

1 HB372
2 207774-1
3 By Representative Sorrell
4 RFD: Ways and Means General Fund
5 First Read: 09-FEB-21

SYNOPSIS: Under existing law, virtual currency is currently not subject to ad valorem taxation.

This bill would exempt virtual currency, herein defined, from ad valorem taxation.

A BILL
TO BE ENTITLED
AN ACT

To amend Section 40-9-1, Code of Alabama 1975, relating to exemptions from ad valorem taxation; to exempt virtual currency from ad valorem taxation.

BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

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

"§40-9-1.

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

"(1) All bonds of the United States and this state and all county and municipal bonds issued by counties and

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

23 "(2) All property, real or personal, used
24 exclusively for hospital purposes, to the amount of \$75,000,
25 where such hospitals maintain wards for charity patients or
26 give treatment to such patients; provided, that the treatment
27 of charity patients constitutes at least 15 percent of the

1 business of such hospitals; provided further, that such
2 hospital need not be assessed for taxation if the owner or
3 manager shall file with the county tax assessor wherein such
4 hospital is located within the time allowed for assessing such
5 property for taxation a certificate that such hospital has
6 done 15 percent charity work in the preceding tax year; and
7 further provided, that such hospital through its owner or
8 manager shall have until the expiration of the preceding tax
9 year to class its work and ascertain whether or not such
10 hospital has done 15 percent of its treatment of patients as
11 charity work;

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

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

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

4 "(6) The libraries of ministers of the gospel, all
5 libraries other than those of a professional character and all
6 religious books kept for sale by ministers of the gospel and
7 colporteurs;

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

11 "(8) All family portraits;

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

18 "(10) All cotton, wherever grown, stored in licensed
19 warehouses in the State of Alabama for a period not exceeding
20 12 months;

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

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

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

26 "(14) All articles manufactured in Alabama,
27 including pig iron, in the hands of the producer or

1 manufacturer thereof, for 12 months after its production or
2 manufacture;

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

13 "(16) All poultry;

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

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

26 "(19) All property owned by the Benevolent and
27 Protective Order of Elks, Fraternal Order of Police, Fraternal

1 Order of Eagles or Loyal Order of Moose, or lodge thereof;
2 provided, that such property is used and occupied exclusively
3 by such organization;

4 "(20) All devices, facilities or structures, and all
5 identifiable components thereof or materials for use therein,
6 acquired or constructed primarily for the control, reduction
7 or elimination of air or water pollution;

8 "(21) Tobacco leaf stored in hogsheads;

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

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

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

1 "a. There originates from the location 15 or more
2 flight departures and five or more different first-stop
3 destinations five days per week for six or more months during
4 the calendar year; and

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

8 "(25) All property described in Title 12 U.S.C.
9 §1701(Q), commonly known as HUD 202 property, is hereby exempt
10 from any and all ad valorem taxes.

11 "(26) All vessels and equipment thereon, used
12 predominantly in the business of commercial shrimping by the
13 owners thereof.

14 "(27) Virtual Currency, which shall be defined as a
15 digital representation of value, other than a representation
16 of the United States dollar or a foreign currency, that
17 functions as a unit of account, a store of value, and/or a
18 medium of exchange."

19 Section 2. This act shall become effective on the
20 first day of the third month following its passage and
21 approval by the Governor, or its otherwise becoming law.