

# HB259 INTRODUCED



1 R5A9NM-1  
2 By Representative Wilcox  
3 RFD: State Government  
4 First Read: 05-Apr-23  
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SYNOPSIS:

Under existing law, an industrial or research enterprise that receives an ad valorem tax abatement may appeal a county's tax assessment based on the enterprise's method for calculating the fair market value of its property and may consider obsolescence as part of its calculation.

This bill would limit an industrial or research enterprise tax abatement recipient to using the same method used by the county for calculating the fair market value of its property when appealing the county's ad valorem tax assessment.

This bill would also prohibit the consideration of obsolescence in determining the fair market value of an industrial or research enterprise's property, for the duration of any period that the enterprise receives a tax abatement.

A BILL  
TO BE ENTITLED  
AN ACT

Relating to tax abatements; to specify that the method of determining fair market value of real or personal property



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29 by a tax abatement recipient appealing an ad valorem tax  
30 assessment in circuit court shall be the same method used by  
31 the county granting the tax abatement; and to exclude  
32 consideration of obsolescence in determining fair market  
33 valuation of real or personal property for the duration of an  
34 abatement.

35 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

36 Section 1. For purposes of this section, the following  
37 words have the following meanings:

38 (1) ECONOMIC OBSOLESCENCE. The loss of value of real or  
39 personal property caused by factors external to the property.

40 (2) FUNCTIONAL OBSOLESCENCE. The loss of value in real  
41 or personal property caused by a reduction of its usefulness  
42 or desirability because of an outdated design feature that  
43 cannot be easily changed or updated.

44 Section 2. (a) In an appeal in circuit court by a  
45 industrial or research enterprise challenging assessed ad  
46 valorem taxes based on the county's determination of fair  
47 market value of its industrial development property, the  
48 industrial or research enterprise shall use the same method  
49 used by the county for determining the fair market value of  
50 its industrial development property.

51 (b) During the entire period of any abatement, no form  
52 of obsolescence shall be considered in any fair market  
53 valuation of industrial development property, including,  
54 without limitation, functional or economic obsolescence.

55 Section 3. This act shall become effective on the first  
56 day of the third month following its passage and approval by



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57 the Governor, or its otherwise becoming law.