

1 HB296
2 115237-2
3 By Representative Gipson (Constitutional Amendment)
4 RFD: Government Appropriations
5 First Read: 14-JAN-10

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8 SYNOPSIS: Under existing constitutional and statutory
9 law, real and personal property is classified in
10 different categories for ad valorem taxation
11 purposes. The various classifications are assessed
12 at different rates. Currently, motorcycles are
13 assessed at 20 percent and private motor vehicles
14 are assessed at 15 percent.

15 This bill would propose an amendment to
16 Amendment No. 373 to the Constitution of Alabama of
17 1901, now appearing as Section 217 of the Official
18 Recompilation of the Constitution of Alabama of
19 1901, as amended, relating to the classifications
20 of property for ad valorem tax purposes, to include
21 motorcycles within the definition of private
22 passenger automobile and as a result, assessing
23 motorcycles at a lower rate for taxation purposes.

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25 A BILL
26 TO BE ENTITLED
27 AN ACT

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To propose an amendment to Amendment No. 373 to the Constitution of Alabama of 1901, now appearing as Section 217 of the Official Recompilation of the Constitution of Alabama of 1901, as amended, relating to the classifications of property for ad valorem tax purposes, to include motorcycles within the definition of private passenger automobile and as a result, assessing motorcycles at a lower rate.

BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

Section 1. The following amendment to the Constitution of Alabama of 1901, as amended, is proposed and shall become valid as a part thereof when approved by a majority of the qualified electors voting thereon and in accordance with Sections 284, 285, and 287 of the Constitution of Alabama of 1901, as amended:

PROPOSED AMENDMENT

Amendment No. 373, now appearing as Section 217 of the Official Recompilation of the Constitution of Alabama of 1901, as amended, is amended to read as follows:

"Amendment No. 373.

"(a) On and after October 1, 1978, all taxable property within this state, not exempt by law, shall be divided into the following classes for the purposes of ad valorem taxation:

"Class I. All property of utilities used in the business of such utilities.

"Class II. All property not otherwise classified.

1 "Class III. All agricultural, forest and
2 single-family owner-occupied residential property, and
3 historic buildings and sites.

4 "Class IV. All private passenger automobiles, and
5 motor trucks of the type commonly known as "pickups" or
6 "pickup trucks", and motorcycles owned and operated by an
7 individual for personal or private use and not for hire, rent, and
8 or compensation.

9 "(b) With respect to ad valorem taxes levied by the
10 state, all taxable property shall be forever taxed at the same
11 rate. On and after October 1, 1978, such property shall be
12 assessed for ad valorem tax purposes according to the classes
13 thereof as herein defined at the following ratios of assessed
14 value to the fair and reasonable market value (except as
15 otherwise provided in subsection (j) hereof) of such property:

16 "Class I. 30 per centum.

17 "Class II. 20 per centum.

18 "Class III. 10 per centum.

19 "Class IV. 15 per centum.

20 "(c) With respect to ad valorem taxes levied by
21 counties, municipalities or other taxing authorities, all
22 taxable property shall be forever taxed at the same rate. On
23 and after October 1, 1978, such property shall be assessed for
24 ad valorem tax purposes according to the classes of property
25 defined in subsection (a) hereof and at the same ratios of
26 assessed value to the fair and reasonable market value thereof
27 as fixed in subsection (b) hereof, except as otherwise

1 provided in subsection (j) hereof and this subsection (such
2 ratios being herein called "assessment ratios"). In connection
3 with the ad valorem taxes that a county, municipality or other
4 taxing authority is authorized or required to levy and collect
5 pursuant to any provision of this Constitution, for the ad
6 valorem tax year beginning October 1, 1978, any such taxing
7 authority may, subject to criteria established by act of the
8 legislature, by resolution of the governing body of that
9 taxing authority, at any time not later than September 30,
10 1979, increase or decrease the assessment ratio applicable to
11 any class of taxable property, such increase or decrease to be
12 effective for ad valorem tax years beginning on and after
13 October 1, 1978. If (1) a county, municipality or other taxing
14 authority adjusts an assessment ratio pursuant to the
15 preceding sentence and (2) the receipts from all ad valorem
16 taxes levied by or with respect to such taxing authority
17 during the ad valorem tax year beginning October 1, 1978,
18 exceed by more than five percent, or are less than 95 percent
19 of, the receipts from such ad valorem taxes for the ad valorem
20 tax year beginning October 1, 1977, then at any time not later
21 than September 30, 1980, for ad valorem tax years beginning on
22 and after October 1, 1979, the taxing authority may, subject
23 to criteria established by act of the legislature, by
24 resolution of the governing body of that taxing authority,
25 adjust any assessment ratio applicable to any class of taxable
26 property. On and after October 1, 1979, the governing body of
27 any county, municipality or other taxing authority may,

