

1 HB63  
2 106077-1  
3 By Representative Gipson (Constitutional Amendment)  
4 RFD: Government Appropriations  
5 First Read: 12-JAN-10  
6 PFD: 12/08/2009

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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 taxed at  
12 different rates. Currently, privately owned,  
13 noncommercial aircraft are taxed at 20 percent and  
14 private motor vehicles are taxed 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 privately owned, noncommercial aircraft within  
22 Class IV.

23  
24 A BILL  
25 TO BE ENTITLED  
26 AN ACT  
27



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" owned and operated by an individual for  
7 personal or private use and not for hire, rent, or  
8 compensation; and all noncommercial aircraft, privately owned  
9 by an individual or group of individuals, used exclusively for  
10 personal pleasure, for display, or for use in aircraft shows  
11 and exhibits without compensation, and provided the aircraft  
12 is not used for business purposes or to transport passengers  
13 or cargo for a fee.

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

21           "Class I. 30 per centum.

22           "Class II. 20 per centum.

23           "Class III. 10 per centum.

24           "Class IV. 15 per centum.

25           "(c) With respect to ad valorem taxes levied by  
26 counties, municipalities or other taxing authorities, all  
27 taxable property shall be forever taxed at the same rate. On

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

1 to criteria established by act of the legislature, by  
2 resolution of the governing body of that taxing authority,  
3 adjust any assessment ratio applicable to any class of taxable  
4 property. On and after October 1, 1979, the governing body of  
5 any county, municipality or other taxing authority may,  
6 subject to criteria established by act of the legislature, at  
7 any time increase or decrease the assessment ratio applicable  
8 to any class of taxable property; provided, that any proposed  
9 adjustment to an assessment ratio to be made pursuant to this  
10 sentence, whether an increase or a decrease, shall have been  
11 (1) proposed by the governing body of the taxing authority  
12 after a public hearing on such proposal, (2) thereafter  
13 approved by an act of the legislature, and (3) subsequently  
14 approved by a majority vote of the qualified electors residing  
15 in the taxing authority who vote on the proposal at a special  
16 election called and held in accordance with the law governing  
17 special elections. No decrease in an assessment ratio pursuant  
18 to this subsection (c) shall be permitted with respect to  
19 either of the ad valorem tax years beginning October 1, 1978,  
20 and October 1, 1979, if such county, municipality or other  
21 taxing authority has increased any millage rate under  
22 subsection (e) of this section with respect to such ad valorem  
23 tax year. The legislature shall enact general laws applicable  
24 to all counties, municipalities and other taxing authorities  
25 regulating and establishing criteria for the exercise of the  
26 powers granted such taxing authorities to adjust assessment  
27 ratios as hereinabove provided. Such assessment ratios as

1 herein authorized may vary among taxing authorities so long as  
2 each such assessment ratio is uniform within a taxing  
3 authority. Any decrease in any assessment ratio pursuant to  
4 this subsection shall not jeopardize the payment of any bonded  
5 indebtedness secured by any tax levied by the taxing authority  
6 decreasing the assessment ratio. Any action authorized by this  
7 subsection to be taken by a taxing authority, or the governing  
8 body thereof, shall, other than in the case of a municipality,  
9 be taken by resolution of the governing body of the county in  
10 which such taxing authority is located acting on behalf of  
11 such taxing authority.

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

17 "(e) A county, municipality or other taxing  
18 authority may decrease any ad valorem tax rate at any time,  
19 provided such decrease shall not jeopardize the payment of any  
20 bonded indebtedness secured by such tax. For the ad valorem  
21 tax year beginning October 1, 1978, when the tax assessor of  
22 each county shall complete the assembly of the assessment book  
23 for his county for that ad valorem tax year and the  
24 computation of ad valorem taxes that will be paid upon such  
25 assessment, he shall certify to each authority within his  
26 county that levies an ad valorem tax the amount of ad valorem  
27 tax that will be produced by every levy in that ad valorem tax

