent and  
9 total disability by the state Commissioner of Revenue.

10           "(b) For tax years beginning on and after October 1,  
11 1981, for residents of this state not over 65 years of age,  
12 homesteads, as defined by the Constitution and laws of  
13 Alabama, are hereby exempted from all ad valorem property  
14 taxes levied, except countywide and school district ad valorem  
15 taxes levied for school purposes, by any county of this state.  
16 In no case shall such exemption herein made apply to more than  
17 one person, head of the family, nor shall the said exemption  
18 exceed \$2,000 in assessed value, nor 160 acres in area for any  
19 resident of this state who is not over 65 years of age except  
20 as provided in subsection (c) of this section.

21           "(c) For tax years beginning on and after October 1,  
22 1981, the governing body of any county, municipality or other  
23 local taxing authority may at any time grant by resolution or  
24 ordinance an exemption from any levy of ad valorem property  
25 taxes levied by such county, municipality or other local  
26 taxing authority on homesteads, as defined by the Constitution  
27 and laws of Alabama, of residents of this state not over 65

1 years of age. In no case shall such exemption herein allowed  
2 apply to more than one person, head of the family, nor shall  
3 said exemption, when added to any other homestead exemption  
4 applicable to the same ad valorem tax levy, exceed \$4,000 in  
5 assessed value, nor 160 acres in area. Any homestead exemption  
6 granted pursuant to this subsection (c) may be adjusted,  
7 rescinded or reinstated at any time by resolution or ordinance  
8 of the governing body of the county, municipality or other  
9 local taxing authority granting such exemption. Any action  
10 authorized by this subsection to be taken by a taxing  
11 authority, or the governing body thereof, shall, other than in  
12 the case of a municipality, be taken by resolution of the  
13 governing body of the county in which such taxing authority is  
14 located acting on behalf of such taxing authority; provided  
15 however, any action authorized by this subsection to be taken  
16 by a taxing authority, or the governing body thereof, which  
17 action shall affect countywide or district ad valorem taxes  
18 levied solely for the support of county or city school  
19 districts, shall be taken by resolutions of the governing  
20 bodies and boards of the school systems that are recipients of  
21 the proceeds of the ad valorem tax so affected by such action.  
22 The provisions of this subsection (c) shall in no way annul or  
23 reduce exemptions provided under subsections (a), (b) and (d)  
24 of this section.

25 "(d) For tax years beginning on and after October 1,  
26 1981, for residents of this state, over 65 years of age who  
27 have an annual adjusted gross income of less than \$12,000 as



1 reflected on the most recent state income tax return or some  
2 other appropriate evidence, or who are retired due to  
3 permanent and total disability, regardless of age, or who are  
4 blind as defined in Section 1-1-3, regardless of age or  
5 whether such person is retired, homesteads, as defined in the  
6 Constitution and laws of Alabama, are hereby exempted from ad  
7 valorem property taxes levied by any county of this state,  
8 including such taxes levied for school districts. In no case  
9 shall such exemption exceed \$5,000 in assessed value, nor 160  
10 acres in area. With respect to homesteads situated in more  
11 than one county, the exemption granted herein shall be  
12 prorated between the counties in which the homestead is  
13 situated in the proportion that the area of the homestead in  
14 each county bears to the total area of the homestead claimed  
15 for exemption.

16 "The Department of Revenue may by regulation define  
17 and specify the condition or state of health that makes a  
18 person "permanently and totally disabled" and may issue  
19 certificates of disability to any person that meets such  
20 specifications. Any person who is drawing any pension or  
21 annuity from the armed services, a private company or any  
22 governmental agency because he is permanently and totally  
23 disabled shall automatically be granted a certificate of  
24 permanent and total disability by the Department of Revenue.

25 "(e) The grant of any homestead exemption provided  
26 under the provisions of this section shall not be allowed if  
27 such grant shall prevent the payment of any bonded

1       indebtedness secured by any tax to which the homestead  
2       exemption would apply.

3               "(f) Any homestead exemption under this section or  
4       Section 40-9-21 shall not be affected during any period the  
5       homestead is being repaired after being damaged by a natural  
6       disaster such as a tornado or hurricane."

7               Section 2. All laws or parts of laws which conflict  
8       with this act are repealed.

9               Section 3. This act shall become effective on the  
10       first day of the third month following its passage and  
11       approval by the Governor, or its otherwise becoming law.