HB171

X41CE7Z-1

By Representatives Sells, Baker, Lovvorn, Kiel, Shedd

RFD: Ways and Means General Fund

First Read: 15-Feb-24

SYNOPSIS:

Under existing law, ad valorem taxation applies to all real property in the state unless expressly exempted by law.

This bill would exempt certain aircraft from ad valorem taxation.

A BILL

TO BE ENTITLED

AN ACT

Relating to exemptions from ad valorem taxation; to amend Section 40-9-1, Code of Alabama; to exempt certain aircraft from ad valorem taxation.

BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

Section 1. Section 40-9-1, Code of Alabama 1975, is amended to read as follows:

"§40-9-1

The following property and persons shall be exempt from ad valorem taxation and none other:

(1) All bonds of the United States and this state and all county and municipal bonds issued by counties and municipalities in this state, all property, real and personal, of the United States and this state and of county and

municipal corporations in this state; all cemeteries, all property, real and personal, used exclusively for religious worship, for schools or for purposes purely charitable; provided, that property, real or personal, owned by any educational, religious, or charitable institution, society or corporation let for rent or hire or for use for business purposes shall not be exempt from taxation, notwithstanding that the income from such property shall be used exclusively for education, religious, or charitable purposes; all mortgages, together with the notes, debts, and credits secured thereby on real and personal property situated in this state, which mortgages have been filed for record and the privilege tax paid thereon; all security agreements and security interests under the Uniform Commercial Code, together with the notes, debts, and credits secured thereby; all money on deposit in any bank or banking institution and all other solvent credits; all warrants issued by county boards of education and city boards of education for the purpose of erecting, repairing, furnishing school buildings, or for other school purposes.

(2) All property, real or personal, used exclusively for hospital purposes, to the amount of seventy-five thousand dollars ($75,000), where such hospitals maintain wards for charity patients or give treatment to such patients; provided, that the treatment of charity patients constitutes at least 15 percent of the business of such hospitals; provided further, that such hospital need not be assessed for taxation if the owner or manager shall file with the county tax assessor

wherein such hospital is located within the time allowed for assessing the property for taxation a certificate that such hospital has done 15 percent charity work in the preceding tax year; and further provided, that such hospital through its owner or manager shall have until the expiration of the preceding tax year to class its work and ascertain whether or not such hospital has done 15 percent of its treatment of patients as charity work.

(3) The shares of the capital stock of any corporation owning and operating a hospital, to the extent of seventy-five thousand dollars ($75,000) in value; provided, that the corporation maintains wards for charity patients and gives treatment to such patients, which treatment constitutes at least 15 percent of the business of the hospital of the corporation; provided, that the total exemption granted to any such corporation shall not exceed seventy-five thousand dollars ($75,000), taking into consideration its real and personal property and the value of its shares of capital stock.

(4) All property owned by the American Legion or by Veterans of Foreign Wars or by the Disabled American Veterans, or any post thereof; provided, that such property is used and occupied exclusively by the organization.

(5) All the property of literary and scientific institutions and literary societies, when employed or used in the regular business of the institutions.

(6) The libraries of ministers of the gospel, all libraries other than those of a professional character and all

religious books kept for sale by ministers of the gospel and colporteurs.

(7) The property of individuals who are deaf, hard of hearing, or insane to the extent of three thousand dollars ($3,000) and the property of blind individuals to the extent of twelve thousand dollars ($12,000).

(8) All family portraits.

(9) All cotton, livestock, or agricultural products that have been raised or grown in the State of Alabama and remain in the hands of the producer thereof, or his or her landlord, or in the hands of a cooperative association for all time, and for a period of one year in the hands of the purchaser or the manufacturer.

(10) All cotton, wherever grown, stored in licensed warehouses in the State of Alabama for a period not exceeding 12 months.

(11) Provisions and supplies on hand for the current year for the use of the family and the making of crops; all wearing apparel; farming tools; tools and implements of mechanics to the value of two hundred dollars ($200); all livestock, including mules, studs, jacks and jennets, cattle, horses, cows, calves, hogs, sheep, and goats; and household and kitchen furniture and one sewing machine.

