

1 SB262  
2 156988-2  
3 By Senator McGill  
4 RFD: Finance and Taxation General Fund  
5 First Read: 22-JAN-14

2  
3  
4 ENGROSSED

5  
6  
7 A BILL  
8 TO BE ENTITLED  
9 AN ACT

10  
11 To amend Section 40-9-1, Code of Alabama 1975,  
12 relating to the exemption of personal property from ad valorem  
13 taxation; to exempt all individual tangible taxable assets,  
14 excluding real property, with an original acquisition cost of  
15 \$250 or less from ad valorem taxation.

16 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

17 Section 1. Section 40-9-1, Code of Alabama 1975, is  
18 amended to read as follows:

19 "§40-9-1.

20 "The following property and persons shall be exempt  
21 from ad valorem taxation and none other:

22 "(1) All bonds of the United States and this state  
23 and all county and municipal bonds issued by counties and  
24 municipalities in this state, all property, real and personal,  
25 of the United States and this state and of county and  
26 municipal corporations in this state; all cemeteries, all  
27 property, real and personal, used exclusively for religious

1 worship, for schools or for purposes purely charitable;  
2 provided, that property, real or personal, owned by any  
3 educational, religious or charitable institution, society or  
4 corporation let for rent or hire or for use for business  
5 purposes shall not be exempt from taxation, notwithstanding  
6 that the income from such property shall be used exclusively  
7 for education, religious or charitable purposes; all  
8 mortgages, together with the notes, debts and credits secured  
9 thereby on real and personal property situated in this state,  
10 which mortgages have been filed for record and the privilege  
11 tax paid thereon; all security agreements and security  
12 interests under the Uniform Commercial Code, together with the  
13 notes, debts and credits secured thereby; all money on deposit  
14 in any bank or banking institution and all other solvent  
15 credits; all warrants issued by county boards of education and  
16 city boards of education for the purpose of erecting,  
17 repairing, furnishing school buildings or for other school  
18 purposes;

19 "(2) All property, real or personal, used  
20 exclusively for hospital purposes, to the amount of \$75,000,  
21 where such hospitals maintain wards for charity patients or  
22 give treatment to such patients; provided, that the treatment  
23 of charity patients constitutes at least 15 percent of the  
24 business of such hospitals; provided further, that such  
25 hospital need not be assessed for taxation if the owner or  
26 manager shall file with the county tax assessor wherein such  
27 hospital is located within the time allowed for assessing such

1 property for taxation a certificate that such hospital has  
2 done 15 percent charity work in the preceding tax year; and  
3 further provided, that such hospital through its owner or  
4 manager shall have until the expiration of the preceding tax  
5 year to class its work and ascertain whether or not such  
6 hospital has done 15 percent of its treatment of patients as  
7 charity work;

8 "(3) The shares of the capital stock of any  
9 corporation owning and operating a hospital, to the extent of  
10 \$75,000 in value; provided, that said corporation maintains  
11 wards for charity patients and gives treatment to such  
12 patients, which treatment constitutes at least 15 percent of  
13 the business of the hospital of said corporation; provided,  
14 that the total exemption granted to any such corporation shall  
15 not exceed \$75,000, taking into consideration its real and  
16 personal property and the value of its shares of capital  
17 stock;

18 "(4) All property owned by the American Legion or by  
19 Veterans of Foreign Wars or by the Disabled American Veterans,  
20 or any post thereof; provided, that such property is used and  
21 occupied exclusively by said organization;

22 "(5) All the property of literary and scientific  
23 institutions and literary societies, when employed or used in  
24 the regular business of such institutions;

25 "(6) The libraries of ministers of the gospel, all  
26 libraries other than those of a professional character and all

1 religious books kept for sale by ministers of the gospel and  
2 colporteurs;

3 "(7) The property of deaf mutes and insane persons  
4 to the extent of \$3,000 and the property of blind persons to  
5 the extent of \$12,000;

6 "(8) All family portraits;

7 "(9) All cotton, livestock or agricultural products  
8 which have been raised or grown in the State of Alabama and  
9 which shall remain in the hands of the producer thereof, or  
10 his landlord, or in the hands of a cooperative association for  
11 all time, and for a period of one year in the hands of the  
12 purchaser or the manufacturer;

13 "(10) All cotton, wherever grown, stored in licensed  
14 warehouses in the State of Alabama for a period not exceeding  
15 12 months;

16 "(11) Provisions and supplies on hand for the  
17 current year for the use of the family and the making of  
18 crops; all wearing apparel; farming tools; tools and  
19 implements of mechanics to the value of \$200; all livestock,  
20 including mules, studs, jacks and jennets, cattle, horses,  
21 cows, calves, hogs, sheep and goats; household and kitchen  
22 furniture and one sewing machine;

23 "(12) No license or taxation of any character,  
24 except franchise taxes provided by Section 229 of the  
25 Constitution of the State of Alabama, shall be collected or  
26 required to be paid to the state or any county or municipality  
27 therein by any state or county fair, agricultural association,

