

1 SB85  
2 172840-1  
3 By Senator Orr  
4 RFD: Finance and Taxation General Fund  
5 First Read: 02-FEB-16

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8 SYNOPSIS: Under existing law, if a Class III property  
9 qualified for assessment based on its current use  
10 value is sold or disposed of and is converted  
11 within two years to a property no longer qualified  
12 for assessment based on its current use value, a  
13 tax assessor is to compute additional ad valorem  
14 taxes for the three preceding ad valorem tax years  
15 upon conversion using either the sales price or the  
16 fair and reasonable market value, whichever is  
17 greater.

18 This bill would remove the levy of the  
19 additional state ad valorem taxes computed for the  
20 three preceding ad valorem tax years upon  
21 conversion on landowners receiving economic  
22 incentives granted by the state and authorized  
23 through a state project agreement or state  
24 contract.

25 This bill would allow any county or  
26 municipal governments, by election of the  
27 respective county or municipality, to also waive

1 the levy of the additional local ad valorem taxes  
2 computed for the three preceding ad valorem tax  
3 years upon conversion on landowners receiving  
4 economic incentives granted by the state and  
5 authorized through a state project agreement or  
6 state contract.

7  
8 A BILL  
9 TO BE ENTITLED  
10 AN ACT  
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12 To amend Section 40-7-25.3 of the Code of Alabama,  
13 1975; regarding exempting certain landowners from the  
14 additional state ad valorem property taxes assessed after a  
15 Class III property qualified for assessment based on its  
16 current use value is converted and is no longer qualified for  
17 such value assessment; and allowing county and municipal  
18 governments, upon election, to exempt certain landowners from  
19 the additional local ad valorem taxes assessed after a Class  
20 III property qualified for assessment based on its current use  
21 value is converted and is no longer qualified for such value  
22 assessment.

23 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

24 Section 1. Section 40.7-25.3 of the Code of Alabama  
25 1975, is amended to read as follows:

26 "§40-7-25.3.

1           "(a) If the sale or other disposition of taxable  
2 property qualified for assessment based on its current use  
3 value results in or is followed by the conversion of such  
4 property, within two years from the date of sale or other  
5 disposition, to a use that is not so qualified, then with  
6 respect to such property, there shall be levied and collected,  
7 in the ad valorem tax year beginning on the October 1 next  
8 succeeding the conversion of such property, an amount of  
9 additional taxes to be computed in the manner provided by this  
10 section. If taxable property qualified for assessment at its  
11 current use value is converted to a use not so qualified, then  
12 the tax assessor shall thereupon appraise such property in  
13 accordance with the provisions of Section 40-7-15 and Section  
14 40-7-25, as amended, and shall compute the amount of  
15 additional taxes payable with respect to such property in the  
16 manner provided in this section. The owner of taxable property  
17 qualified for assessment at its current use value which is  
18 converted to a use not so qualified shall so notify the tax  
19 assessor of the county in which such property is located, on  
20 and after October 1 but not later than January 1 in the  
21 taxable year next succeeding the taxable year in which such  
22 conversion is made. Except as provided for in subsection (b),  
23 the ~~The~~ tax assessor shall compute the amount of ad valorem  
24 property taxes that would have been payable with respect to  
25 such converted property if the sales price or the fair and  
26 reasonable market value of such property at the time of its  
27 conversion, whichever is greater, had been used instead of the

1 current use value of such property in computing the amount of  
2 taxes payable with respect to such property for each of the  
3 three ad valorem tax years preceding the tax year beginning on  
4 the October 1 next succeeding the conversion of such property.  
5 Such amount shall be additional taxes to be levied and  
6 collected on the first assessment lists prepared subsequent to  
7 such conversion in the same manner and at the same time as  
8 other taxes and shall constitute a lien on such property to  
9 the same extent as other taxes, as provided in Section 40-1-3.  
10 If such converted property constitutes only a portion of a  
11 parcel so qualified on the assessment lists, the tax assessor  
12 shall apportion the assessment of such parcel on the first  
13 assessment lists prepared subsequent to the conversion and  
14 enter the apportioned amount attributable to the portion  
15 converted as a separately assessed parcel on the assessment  
16 lists. Such apportionment shall be made for each of the years  
17 to which additional taxes apply.

18 "(b) Notwithstanding any other provision of law,  
19 landowners receiving economic incentives granted by the state  
20 and authorized through a state project agreement or state  
21 contract shall not be subject to the additional state ad  
22 valorem taxes levied pursuant to subsection (a). The  
23 aforementioned landowners may not be subject to the additional  
24 local ad valorem taxes levied pursuant to subsection (a) upon  
25 election made by the respective governing body of the county  
26 or municipality."

1                   Section 2. This act shall become effective  
2 immediately following its passage and approval by the  
3 Governor, or its otherwise becoming law.