



FISCAL NOTE

House Bill 404

Committee: County and Municipal
Government

Sponsor: Representative Rafferty

Analyst: Michael Russo

Date: 03/19/2026

House Bill 404 as reported by the Committee on County and Municipal Government could decrease ad valorem tax receipts to the State General Fund, the Public School Fund, Veterans' Assistance Fund, the Alabama Historical Commission, and to county and municipal governments by an undetermined amount dependent on the assessed value of, and applicable millage rates on, real property owned by a community land trust, created by ordinance of a Class 1 municipality as a result of: 1) exempting certain real property, not subject to a ground lease, from all ad valorem taxation under specified conditions, for up to 3 years; and 2) exempting certain qualifying leasehold interests used for affordable housing, from 20 percent of all ad valorem taxation for 20 years.

This bill could also increase or decrease ad valorem tax receipts to these funds by an undetermined amount dependent on the difference in: 1) such tax collected under current law; and 2) the tax collected pursuant to the provisions of this bill, which would require such community land trust property to be assessed at fair and reasonable market value and consider the statutory limits on rental income, resale price, and transferability provided by this bill.

Additionally, this bill would increase the administrative obligations of: 1) the Department of Examiners of Public Accounts due to the requirement for annual audits of community land trusts; and 2) the Alabama Housing Finance Authority for the receipt and review of required reports from community land trusts.

Finally, this bill would increase the administrative obligations of Class 1 municipalities to do all of the following: 1) establish one or more such entities by ordinance; 2) convey or lease real



property interests to such entities for affordable housing purposes; 3) provide financial or administrative assistance; 4) impose affordability-related conditions on certain real property; and 5) exercise preemptive purchase options on certain improvements or leasehold interests.