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



1 property situated in the taxing authority for the ad valorem  
2 tax year beginning October 1, 1977. If, for the ad valorem tax  
3 year beginning October 1, 1978, the receipts from any ad  
4 valorem tax with respect to which any millage rate has been  
5 increased pursuant to the immediately preceding sentence are  
6 less than 95 percent of the receipts from such ad valorem tax  
7 for the ad valorem tax year beginning October 1, 1977, then at  
8 any time not later than September 30, 1980, the taxing  
9 authority may increase any millage rate with respect to such  
10 ad valorem tax in the manner provided in the immediately  
11 preceding sentence, such increase to be effective for ad  
12 valorem tax years beginning on and after October 1, 1979. It  
13 is further provided that all millage adjustments shall be made  
14 in increments of not less than one tenth (1/10) mill.

15 "(f) On and after October 1, 1979, any county,  
16 municipality or other taxing authority may at any time  
17 increase the rate at which any ad valorem tax is levied above  
18 the limit otherwise provided in this Constitution; provided,  
19 that the proposed increase to be made pursuant to this  
20 subsection shall have been (1) proposed by the governing body  
21 of the taxing authority after a public hearing on such  
22 proposal, (2) thereafter approved by an act of the  
23 legislature, and (3) subsequently approved by a majority vote  
24 of the qualified electors residing in the taxing authority who  
25 vote on the proposal at a special election called and held in  
26 accordance with the law governing special elections. Any  
27 adjustments or other actions authorized to be made or taken

1 pursuant to this subsection and subsection (e) hereof shall be  
2 made or taken by resolution of the governing body of such  
3 taxing authority, or if there is no such governing body and in  
4 the case of a taxing authority other than a municipality, by  
5 resolution of the governing body of the county in which such  
6 taxing authority is located acting on behalf of such taxing  
7 authority. The provisions of subsections (c), (e) and (f) of  
8 this section shall not apply to ad valorem taxes levied by the  
9 state.

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

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

23 "(i) Except as otherwise provided in this  
24 Constitution, including any amendment thereto whenever adopted  
25 with respect to taxable property located in the city of  
26 Mountain Brook, the city of Vestavia Hills, or the city of  
27 Huntsville, the amount of ad valorem taxes payable to the

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

1 taxing authority bears to the total number of mills on each  
2 dollar of taxable property situated in the taxing authority  
3 levied by all taxing authorities with respect to such item of  
4 taxable property. Before sending to any taxpayer any notice  
5 relating to the collection of ad valorem taxes, the tax  
6 collector in each county shall determine whether any portion  
7 of the amount of ad valorem property tax otherwise due with  
8 respect to any item of taxable property shall be subtracted  
9 pursuant to the provisions of this subsection and shall  
10 apportion the amount to be subtracted in accordance with the  
11 provisions of this subsection.

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

1       however, that any additional tax on taxable property ceasing  
2       to qualify for current use valuation shall not apply to more  
3       than the three ad valorem tax years immediately preceding such  
4       cessation of qualification (including as one such year the  
5       year in which cessation of qualification occurs).

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

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

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

23 "(m) If any portion of this section should be  
24 declared invalid by any court of competent jurisdiction, such  
25 invalidity shall not affect the validity of any of the  
26 remaining portions of this section, which shall continue  
27 effective."

1           Section 2. An election upon the proposed amendment  
2 shall be held in accordance with Sections 284 and 285 of the  
3 Constitution of Alabama of 1901, as amended, now appearing as  
4 Sections 284 and 285 of the Official Recompilation of the  
5 Constitution of Alabama of 1901, as amended, and the election  
6 laws of this state.

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

12                 "Proposing an amendment to Amendment No. 373 to the  
13 Constitution of Alabama of 1901, relating to the  
14 classifications of property for ad valorem tax purposes, to  
15 include privately owned, noncommercial aircraft within Class  
16 IV and as a result, taxing privately owned, noncommercial  
17 aircraft at a lower rate.

18                 "Proposed by Act \_\_\_\_\_."

19                 This description shall be followed by the following  
20 language:

21                 "Yes ( ) No ( )."