

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

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8 SYNOPSIS: Under existing law, all individual tangible
9 assets, not specifically exempt by law, are subject
10 to ad valorem taxation.

11 This bill would exempt all individual
12 tangible taxable assets with an original
13 acquisition cost of \$250 or less from ad valorem
14 taxation.

15
16 A BILL
17 TO BE ENTITLED
18 AN ACT

19
20 To amend Section 40-9-1, Code of Alabama 1975,
21 relating to the exemption of personal property from ad valorem
22 taxation; to exempt all individual tangible taxable assets,
23 excluding real property, with an original acquisition cost of
24 \$250 or less from ad valorem taxation.

25 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

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

1 "§40-9-1.

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

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

1 "(2) All property, real or personal, used
2 exclusively for hospital purposes, to the amount of \$75,000,
3 where such hospitals maintain wards for charity patients or
4 give treatment to such patients; provided, that the treatment
5 of charity patients constitutes at least 15 percent of the
6 business of such hospitals; provided further, that such
7 hospital need not be assessed for taxation if the owner or
8 manager shall file with the county tax assessor wherein such
9 hospital is located within the time allowed for assessing such
10 property for taxation a certificate that such hospital has
11 done 15 percent charity work in the preceding tax year; and
12 further provided, that such hospital through its owner or
13 manager shall have until the expiration of the preceding tax
14 year to class its work and ascertain whether or not such
15 hospital has done 15 percent of its treatment of patients as
16 charity work;

17 "(3) The shares of the capital stock of any
18 corporation owning and operating a hospital, to the extent of
19 \$75,000 in value; provided, that said corporation maintains
20 wards for charity patients and gives treatment to such
21 patients, which treatment constitutes at least 15 percent of
22 the business of the hospital of said corporation; provided,
23 that the total exemption granted to any such corporation shall
24 not exceed \$75,000, taking into consideration its real and
25 personal property and the value of its shares of capital
26 stock;

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

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

8 "(6) The libraries of ministers of the gospel, all
9 libraries other than those of a professional character and all
10 religious books kept for sale by ministers of the gospel and
11 colporteurs;

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

15 "(8) All family portraits;

16 "(9) All cotton, livestock or agricultural products
17 which have been raised or grown in the State of Alabama and
18 which shall remain in the hands of the producer thereof, or
19 his landlord, or in the hands of a cooperative association for
20 all time, and for a period of one year in the hands of the
21 purchaser or the manufacturer;

22 "(10) All cotton, wherever grown, stored in licensed
23 warehouses in the State of Alabama for a period not exceeding
24 12 months;

25 "(11) Provisions and supplies on hand for the
26 current year for the use of the family and the making of
27 crops; all wearing apparel; farming tools; tools and

1 implements of mechanics to the value of \$200; all livestock,
2 including mules, studs, jacks and jennets, cattle, horses,
3 cows, calves, hogs, sheep and goats; household and kitchen
4 furniture and one sewing machine;

5 "(12) No license or taxation of any character,
6 except franchise taxes provided by Section 229 of the
7 Constitution of the State of Alabama, shall be collected or
8 required to be paid to the state or any county or municipality
9 therein by any state or county fair, agricultural association,
10 stock, kennel or poultry show. Athletic stadiums owned and
11 controlled by universities, schools or colleges and which are
12 used exclusively for the purpose of promoting intercollegiate
13 or interschool athletics; provided, that the revenue received
14 from athletic stadiums, when admission is charged, shall be
15 used for the benefit of athletic associations of such
16 universities, colleges or schools. Nothing contained in this
17 subdivision shall be construed to prohibit any municipality,
18 county or state from imposing any license tax upon or for the
19 privilege of engaging in the business of supplying services
20 for hire or reward or selling commodities other than
21 livestock, farm products or farm implements or conducting or
22 operating devices or games of skill or amusements or other
23 games or devices, or conducting or operating shows, displays
24 or exhibits other than shows, displays or exhibits of
25 agricultural implements, farm products, livestock and athletic
26 prowess;

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

4 "(14) All articles manufactured in Alabama,
5 including pig iron, in the hands of the producer or
6 manufacturer thereof, for 12 months after its production or
7 manufacture;

8 "(15) All property, both real and personal, owned by
9 any unit or organization of the Alabama National Guard
10 officially recognized as such by the federal government and
11 organized and maintained by the state, and all property owned
12 by shares and used exclusively by and kept exclusively in the
13 possession of any such unit or organization of the Alabama
14 National Guard, the annual rent or hire of which is not in
15 excess of the annual state, county and municipal taxes on said
16 property shall be exempt from taxation by the state, and the
17 county and municipality in which the same may be situated;

18 "(16) All poultry;

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

21 "(18) The following items of personal property when
22 owned by individuals for personal use in the home or usually
23 kept at the home of the owner and not carried as stocks of
24 merchandise, namely: Libraries; phonographs; pianos and other
25 musical instruments; paintings; precious stones, jewelry,
26 plate silverware, ornaments and articles of taste; watches and
27 clocks; wagons, buggies, bicycles, guns, pistols, canes, golf

1 sticks, golf bags and sporting goods; money hoarded; radios;
2 mechanical and electrical refrigerators; electrical
3 appliances;

4 "(19) All property owned by the Benevolent and
5 Protective Order of Elks, Fraternal Order of Police, Fraternal
6 Order of Eagles or Loyal Order of Moose, or lodge thereof;
7 provided, that such property is used and occupied exclusively
8 by such organization;

9 "(20) All devices, facilities or structures, and all
10 identifiable components thereof or materials for use therein,
11 acquired or constructed primarily for the control, reduction
12 or elimination of air or water pollution;

13 "(21) Tobacco leaf stored in hogsheads;

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

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

23 "(24) All aircraft, replacement parts, components,
24 systems, supplies and sundries affixed or used on said
25 aircraft, and ground support equipment and vehicles used by or
26 for the aircraft, when used by a certificated or licensed air
27 carrier with a hub operation within this state, for use in

1 conducting intrastate, interstate or foreign commerce for
2 transporting people or property by air. For the purpose of
3 this subdivision, the words "hub operation within this state"
4 shall be construed to have all of the following criteria:

5 "a. There originates from the location 15 or more
6 flight departures and five or more different first-stop
7 destinations five days per week for six or more months during
8 the calendar year; and

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

12 "(25) All property described in Title 12 U.S.C.
13 §1701(Q), commonly known as HUD 202 property, is hereby exempt
14 from any and all ad valorem taxes.

15 "(26) All vessels and equipment thereon, used
16 predominantly in the business of commercial shrimping by the
17 owners thereof.

18 "(27) All individual tangible taxable assets,
19 excluding real property, with an original acquisition cost of
20 two hundred fifty dollars (\$250) or less. The term original
21 acquisition cost shall mean the amount paid by the current
22 owner to acquire the tangible taxable asset."

23 Section 2. This act shall become effective
24 immediately following its passage and approval by the
25 Governor, or its otherwise becoming law.