

1 HB400  
2 218011-2  
3 By Representative Kitchens  
4 RFD: Agriculture and Forestry  
5 First Read: 23-FEB-22

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

This bill would provide that all grain bin structures and parts used for preparing a grain for market would be exempt 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 1975; and to exempt grain bins 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           "(1) All bonds of the United States and this state  
2 and all county and municipal bonds issued by counties and  
3 municipalities in this state, all property, real and personal,  
4 of the United States and this state and of county and  
5 municipal corporations in this state; all cemeteries, all  
6 property, real and personal, used exclusively for religious  
7 worship, for schools or for purposes purely charitable;  
8 provided, that property, real or personal, owned by any  
9 educational, religious or charitable institution, society or  
10 corporation let for rent or hire or for use for business  
11 purposes shall not be exempt from taxation, notwithstanding  
12 that the income from such property shall be used exclusively  
13 for education, religious or charitable purposes; all  
14 mortgages, together with the notes, debts and credits secured  
15 thereby on real and personal property situated in this state,  
16 which mortgages have been filed for record and the privilege  
17 tax paid thereon; all security agreements and security  
18 interests under the Uniform Commercial Code, together with the  
19 notes, debts and credits secured thereby; all money on deposit  
20 in any bank or banking institution and all other solvent  
21 credits; all warrants issued by county boards of education and  
22 city boards of education for the purpose of erecting,  
23 repairing, furnishing school buildings or for other school  
24 purposes;

25           "(2) All property, real or personal, used  
26 exclusively for hospital purposes, to the amount of \$75,000,  
27 where such hospitals maintain wards for charity patients or

1 give treatment to such patients; provided, that the treatment  
2 of charity patients constitutes at least 15 percent of the  
3 business of such hospitals; provided further, that such  
4 hospital need not be assessed for taxation if the owner or  
5 manager shall file with the county tax assessor wherein such  
6 hospital is located within the time allowed for assessing such  
7 property for taxation a certificate that such hospital has  
8 done 15 percent charity work in the preceding tax year; and  
9 further provided, that such hospital through its owner or  
10 manager shall have until the expiration of the preceding tax  
11 year to class its work and ascertain whether or not such  
12 hospital has done 15 percent of its treatment of patients as  
13 charity work;

14 "(3) The shares of the capital stock of any  
15 corporation owning and operating a hospital, to the extent of  
16 \$75,000 in value; provided, that said corporation maintains  
17 wards for charity patients and gives treatment to such  
18 patients, which treatment constitutes at least 15 percent of  
19 the business of the hospital of said corporation; provided,  
20 that the total exemption granted to any such corporation shall  
21 not exceed \$75,000, taking into consideration its real and  
22 personal property and the value of its shares of capital  
23 stock;

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

1           "(5) All the property of literary and scientific  
2 institutions and literary societies, when employed or used in  
3 the regular business of such institutions;

4           "(6) The libraries of ministers of the gospel, all  
5 libraries other than those of a professional character and all  
6 religious books kept for sale by ministers of the gospel and  
7 colporteurs;

8           "(7) The property of deaf mutes and insane persons  
9 to the extent of \$3,000 and the property of blind persons to  
10 the extent of \$12,000;

11           "(8) All family portraits;

12           "(9) All cotton, livestock or agricultural products  
13 which have been raised or grown in the State of Alabama and  
14 which shall remain in the hands of the producer thereof, or  
15 his landlord, or in the hands of a cooperative association for  
16 all time, and for a period of one year in the hands of the  
17 purchaser or the manufacturer;

18           "(10) All cotton, wherever grown, stored in licensed  
19 warehouses in the State of Alabama for a period not exceeding  
20 12 months;

21           "(11) Provisions and supplies on hand for the  
22 current year for the use of the family and the making of  
23 crops; all wearing apparel; farming tools; tools and  
24 implements of mechanics to the value of \$200; all livestock,  
25 including mules, studs, jacks and jennets, cattle, horses,  
26 cows, calves, hogs, sheep and goats; household and kitchen  
27 furniture and one sewing machine;

