

# HB171 INTRODUCED



1 HB171  
2 X41CE7Z-1  
3 By Representatives Sells, Baker, Lovvorn, Kiel, Shedd  
4 RFD: Ways and Means General Fund  
5 First Read: 15-Feb-24



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SYNOPSIS:

Under existing law, ad valorem taxation applies to all real property in the state unless expressly exempted by law.

This bill would exempt certain aircraft from ad valorem taxation.

A BILL  
TO BE ENTITLED  
AN ACT

Relating to exemptions from ad valorem taxation; to amend Section 40-9-1, Code of Alabama; to exempt certain aircraft 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 municipalities in this state, all property, real and personal, of the United States and this state and of county and



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29 municipal corporations in this state; all cemeteries, all  
30 property, real and personal, used exclusively for religious  
31 worship, for schools or for purposes purely charitable;  
32 provided, that property, real or personal, owned by any  
33 educational, religious, or charitable institution, society or  
34 corporation let for rent or hire or for use for business  
35 purposes shall not be exempt from taxation, notwithstanding  
36 that the income from such property shall be used exclusively  
37 for education, religious, or charitable purposes; all  
38 mortgages, together with the notes, debts, and credits secured  
39 thereby on real and personal property situated in this state,  
40 which mortgages have been filed for record and the privilege  
41 tax paid thereon; all security agreements and security  
42 interests under the Uniform Commercial Code, together with the  
43 notes, debts, and credits secured thereby; all money on  
44 deposit in any bank or banking institution and all other  
45 solvent credits; all warrants issued by county boards of  
46 education and city boards of education for the purpose of  
47 erecting, repairing, furnishing school buildings, or for other  
48 school purposes.

49 (2) All property, real or personal, used exclusively  
50 for hospital purposes, to the amount of seventy-five thousand  
51 dollars (\$75,000), where such hospitals maintain wards for  
52 charity patients or give treatment to such patients; provided,  
53 that the treatment of charity patients constitutes at least 15  
54 percent of the business of such hospitals; provided further,  
55 that such hospital need not be assessed for taxation if the  
56 owner or manager shall file with the county tax assessor



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57 wherein such hospital is located within the time allowed for  
58 assessing the property for taxation a certificate that such  
59 hospital has done 15 percent charity work in the preceding tax  
60 year; and further provided, that such hospital through its  
61 owner or manager shall have until the expiration of the  
62 preceding tax year to class its work and ascertain whether or  
63 not such hospital has done 15 percent of its treatment of  
64 patients as charity work.

65 (3) The shares of the capital stock of any corporation  
66 owning and operating a hospital, to the extent of seventy-five  
67 thousand dollars (\$75,000) in value; provided, that the  
68 corporation maintains wards for charity patients and gives  
69 treatment to such patients, which treatment constitutes at  
70 least 15 percent of the business of the hospital of the  
71 corporation; provided, that the total exemption granted to any  
72 such corporation shall not exceed seventy-five thousand  
73 dollars (\$75,000), taking into consideration its real and  
74 personal property and the value of its shares of capital  
75 stock.

76 (4) All property owned by the American Legion or by  
77 Veterans of Foreign Wars or by the Disabled American Veterans,  
78 or any post thereof; provided, that such property is used and  
79 occupied exclusively by the organization.

80 (5) All the property of literary and scientific  
81 institutions and literary societies, when employed or used in  
82 the regular business of the institutions.

83 (6) The libraries of ministers of the gospel, all  
84 libraries other than those of a professional character and all



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85 religious books kept for sale by ministers of the gospel and  
86 colporteurs.

87 (7) The property of individuals who are deaf, hard of  
88 hearing, or insane to the extent of three thousand dollars  
89 (\$3,000) and the property of blind individuals to the extent  
90 of twelve thousand dollars (\$12,000).

91 (8) All family portraits.

92 (9) All cotton, livestock, or agricultural products  
93 that have been raised or grown in the State of Alabama and  
94 remain in the hands of the producer thereof, or his or her  
95 landlord, or in the hands of a cooperative association for all  
96 time, and for a period of one year in the hands of the  
97 purchaser or the manufacturer.

98 (10) All cotton, wherever grown, stored in licensed  
99 warehouses in the State of Alabama for a period not exceeding  
100 12 months.

101 (11) Provisions and supplies on hand for the current  
102 year for the use of the family and the making of crops; all  
103 wearing apparel; farming tools; tools and implements of  
104 mechanics to the value of two hundred dollars (\$200); all  
105 livestock, including mules, studs, jacks and jennets, cattle,  
106 horses, cows, calves, hogs, sheep, and goats; and household  
107 and kitchen furniture and one sewing machine.