1 stock, kennel or poultry show. Athletic stadiums owned and  
2 controlled by universities, schools or colleges and which are  
3 used exclusively for the purpose of promoting intercollegiate  
4 or interschool athletics; provided, that the revenue received  
5 from athletic stadiums, when admission is charged, shall be  
6 used for the benefit of athletic associations of such  
7 universities, colleges or schools. Nothing contained in this  
8 subdivision shall be construed to prohibit any municipality,  
9 county or state from imposing any license tax upon or for the  
10 privilege of engaging in the business of supplying services  
11 for hire or reward or selling commodities other than  
12 livestock, farm products or farm implements or conducting or  
13 operating devices or games of skill or amusements or other  
14 games or devices, or conducting or operating shows, displays  
15 or exhibits other than shows, displays or exhibits of  
16 agricultural implements, farm products, livestock and athletic  
17 prowess;

18 "(13) All material, including without limitation  
19 coke, to be compounded or further manufactured, when stocked  
20 at any plant or furnace for manufacturing purposes in Alabama;

21 "(14) All articles manufactured in Alabama,  
22 including pig iron, in the hands of the producer or  
23 manufacturer thereof, for 12 months after its production or  
24 manufacture;

25 "(15) All property, both real and personal, owned by  
26 any unit or organization of the Alabama National Guard  
27 officially recognized as such by the federal government and

1 organized and maintained by the state, and all property owned  
2 by shares and used exclusively by and kept exclusively in the  
3 possession of any such unit or organization of the Alabama  
4 National Guard, the annual rent or hire of which is not in  
5 excess of the annual state, county and municipal taxes on said  
6 property shall be exempt from taxation by the state, and the  
7 county and municipality in which the same may be situated;

8 "(16) All poultry;

9 "(17) The property of all incompetent veterans to  
10 the value of \$3,000;

11 "(18) The following items of personal property when  
12 owned by individuals for personal use in the home or usually  
13 kept at the home of the owner and not carried as stocks of  
14 merchandise, namely: Libraries; phonographs; pianos and other  
15 musical instruments; paintings; precious stones, jewelry,  
16 plate silverware, ornaments and articles of taste; watches and  
17 clocks; wagons, buggies, bicycles, guns, pistols, canes, golf  
18 sticks, golf bags and sporting goods; money hoarded; radios;  
19 mechanical and electrical refrigerators; electrical  
20 appliances;

21 "(19) All property owned by the Benevolent and  
22 Protective Order of Elks, Fraternal Order of Police, Fraternal  
23 Order of Eagles or Loyal Order of Moose, or lodge thereof;  
24 provided, that such property is used and occupied exclusively  
25 by such organization;

26 "(20) All devices, facilities or structures, and all  
27 identifiable components thereof or materials for use therein,

1 acquired or constructed primarily for the control, reduction  
2 or elimination of air or water pollution;

3 "(21) Tobacco leaf stored in hogsheads;

4 "(22) All farm tractors, as that term is defined in  
5 subdivision (19) of Section 32-1-1.1; and all farming  
6 implements, as that term is used in subdivision (b) (5) of  
7 Section 40-11-1, as amended, when used exclusively in  
8 connection with agricultural property as defined in  
9 subdivision (b) (3) of Section 40-8-1, as amended;

10 "(23) All stocks of goods, wares and merchandise  
11 described in subdivision (b) (4) of Section 40-11-1, as  
12 amended; and

13 "(24) All aircraft, replacement parts, components,  
14 systems, supplies and sundries affixed or used on said  
15 aircraft, and ground support equipment and vehicles used by or  
16 for the aircraft, when used by a certificated or licensed air  
17 carrier with a hub operation within this state, for use in  
18 conducting intrastate, interstate or foreign commerce for  
19 transporting people or property by air. For the purpose of  
20 this subdivision, the words "hub operation within this state"  
21 shall be construed to have all of the following criteria:

22 "a. There originates from the location 15 or more  
23 flight departures and five or more different first-stop  
24 destinations five days per week for six or more months during  
25 the calendar year; and



1            "b. Passengers and/or property are regularly  
2 exchanged at the location between flights of the same or a  
3 different certificated or licensed air carrier.

4            "(25) All property described in Title 12 U.S.C.  
5 §1701(Q), commonly known as HUD 202 property, is hereby exempt  
6 from any and all ad valorem taxes.

7            "(26) All vessels and equipment thereon, used  
8 predominantly in the business of commercial shrimping by the  
9 owners thereof.

10           "(27) All individual tangible taxable assets,  
11 excluding real property, with an original acquisition cost of  
12 one hundred dollars (\$100) or less. The term original  
13 acquisition cost shall mean the amount paid by the current  
14 owner to acquire the tangible taxable asset."

15           Section 2. This act shall become effective  
16 immediately following its passage and approval by the  
17 Governor, or its otherwise becoming law.

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21

Senate

Read for the first time and referred to the Senate  
committee on Finance and Taxation General Fund ... 22-JAN-14

Read for the second time and placed on the calen-  
dar..... 25-FEB-14

Reported from Finance and Taxation General Fund as  
Favorable..... 25-FEB-14

Read for the third time and passed as amended .... 05-MAR-14

Yeas 24  
Nays 2  
Abstaining 1

Patrick Harris  
Secretary