1           "(12) No license or taxation of any character,  
2           except franchise taxes provided by Section 229 of the  
3           Constitution of the State of Alabama, shall be collected or  
4           required to be paid to the state or any county or municipality  
5           therein by any state or county fair, agricultural association,  
6           stock, kennel or poultry show. Athletic stadiums owned and  
7           controlled by universities, schools or colleges and which are  
8           used exclusively for the purpose of promoting intercollegiate  
9           or interschool athletics; provided, that the revenue received  
10          from athletic stadiums, when admission is charged, shall be  
11          used for the benefit of athletic associations of such  
12          universities, colleges or schools. Nothing contained in this  
13          subdivision shall be construed to prohibit any municipality,  
14          county or state from imposing any license tax upon or for the  
15          privilege of engaging in the business of supplying services  
16          for hire or reward or selling commodities other than  
17          livestock, farm products or farm implements or conducting or  
18          operating devices or games of skill or amusements or other  
19          games or devices, or conducting or operating shows, displays  
20          or exhibits other than shows, displays or exhibits of  
21          agricultural implements, farm products, livestock and athletic  
22          prowess;

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

26                 "(14) All articles manufactured in Alabama,  
27                 including pig iron, in the hands of the producer or

1 manufacturer thereof, for 12 months after its production or  
2 manufacture;

3 "(15) All property, both real and personal, owned by  
4 any unit or organization of the Alabama National Guard  
5 officially recognized as such by the federal government and  
6 organized and maintained by the state, and all property owned  
7 by shares and used exclusively by and kept exclusively in the  
8 possession of any such unit or organization of the Alabama  
9 National Guard, the annual rent or hire of which is not in  
10 excess of the annual state, county and municipal taxes on said  
11 property shall be exempt from taxation by the state, and the  
12 county and municipality in which the same may be situated;

13 "(16) All poultry;

14 "(17) The property of all incompetent veterans to  
15 the value of \$3,000;

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

26 "(19) All property owned by the Benevolent and  
27 Protective Order of Elks, Fraternal Order of Police, Fraternal

1 Order of Eagles or Loyal Order of Moose, or lodge thereof;  
2 provided, that such property is used and occupied exclusively  
3 by such organization;

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

8 "(21) Tobacco leaf stored in hogsheads;

9 "(22) All farm tractors, as that term is defined in  
10 subdivision (19) of Section 32-1-1.1; and all farming  
11 implements, as that term is used in subdivision (b) (5) of  
12 Section 40-11-1, as amended, when used exclusively in  
13 connection with agricultural property as defined in  
14 subdivision (b) (3) of Section 40-8-1, as amended;

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

20 "~~(23)~~ (24) All stocks of goods, wares and  
21 merchandise described in subdivision (b) (4) of Section  
22 40-11-1, as amended; and

23 "~~(24)~~ (25) All aircraft, replacement parts,  
24 components, systems, supplies and sundries affixed or used on  
25 said aircraft, and ground support equipment and vehicles used  
26 by or for the aircraft, when used by a certificated or  
27 licensed air carrier with a hub operation within this state,



1 for use in conducting intrastate, interstate or foreign  
2 commerce for transporting people or property by air. For the  
3 purpose of this subdivision, the words "hub operation within  
4 this state" shall be construed to have all of the following  
5 criteria:

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

10 "b. Passengers and/or property are regularly  
11 exchanged at the location between flights of the same or a  
12 different certificated or licensed air carrier.

13 "~~(25)~~ (26) All property described in Title 12 U.S.C.  
14 §1701(Q), commonly known as HUD 202 property, is hereby exempt  
15 from any and all ad valorem taxes.

16 "~~(26)~~ (27) All vessels and equipment thereon, used  
17 predominantly in the business of commercial shrimping by the  
18 owners thereof."

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