



**House Ways and Means General Fund Reported
Substitute for HB171**

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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 municipal corporations in this state; all cemeteries, all property, real and personal, used exclusively for religious worship, for schools or for purposes purely charitable; provided, that property, real or personal, owned by any educational, religious, or charitable institution, society or corporation let for rent or hire or for use for business purposes shall not be exempt from taxation, notwithstanding



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29 that the income from such property shall be used exclusively
30 for education, religious, or charitable purposes; all
31 mortgages, together with the notes, debts, and credits secured
32 thereby on real and personal property situated in this state,
33 which mortgages have been filed for record and the privilege
34 tax paid thereon; all security agreements and security
35 interests under the Uniform Commercial Code, together with the
36 notes, debts, and credits secured thereby; all money on
37 deposit in any bank or banking institution and all other
38 solvent credits; all warrants issued by county boards of
39 education and city boards of education for the purpose of
40 erecting, repairing, furnishing school buildings, or for other
41 school purposes.

42 (2) All property, real or personal, used exclusively
43 for hospital purposes, to the amount of seventy-five thousand
44 dollars (\$75,000), where such hospitals maintain wards for
45 charity patients or give treatment to such patients; provided,
46 that the treatment of charity patients constitutes at least 15
47 percent of the business of such hospitals; provided further,
48 that such hospital need not be assessed for taxation if the
49 owner or manager shall file with the county tax assessor
50 wherein such hospital is located within the time allowed for
51 assessing the property for taxation a certificate that such
52 hospital has done 15 percent charity work in the preceding tax
53 year; and further provided, that such hospital through its
54 owner or manager shall have until the expiration of the
55 preceding tax year to class its work and ascertain whether or
56 not such hospital has done 15 percent of its treatment of



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57 patients as charity work.

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

69 (4) All property owned by the American Legion or by
70 Veterans of Foreign Wars or by the Disabled American Veterans,
71 or any post thereof; provided, that such property is used and
72 occupied exclusively by the organization.

73 (5) All the property of literary and scientific
74 institutions and literary societies, when employed or used in
75 the regular business of the institutions.

76 (6) The libraries of ministers of the gospel, all
77 libraries other than those of a professional character and all
78 religious books kept for sale by ministers of the gospel and
79 colporteurs.

80 (7) The property of individuals who are deaf, hard of
81 hearing, or insane to the extent of three thousand dollars
82 (\$3,000) and the property of blind individuals to the extent
83 of twelve thousand dollars (\$12,000).

84 (8) All family portraits.



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85 (9) All cotton, livestock, or agricultural products
86 that have been raised or grown in the State of Alabama and
87 remain in the hands of the producer thereof, or his or her
88 landlord, or in the hands of a cooperative association for all
89 time, and for a period of one year in the hands of the
90 purchaser or the manufacturer.

91 (10) All cotton, wherever grown, stored in licensed
92 warehouses in the State of Alabama for a period not exceeding
93 12 months.

94 (11) Provisions and supplies on hand for the current
95 year for the use of the family and the making of crops; all
96 wearing apparel; farming tools; tools and implements of
97 mechanics to the value of two hundred dollars (\$200); all
98 livestock, including mules, studs, jacks and jennets, cattle,
99 horses, cows, calves, hogs, sheep, and goats; and household
100 and kitchen furniture and one sewing machine.

101 (12) No license or taxation of any character, except
102 franchise taxes provided by Section 229 of the Constitution of
103 the State of Alabama, shall be collected or required to be
104 paid to the state or any county or municipality therein by any
105 state or county fair, agricultural association, or stock,
106 kennel, or poultry show. Athletic stadiums owned and
107 controlled by universities, schools, or colleges and which are
108 used exclusively for the purpose of promoting intercollegiate
109 or interschool athletics; provided, that the revenue received
110 from athletic stadiums, when admission is charged, shall be
111 used for the benefit of athletic associations of such
112 universities, colleges, or schools. Nothing contained in this



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113 subdivision shall be construed to prohibit any municipality,
114 county, or state from imposing any license tax upon or for the
115 privilege of engaging in the business of supplying services
116 for hire or reward or selling commodities other than
117 livestock, farm products, or farm implements or conducting or
118 operating devices or games of skill or amusements or other
119 games or devices, or conducting or operating shows, displays
120 or exhibits other than shows, displays or exhibits of
121 agricultural implements, farm products, livestock, and
122 athletic prowess.

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

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

129 (15) All property, both real and personal, owned by any
130 unit or organization of the Alabama National Guard officially
131 recognized as such by the federal government and organized and
132 maintained by the state, and all property owned by shares and
133 used exclusively by and kept exclusively in the possession of
134 any such unit or organization of the Alabama National Guard,
135 the annual rent or hire of which is not in excess of the
136 annual state, county, and municipal taxes on the property
137 shall be exempt from taxation by the state, and the county and
138 municipality in which the same may be situated.

139 (16) All poultry.

140 (17) The property of all incompetent veterans to the



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141 value of three thousand dollars (\$3,000).

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

152 (19) All property owned by the Benevolent and
153 Protective Order of Elks, Fraternal Order of Police, Fraternal
154 Order of Eagles, or Loyal Order of Moose, or lodge thereof;
155 provided, that such property is used and occupied exclusively
156 by such organization.

157 (20) All devices, facilities, or structures, and all
158 identifiable components thereof or materials for use therein,
159 acquired or constructed primarily for the control, reduction,
160 or elimination of air or water pollution.

161 (21) Tobacco leaf stored in hogsheads.

162 (22) All farm tractors, as that term is defined in
163 Section 32-1-1.1; and all farming implements, as that term is
164 used in subdivision (b) (5) of Section 40-11-1, when used
165 exclusively in connection with agricultural property as
166 defined in subdivision (b) (1) of Section 40-8-1.

167 (23) All grain bins used exclusively for the purpose of
168 storing, holding, drying, preserving, or otherwise preparing a



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169 grain, as defined in Section 2-31-1, for market. For purposes
170 of this chapter, "grain bin" means a structure and its
171 component parts.

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

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

183 a. There originates from the location 15 or more flight
184 departures and five or more different first-stop destinations
185 five days per week for six or more months during the calendar
186 year.

187 b. Passengers or property or both are regularly
188 exchanged at the location between flights of the same or a
189 different certificated or licensed air carrier.

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

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

196 (28)a. The tangible personal property owned by a



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197 business and reported in accordance with Article 1 of Chapter
198 7 to the extent of forty thousand dollars (\$40,000) in market
199 value is exempt from the state levied ad valorem tax.

200 b. Any county or municipality, by resolution or
201 ordinance, may adopt the exemption provided in paragraph a.
202 for county or municipal ad valorem taxes levied on tangible
203 personal property. The ordinance or resolution must be adopted
204 at least 90 days prior to October 1, 2023, or 90 days prior to
205 October 1 of the electing year.

206 (29) All civil aircraft, as defined by Section 23-1-352
207 and operating under 14 CFR Part 91, over 30 years old that are
208 owned by any of the following:

209 a. An individual who is 65 years of age or older,
210 either solely or jointly with a spouse or child.

211 b. A sole proprietor or single member corporation,
212 whose principal owner is 65 years of age or older."

213 Section 2. This act shall become effective on October
214 1, 2024.