1 subject to criteria established by act of the legislature, at
2 any time increase or decrease the assessment ratio applicable
3 to any class of taxable property; provided, that any proposed
4 adjustment to an assessment ratio to be made pursuant to this
5 sentence, whether an increase or a decrease, shall have been
6 (1) proposed by the governing body of the taxing authority
7 after a public hearing on such proposal, (2) thereafter
8 approved by an act of the legislature, and (3) subsequently
9 approved by a majority vote of the qualified electors residing
10 in the taxing authority who vote on the proposal at a special
11 election called and held in accordance with the law governing
12 special elections. No decrease in an assessment ratio pursuant
13 to this subsection (c) shall be permitted with respect to
14 either of the ad valorem tax years beginning October 1, 1978,
15 and October 1, 1979, if such county, municipality or other
16 taxing authority has increased any millage rate under
17 subsection (e) of this section with respect to such ad valorem
18 tax year. The legislature shall enact general laws applicable
19 to all counties, municipalities and other taxing authorities
20 regulating and establishing criteria for the exercise of the
21 powers granted such taxing authorities to adjust assessment
22 ratios as hereinabove provided. Such assessment ratios as
23 herein authorized may vary among taxing authorities so long as
24 each such assessment ratio is uniform within a taxing
25 authority. Any decrease in any assessment ratio pursuant to
26 this subsection shall not jeopardize the payment of any bonded
27 indebtedness secured by any tax levied by the taxing authority

1 decreasing the assessment ratio. Any action authorized by this
2 subsection to be taken by a taxing authority, or the governing
3 body thereof, shall, other than in the case of a municipality,
4 be taken by resolution of the governing body of the county in
5 which such taxing authority is located acting on behalf of
6 such taxing authority.

7 "(d) With respect to ad valorem taxes levied by the
8 state or by any county, municipality or other taxing
9 authority, no class of taxable property shall have an
10 assessment ratio of less than five per centum nor more than 35
11 per centum.

12 "(e) A county, municipality or other taxing
13 authority may decrease any ad valorem tax rate at any time,
14 provided such decrease shall not jeopardize the payment of any
15 bonded indebtedness secured by such tax. For the ad valorem
16 tax year beginning October 1, 1978, when the tax assessor of
17 each county shall complete the assembly of the assessment book
18 for his county for that ad valorem tax year and the
19 computation of ad valorem taxes that will be paid upon such
20 assessment, he shall certify to each authority within his
21 county that levies an ad valorem tax the amount of ad valorem
22 tax that will be produced by every levy in that ad valorem tax
23 year but excluding for this purpose any assessment of new
24 taxable property not previously subject to taxation (except
25 "escaped" property as defined by law) added to the tax rolls
26 of such county for the ad valorem tax year in which such
27 certification is made that was not included on the tax rolls

1 for the next preceding ad valorem tax year. Any county,
2 municipality or other taxing authority, at any time not later
3 than September 30, 1979, may increase the rate at which any ad
4 valorem tax is levied by or with respect to that taxing
5 authority above the limit otherwise provided in this
6 Constitution, provided that the amount of the above-described
7 certification of anticipated tax receipts with respect to such
8 tax is less than 120 percent of the actual receipts from such
9 tax for the ad valorem tax year beginning October 1, 1977,
10 such increase to be effective for ad valorem tax years
11 beginning on and after October 1, 1978; provided, that any
12 such millage increase shall not exceed in mills the total of
13 (i) the number of additional mills that is necessary, when
14 added to the millage rate imposed with respect to such tax on
15 each dollar of taxable property situated in the taxing
16 authority for the ad valorem tax year beginning October 1,
17 1977, to produce revenue that is not less than and that is
18 substantially equal to that received by the taxing authority
19 with respect to such tax during such immediately preceding ad
20 valorem tax year, plus (ii) a number of additional mills equal
21 to 20 percent of the total mills imposed by that taxing
22 authority with respect to such tax on each dollar of taxable
23 property situated in the taxing authority for the ad valorem
24 tax year beginning October 1, 1977. If, for the ad valorem tax
25 year beginning October 1, 1978, the receipts from any ad
26 valorem tax with respect to which any millage rate has been
27 increased pursuant to the immediately preceding sentence are

1 less than 95 percent of the receipts from such ad valorem tax
2 for the ad valorem tax year beginning October 1, 1977, then at
3 any time not later than September 30, 1980, the taxing
4 authority may increase any millage rate with respect to such
5 ad valorem tax in the manner provided in the immediately
6 preceding sentence, such increase to be effective for ad
7 valorem tax years beginning on and after October 1, 1979. It
8 is further provided that all millage adjustments shall be made
9 in increments of not less than one tenth (1/10) mill.

