

1 SB506
2 131279-1
3 By Senators Dunn, Ross, Fielding, Coleman, Sanders, Beasley,
4 Irons, Bedford, Smitherman, Figures, Beason, Keahey, Bussman,
5 Reed, Taylor, Blackwell, Marsh, Whatley, Holley, Holtzclaw,
6 Sanford, Singleton, Allen, Dial, Waggoner and Brewbaker
7 RFD: Finance and Taxation General Fund
8 First Read: 24-MAY-11

2
3
4
5
6
7
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.