(12) No license or taxation of any character, except franchise taxes provided by Section 229 of the Constitution of the State of Alabama, shall be collected or required to be paid to the state or any county or municipality therein by any state or county fair, agricultural association, or stock,

kennel, or poultry show. Athletic stadiums owned and controlled by universities, schools, or colleges and which are used exclusively for the purpose of promoting intercollegiate or interschool athletics; provided, that the revenue received from athletic stadiums, when admission is charged, shall be used for the benefit of athletic associations of such universities, colleges, or schools. Nothing contained in this subdivision shall be construed to prohibit any municipality, county, or state from imposing any license tax upon or for the privilege of engaging in the business of supplying services for hire or reward or selling commodities other than livestock, farm products, or farm implements or conducting or operating devices or games of skill or amusements or other games or devices, or conducting or operating shows, displays or exhibits other than shows, displays or exhibits of agricultural implements, farm products, livestock, and athletic prowess.

(13) All material, including without limitation coke, to be compounded or further manufactured, when stocked at any plant or furnace for manufacturing purposes in Alabama.

(14) All articles manufactured in Alabama, including pig iron, in the hands of the producer or manufacturer thereof, for 12 months after its production or manufacture.

(15) All property, both real and personal, owned by any unit or organization of the Alabama National Guard officially recognized as such by the federal government and organized and maintained by the state, and all property owned by shares and used exclusively by and kept exclusively in the possession of

any such unit or organization of the Alabama National Guard, the annual rent or hire of which is not in excess of the annual state, county, and municipal taxes on the property shall be exempt from taxation by the state, and the county and municipality in which the same may be situated.

(16) All poultry.

(17) The property of all incompetent veterans to the value of three thousand dollars ($3,000).

(18) The following items of personal property when owned by individuals for personal use in the home or usually kept at the home of the owner and not carried as stocks of merchandise, namely: Libraries; phonographs; pianos and other musical instruments; paintings; precious stones, jewelry, plate silverware, ornaments, and articles of taste; watches and clocks; wagons, buggies, bicycles, guns, pistols, canes, golf sticks, golf bags, and sporting goods; money hoarded; radios; mechanical and electrical refrigerators; electrical appliances.

(19) All property owned by the Benevolent and Protective Order of Elks, Fraternal Order of Police, Fraternal Order of Eagles, or Loyal Order of Moose, or lodge thereof; provided, that such property is used and occupied exclusively by such organization.

(20) All devices, facilities, or structures, and all identifiable components thereof or materials for use therein, acquired or constructed primarily for the control, reduction, or elimination of air or water pollution.

(21) Tobacco leaf stored in hogsheads.

(22) All farm tractors, as that term is defined in Section 32-1-1.1; and all farming implements, as that term is used in subdivision (b)(5) of Section 40-11-1, when used exclusively in connection with agricultural property as defined in subdivision (b)(1) of Section 40-8-1.

(23) All grain bins used exclusively for the purpose of storing, holding, drying, preserving, or otherwise preparing a grain, as defined in Section 2-31-1, for market. For purposes of this chapter, "grain bin" means a structure and its component parts.

(24) All stocks of goods, wares, and merchandise described in subdivision (b)(4) of Section 40-11-1.

(25) All aircraft, replacement parts, components, systems, supplies, and sundries affixed or used on the aircraft, and ground support equipment and vehicles used by or for the aircraft, when used by a certificated or licensed air carrier with a hub operation within this state, for use in conducting intrastate, interstate, or foreign commerce for transporting people or property by air. For the purpose of this subdivision, the words "hub operation" within this state shall be construed to have all of the following criteria:

a. There originates from the location 15 or more flight departures and five or more different first-stop destinations five days per week for six or more months during the calendar year.

b. Passengers or property or both are regularly exchanged at the location between flights of the same or a different certificated or licensed air carrier.

(26) All property described in Title 12 U.S.C. § 1701q, commonly known as HUD 202 property, is hereby exempt from any and all ad valorem taxes.

(27) All vessels and equipment thereon, used predominantly in the business of commercial fishing, as defined in Section 40-23-1, by the owners thereof.

(28)a. The tangible personal property owned by a business and reported in accordance with Article 1 of Chapter 7 to the extent of forty thousand dollars ($40,000) in market value is exempt from the state levied ad valorem tax.

b. Any county or municipality, by resolution or ordinance, may adopt the exemption provided in paragraph a. for county or municipal ad valorem taxes levied on tangible personal property. The ordinance or resolution must be adopted at least 90 days prior to October 1, 2023, or 90 days prior to October 1 of the electing year.

(29) All civil aircraft, as defined by Section 23-1-352 and operating under 14 CFR Part 91, over 30 years old that are owned by any person who is 65 years of age or older."

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