

HB292 INTRODUCED



1 Q7LK11-1
2 By Representative Sells
3 RFD: Ways and Means General Fund
4 First Read: 11-Apr-23
5



1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

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, as last amended by Act 2022-199 of the 2022 Regular Session, Code of Alabama 1975; to exempt certain aircraft from ad valorem taxation.

BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

Section 1. Section 40-9-1, as last amended by Act 2022-199 of the 2022 Regular Session, 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



HB292 INTRODUCED

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

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



HB292 INTRODUCED

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

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

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

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

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



HB292 INTRODUCED

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

87 (7) The property of individuals who are deaf, hard of
88 hearing, or insane to the extent of three thousand dollars
89 (\$3,000) and the property of blind individuals to the extent
90 of twelve thousand dollars (\$12,000).

91 (8) All family portraits.

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

98 (10) All cotton, wherever grown, stored in licensed
99 warehouses in the State of Alabama for a period not exceeding
100 12 months.

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

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



HB292 INTRODUCED

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

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

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

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



HB292 INTRODUCED

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

146 (16) All poultry.

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

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

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

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

168 (21) Tobacco leaf stored in hogsheads.



HB292 INTRODUCED

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

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

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

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

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

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



HB292 INTRODUCED

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

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

203 (28) All aircraft, as defined by Section 23-1-352, over
204 30 years old that are owned by any person who is 65 years of
205 age or older."

206 Section 2. This act shall become effective October 1,
207 2023 following its passage and approval by the Governor, or
208 its otherwise becoming law.