108 (12) No license or taxation of any character, except  
109 franchise taxes provided by Section 229 of the Constitution of  
110 the State of Alabama, shall be collected or required to be  
111 paid to the state or any county or municipality therein by any  
112 state or county fair, agricultural association, or stock,



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113 kennel, or poultry show. Athletic stadiums owned and  
114 controlled by universities, schools, or colleges and which are  
115 used exclusively for the purpose of promoting intercollegiate  
116 or interschool athletics; provided, that the revenue received  
117 from athletic stadiums, when admission is charged, shall be  
118 used for the benefit of athletic associations of such  
119 universities, colleges, or schools. Nothing contained in this  
120 subdivision shall be construed to prohibit any municipality,  
121 county, or state from imposing any license tax upon or for the  
122 privilege of engaging in the business of supplying services  
123 for hire or reward or selling commodities other than  
124 livestock, farm products, or farm implements or conducting or  
125 operating devices or games of skill or amusements or other  
126 games or devices, or conducting or operating shows, displays  
127 or exhibits other than shows, displays or exhibits of  
128 agricultural implements, farm products, livestock, and  
129 athletic prowess.

130 (13) All material, including without limitation coke,  
131 to be compounded or further manufactured, when stocked at any  
132 plant or furnace for manufacturing purposes in Alabama.

133 (14) All articles manufactured in Alabama, including  
134 pig iron, in the hands of the producer or manufacturer  
135 thereof, for 12 months after its production or manufacture.

136 (15) All property, both real and personal, owned by any  
137 unit or organization of the Alabama National Guard officially  
138 recognized as such by the federal government and organized and  
139 maintained by the state, and all property owned by shares and  
140 used exclusively by and kept exclusively in the possession of



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141 any such unit or organization of the Alabama National Guard,  
142 the annual rent or hire of which is not in excess of the  
143 annual state, county, and municipal taxes on the property  
144 shall be exempt from taxation by the state, and the county and  
145 municipality in which the same may be situated.

146 (16) All poultry.

147 (17) The property of all incompetent veterans to the  
148 value of three thousand dollars (\$3,000).

149 (18) The following items of personal property when  
150 owned by individuals for personal use in the home or usually  
151 kept at the home of the owner and not carried as stocks of  
152 merchandise, namely: Libraries; phonographs; pianos and other  
153 musical instruments; paintings; precious stones, jewelry,  
154 plate silverware, ornaments, and articles of taste; watches  
155 and clocks; wagons, buggies, bicycles, guns, pistols, canes,  
156 golf sticks, golf bags, and sporting goods; money hoarded;  
157 radios; mechanical and electrical refrigerators; electrical  
158 appliances.

159 (19) All property owned by the Benevolent and  
160 Protective Order of Elks, Fraternal Order of Police, Fraternal  
161 Order of Eagles, or Loyal Order of Moose, or lodge thereof;  
162 provided, that such property is used and occupied exclusively  
163 by such organization.

164 (20) All devices, facilities, or structures, and all  
165 identifiable components thereof or materials for use therein,  
166 acquired or constructed primarily for the control, reduction,  
167 or elimination of air or water pollution.

168 (21) Tobacco leaf stored in hogsheads.



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169 (22) All farm tractors, as that term is defined in  
170 Section 32-1-1.1; and all farming implements, as that term is  
171 used in subdivision (b) (5) of Section 40-11-1, when used  
172 exclusively in connection with agricultural property as  
173 defined in subdivision (b) (1) of Section 40-8-1.

174 (23) All grain bins used exclusively for the purpose of  
175 storing, holding, drying, preserving, or otherwise preparing a  
176 grain, as defined in Section 2-31-1, for market. For purposes  
177 of this chapter, "grain bin" means a structure and its  
178 component parts.

179 (24) All stocks of goods, wares, and merchandise  
180 described in subdivision (b) (4) of Section 40-11-1.

181 (25) All aircraft, replacement parts, components,  
182 systems, supplies, and sundries affixed or used on the  
183 aircraft, and ground support equipment and vehicles used by or  
184 for the aircraft, when used by a certificated or licensed air  
185 carrier with a hub operation within this state, for use in  
186 conducting intrastate, interstate, or foreign commerce for  
187 transporting people or property by air. For the purpose of  
188 this subdivision, the words "hub operation" within this state  
189 shall be construed to have all of the following criteria:

190 a. There originates from the location 15 or more flight  
191 departures and five or more different first-stop destinations  
192 five days per week for six or more months during the calendar  
193 year.

194 b. Passengers or property or both are regularly  
195 exchanged at the location between flights of the same or a  
196 different certificated or licensed air carrier.





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197           (26) All property described in Title 12 U.S.C. § 1701q,  
198 commonly known as HUD 202 property, is hereby exempt from any  
199 and all ad valorem taxes.

200           (27) All vessels and equipment thereon, used  
201 predominantly in the business of commercial fishing, as  
202 defined in Section 40-23-1, by the owners thereof.

203           (28)a. The tangible personal property owned by a  
204 business and reported in accordance with Article 1 of Chapter  
205 7 to the extent of forty thousand dollars (\$40,000) in market  
206 value is exempt from the state levied ad valorem tax.

207           b. Any county or municipality, by resolution or  
208 ordinance, may adopt the exemption provided in paragraph a.  
209 for county or municipal ad valorem taxes levied on tangible  
210 personal property. The ordinance or resolution must be adopted  
211 at least 90 days prior to October 1, 2023, or 90 days prior to  
212 October 1 of the electing year.

213           (29) All civil aircraft, as defined by Section 23-1-352  
214 and operating under 14 CFR Part 91, over 30 years old that are  
215 owned by any person who is 65 years of age or older."

216           Section 2. This act shall become effective on October  
217 1, 2024.