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SYNOPSIS:

Under existing law there is no limit on increases in assessed value of real property.

This bill would provide for a cap on real property tax assessments under certain conditions.

A BILL
TO BE ENTITLED
AN ACT

Relating to ad valorem taxation; to limit the assessed value of certain real property for ad valorem tax purposes, with exceptions.

BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

Section 1. (a) After each county-wide reappraisal, as provided by Article 2, Chapter 7, Title 40, Code of Alabama 1975, 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 value of the property increased, then the tax assessor shall adjust the assessed value of the property pursuant to this section.

(b) (1) Class III properties, as defined in Section



29 40-8-1, Code of Alabama 1975, shall be limited to not more
30 than a three percent increase in the assessed value of the
31 property from the previous year's assessed value.

32 (2) Class II properties, as defined in Section 40-8-1,
33 Code of Alabama 1975, shall be limited to not more than a five
34 percent increase in the assessed value of the property from
35 the previous year's assessed value.

36 (c) The limitations provided for in subsection (b)
37 shall not apply to:

38 (1) Real property that has never been assessed.

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

43 (3) Change to the classification of the property.

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

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

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

50 Section 2. This act shall become effective on October
51 1, 2024.