10 "(f) On and after October 1, 1979, any county,
11 municipality or other taxing authority may at any time
12 increase the rate at which any ad valorem tax is levied above
13 the limit otherwise provided in this Constitution; provided,
14 that the proposed increase to be made pursuant to this
15 subsection shall have been (1) proposed by the governing body
16 of the taxing authority after a public hearing on such
17 proposal, (2) thereafter approved by an act of the
18 legislature, and (3) subsequently approved by a majority vote
19 of the qualified electors residing in the taxing authority who
20 vote on the proposal at a special election called and held in
21 accordance with the law governing special elections. Any
22 adjustments or other actions authorized to be made or taken
23 pursuant to this subsection and subsection (e) hereof shall be
24 made or taken by resolution of the governing body of such
25 taxing authority, or if there is no such governing body and in
26 the case of a taxing authority other than a municipality, by
27 resolution of the governing body of the county in which such

1 taxing authority is located acting on behalf of such taxing
2 authority. The provisions of subsections (c), (e) and (f) of
3 this section shall not apply to ad valorem taxes levied by the
4 state.

5 "(g) The legislature is authorized to enact
6 legislation to implement the provisions of this section and
7 may provide for exemptions from taxation; provided, that
8 unless otherwise expressly provided, no amendment to this
9 section shall be construed to repeal any statutory exemption
10 existing on the effective date of any such amendment hereto.

11 "(h) Wherever any constitutional provision or
12 statute provides for, limits or measures the power or
13 authority of any county, municipality or other taxing
14 authority to levy taxes, borrow money or incur indebtedness in
15 relation to the assessment of property therein for state taxes
16 or for state and county taxes, such provision shall mean as
17 assessed for county or municipal taxes, as the case may be.

18 "(i) Except as otherwise provided in this
19 Constitution, including any amendment thereto whenever adopted
20 with respect to taxable property located in the city of
21 Mountain Brook, the city of Vestavia Hills, or the city of
22 Huntsville, the amount of ad valorem taxes payable to the
23 state and to all counties, municipalities and other taxing
24 authorities with respect to any item of taxable property
25 described as Class I property shall never exceed 2 percent of
26 the fair and reasonable market value of such taxable property
27 in any one ad valorem tax year, such amount with respect to

1 any item of Class II property shall never exceed 1 1/2 percent
2 of the fair and reasonable market value of such taxable
3 property in any one ad valorem tax year, such amount with
4 respect to any item of Class IV property shall never exceed 1
5 1/4 percent of the fair and reasonable market value of such
6 taxable property in any one ad valorem tax year, and such
7 amount with respect to any item of Class III property shall
8 never exceed 1 percent of the fair and reasonable market value
9 of such taxable property in any one ad valorem tax year.
10 Whenever the total amount of ad valorem property taxes
11 otherwise payable by any taxpayer with respect to any item of
12 taxable property shall exceed in any one ad valorem tax year
13 the maximum amount of such taxes permitted by this section,
14 such amount of taxes shall be reduced by subtracting that
15 amount of tax due that is in excess of the amount of tax
16 otherwise permissible under the Constitution. In connection
17 with the taxation of any item of taxable property, the amount
18 of tax to be subtracted with respect to each authority levying
19 and collecting any ad valorem property tax shall be in the
20 same proportion to the total amount of tax to be subtracted
21 that the total number of mills on each dollar of taxable
22 property situated in the taxing authority levied by such
23 taxing authority bears to the total number of mills on each
24 dollar of taxable property situated in the taxing authority
25 levied by all taxing authorities with respect to such item of
26 taxable property. Before sending to any taxpayer any notice
27 relating to the collection of ad valorem taxes, the tax

1 collector in each county shall determine whether any portion
2 of the amount of ad valorem property tax otherwise due with
3 respect to any item of taxable property shall be subtracted
4 pursuant to the provisions of this subsection and shall
5 apportion the amount to be subtracted in accordance with the
6 provisions of this subsection.

