

HB167 INTRODUCED



1 HB167
2 AR88R7Q-1
3 By Representative Kiel
4 RFD: Ways and Means General Fund
5 First Read: 13-Jan-26



SYNOPSIS:

Under existing law there is a seven percent cap on increases in the assessed value of real property.

This bill would change the cap on increases in the assessed value of real property.

A BILL
TO BE ENTITLED
AN ACT

Relating to property taxes; to amend Act 2023-344, 2024 Regular Session, now appearing as Section 40-7-2.2, Code of Alabama 1975, to change the cap on real property tax assessments; and to provide for retroactive effect.

BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

Section 1. Act 2024-344, Regular Session 2024, now appearing as Section 40-7-2.2, Code of Alabama 1975 is amended to read as follows:

"§40-7-2.2

(a) After each county-wide reappraisal, as provided by Article 2, and the resulting assessed value of property for ad valorem tax purposes, the tax assessor shall annually compare the assessed value of each real property reappraised or reassessed to the prior year's assessed value. If the assessed



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value of the property increased, the tax assessor shall adjust the assessed value of the property pursuant to this section.

(b) (1) The percentage increase in the assessed value of Class III properties, as defined in Section 40-8-1, from the previous year's assessed value, shall be limited to not more than ~~a seven percent~~ the percentage increase in the Consumer Price Index for all urban consumers as published by the U.S. Department of Labor, Bureau of Labor Statistics for the immediately preceding year. ~~increase in the assessed value of the property from the previous year's assessed value.~~

(2) The percentage increase in the assessed value of Class II properties, as defined in Section 40-8-1, from the previous year's assessed value, shall be limited to not more than ~~a seven percent increase~~ the percentage increase in the Consumer Price Index for all urban consumers as published by the U.S. Department of Labor, Bureau of Labor Statistics for the immediately preceding year. ~~in the assessed value of the property from the previous year's assessed value.~~

(c) The limitations provided for in subsection (b) shall not apply to the following:

(1) Real property that has never been assessed.

(2) Additions or improvements to real property, including new construction. This subdivision shall not include repairs to or ordinary maintenance of an existing structure or the grounds of the property.

(3) Change to the classification of the property.

(4) Change in ownership of the property, except for any of the following:



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57 a. Transfers between spouse or family members for no or
58 nominal consideration, including upon death of owner.

59 b. Transfers due to redemption after foreclosure of a
60 mortgage, tax sale, or tax lien.

61 (5) Property located in a tax increment district
62 created pursuant to Chapter 99 of Title 11.

63 (d) The limitations provided for in subsection (b)
64 shall be effective October 1, 2024, and shall continue through
65 the fiscal year beginning October 1, 2027.

66 Section 2. This act shall become effective on October
67 1, 2026, and shall apply retroactively to October 1, 2024.