7 "(j) Notwithstanding any other provision of this
8 section, on and after October 1, 1978, taxable property
9 defined in subsection (a) hereof as Class III property shall,
10 upon application by the owner of such property, be assessed at
11 the ratio of assessed value to the current use value of such
12 taxable property and not the fair and reasonable market value
13 of such property. The legislature may enact laws uniformly
14 applicable to the state and all counties, municipalities and
15 other taxing authorities establishing criteria and procedures
16 for the determination of the current use value of any eligible
17 taxable property and procedures for qualifying such property
18 for assessment at its current use value. The legislature may
19 also enact laws uniformly applicable to the state and all
20 counties, municipalities and other taxing authorities
21 providing for the ad valorem taxation of any taxable property
22 ceasing to qualify for current use valuation; provided,
23 however, that any additional tax on taxable property ceasing
24 to qualify for current use valuation shall not apply to more
25 than the three ad valorem tax years immediately preceding such
26 cessation of qualification (including as one such year the
27 year in which cessation of qualification occurs).

1 "(k) The following property shall be exempt from all
2 ad valorem taxation: the real and personal property of the
3 state, counties and municipalities and property devoted
4 exclusively to religious, educational or charitable purposes,
5 household and kitchen furniture, all farm tractors, all
6 farming implements when used exclusively in connection with
7 agricultural property and all stocks of goods, wares and
8 merchandise.

9 "(l) Notwithstanding the other provisions of this
10 section, with respect to the costs of reappraisal incident to
11 the state-wide reappraisal of property heretofore authorized
12 by the legislature, each county, municipality or other taxing
13 authority for ad valorem tax years beginning on and after
14 October 1, 1978, may impose and levy an additional ad valorem
15 tax of not more than two mills on all taxable property located
16 in the taxing authority in order to reimburse itself for its
17 payment of such costs of reappraisal or to pay any unpaid
18 costs or its pro rata share of such unpaid costs of
19 reappraisal. The taxes provided for in this subsection, or any
20 pro rata part thereof, shall terminate at the end of the ad
21 valorem tax year in which sufficient funds are received from
22 the taxes to pay in full the said reappraisal costs and any
23 receipts from such taxes that are received during the ad
24 valorem tax year of their termination that are not needed for
25 the purposes specified herein may be used by the taxing
26 authority levying the tax for general purposes of the taxing
27 authority. The taxes authorized in this subsection shall not

1 exceed in the aggregate, with respect to any item of taxable
2 property located in the taxing authority, a total of two mills
3 for all such taxes levied by all taxing authorities in a
4 county and not two mills for each taxing authority in a
5 county. If more than one such taxing authority in a county has
6 paid or owes all or a portion of its reappraisal costs, such
7 two mills shall be prorated among such taxing authorities in
8 the county as they may agree, or if they cannot agree, in the
9 percentage which each such taxing authority's costs of
10 reappraisal bear to the total costs of reappraisal of all
11 taxing authorities in the county. The provisions of this
12 subsection shall apply only to the costs incurred by a taxing
13 authority incident to the state-wide reappraisal of property
14 heretofore authorized by the legislature, the amount of which
15 costs shall be certified by the department of revenue, and
16 shall not be applicable to any future reappraisals that may be
17 required by law.

18 "(m) If any portion of this section should be
19 declared invalid by any court of competent jurisdiction, such
20 invalidity shall not affect the validity of any of the
21 remaining portions of this section, which shall continue
22 effective."

23 Section 2. An election upon the proposed amendment
24 shall be held in accordance with Sections 284 and 285 of the
25 Constitution of Alabama of 1901, now appearing as Sections 284
26 and 285 of the Official Recompilation of the Constitution of

1 Alabama of 1901, as amended, and the election laws of this
2 state.

3 Section 3. The appropriate election official shall
4 assign a ballot number for the proposed constitutional
5 amendment on the election ballot and shall set forth the
6 following description of the substance or subject matter of
7 the proposed constitutional amendment:

8 "Proposing an amendment to Amendment No. 373 to the
9 Constitution of Alabama of 1901, now appearing as Section 217
10 of the Official Recompilation of the Constitution of Alabama
11 of 1901, as amended, relating to the classifications of
12 property for ad valorem tax purposes, to include motorcycles
13 within the definition of private passenger automobile and as a
14 result, taxing motorcycles at a lower rate.

15 "Proposed by Act _____."

16 This description shall be followed by the following
17 language:

18 "Yes () No ()."