# ALABAMA DEPARTMENT OF REVENUE
# ADMINISTRATIVE CODE

## CHAPTER 810-4-1
## AD VALOREM TAX

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**810-4-1-.01 Current Use Valuation-Departmental Rule.**

(1) Purpose - This rule is issued pursuant to authority contained in Code of Ala. 1975, §40-7-25.1, 40-7-25.2 and 40-7-25.3 relating to current use value of eligible Class III property. This rule is issued for the purpose of establishing the method and procedures of determining current use valuation of single-family owner-occupied dwelling and historical buildings and sites.

(2) Application - Application for current use valuation of Class III property must be filed with the county assessing official on or before January 1 in any taxable year. If an application is for property consisting of five acres or less, the tax assessing official may require the submission of additional data as necessary to verify the use of the property. The additional data may include site management plans from the Alabama Forestry Commission, photographs and surveys or verification from the county farm agent or United States Soil Conservation Service. If the current use is granted upon application, the owners of such

property shall not be required to file subsequent application for the applicable property. New owners of eligible Class III property must file a timely request for current use value in order to be entitled to current use valuation.

(3) Methods and procedures for determining current use valuation:

(a) Residential property - The following procedures will be used by the county assessing official in determining the current use valuation of the following property, where a timely request has been filed:

1. Comparative fair and reasonable market value will be used for single-family owner-occupied dwelling where such property's location makes its "highest and best use" something other than residential property (e.g. commercial or industrial).

2. The land will be valued according to comparable residential land value of property, excluding that part of its value which is attributable to its possible use other than owner-occupied dwelling. Improvement will be valued as residential improvement.

(b) Historical buildings and sites - Historical buildings and sites which are listed in the national register of historic places in accordance with paragraph 3 of this rule will be valued according to current use as follows:

1. The improvement will be valued according to replacement method of similar residential or commercial properties not including architectural features which make it a significant landmark.

2. The land will be valued according to similar residential property or commercial property depending on the use of the historical building site as other similar property within the neighborhood, i.e., if being used for residential use, the land will be valued according to similar residential lots in the neighborhood or if being used for commercial purposes, the land will be valued according to land that is being used for commercial use within the same neighborhood.

(4) Conversion - The tax assessing official shall be notified no later than January 1 if the sale or other disposition of property valued at its current use value is followed by a conversion of the property to a use not qualified for current use valuation within two years of the date of sale or other disposition, or, if property valued at its current use value is converted to a use not qualified for current use. The tax assessing official shall then revalue such property in accordance with Code of Ala. 1975, Sections 40-7-15 and 40-7-25 and determine any additional ad

valorem taxes that would have been levied had the property not had current use. The additional ad valorem taxes will be based on the sales price of the property or its fair and reasonable market value at the time of conversion, whichever is greater. The additional ad valorem taxes will be for the three year period preceding the tax year beginning October 1 following the conversion of the property, where applicable, and will become a lien on October 1 next succeeding the conversion.

(5) Notice of Current Use Value. The county assessing official shall notify the owners of Class III property of the current use values placed upon their property, and the owner has thirty days after receiving such notice to submit to the assessor a statement outlining any errors in such current use valuation. The assessor shall review such statement and determine whether the value satisfactorily represents the current use value of property. The county official may require the owner to submit satisfactory evidence which will indicate the proper soil group applicable to the property in question as provided in Act 82-302, Section 1,(b)(1).

**Author:** Derrick Coleman
**Statutory Authority:** Code of Ala. 1975, §§40-2A-7(a)(5), 40-7-64, 40-11-1.5
**History:** Adopted May 25, 1982. **Amended:** Filed November 2, 2004; effective December 7, 2004.

## 810-4-1.01.01 Current Use Valuation Of Class III Agricultural And Forest Properties (Repealed 12/7/04).

**(Repealed)**
**Author:** Derrick Coleman
**Statutory Authority:** Code of Ala. 1975, §§40-2A-7(a)(5), 40-7-25.01.
**History:** Filed November 2, 2004; effective December 7, 2004.

## 810-4-1-.02 Implementation Plan For Annual Equalization.

(1) Purpose - This rule is issued pursuant to the authority contained in §§40-7-64 and 40-2-11, Code of Ala. 1975, for the purpose of establishing guidelines, procedures, and a definite schedule for the annual equalization of real property values for ad valorem tax purposes.

(2) Procedures - All property values will be adjusted on an annual basis to reflect current market value as of October 1st of each year, as prescribed in Addendum O (Annual Equalization Procedures) of the Property Tax Plan for Equalization (ADV-1), as it may be amended from time to time.
**Author:** Derrick Coleman

**Statutory Authority:** Code of Ala. 1975, §§40-2A-7(a)(5), 40-2-11, 40-7-64, 40-11-1.5.
**History: Repealed and New Rule:** Filed October 17, 2018; effective December 1, 2018.

**810-4-1-.03 Permanent Trailer Plates Procedures.**

(1) Any owner of a truck trailer, tractor trailer, or semi-trailer who chooses to purchase a permanent trailer plate must annually assess the property in accordance with Rule 810-4-1-.04 in the county where the truck trailer, tractor trailer, or semi-trailer is based.

(2) The issuance of permanent license plates for truck trailers, tractor trailers, and semi-trailers are subject to the definitions found in Rule 810-5-1-.240.

(3) If an owner of a truck trailer, tractor trailer, or semi-trailer chooses to purchase a permanent trailer plate within their designated renewal month, no property tax will be collected at the time of registration, assuming there is no pre-existing property tax lien associated with the property. Any pre-existing tax lien must be collected in accordance with the guidelines set forth in §40-12-253, Code of Ala. 1975. If the number of months for which taxes are delinquent cannot be determined, the truck trailer, tractor trailer, or semi-trailer shall be presumed to have been in the state for one preceding tax year. Truck trailer, tractor trailer, or semi-trailer with delinquent registrations shall be subject to payment of escaped ad valorem taxes for up to two prior years. If an owner of a truck trailer, tractor trailer, or semi-trailer with a delinquent registration chooses to purchase a permanent trailer plate, escape taxes are only collectable up to the previous October 1.

(4) In the event an owner of a truck trailer, tractor trailer, or semi-trailer purchases a permanent trailer plate and subsequently chooses to relinquish the permanent plate for an annual plate, property taxes must be collected. If the permanent plate is relinquished during the scheduled renewal month, twelve months of tax should be collected. If the permanent plate is relinquished after the time of renewal 12 months of tax should be collected beginning the month following the last scheduled renewal month. The owner of the truck trailer, tractor trailer, or semi-trailer is responsible for notifying the local assessing official responsible for the assessment of Business Personal Property Taxes of the change.

(5) In the event an owner of a truck trailer, tractor trailer, or semi-trailer purchases an annual trailer plate and subsequently chooses to relinquish the annual plate for a permanent plate during the scheduled renewal month(s), the owner is not entitled

to receive a refund of any property tax that was paid at the time the annual trailer plate was purchased. The owner is responsible for assessing the property the following October 1 through December 31 in accordance with Rule 810-4-1-.04 in the county where the truck trailer, tractor trailer, or semi-trailer is based. If the annual plate is relinquished after the scheduled renewal month escape taxes are only collectable up to the previous October 1. The owner is responsible for filing an escape Business Personal Property Tax assessment for the property for the prior October 1 lien date.

(6) In the event a truck trailer, tractor trailer, or semi-trailer is purchased that previously was issued a permanent trailer plate and the current owner chooses to purchase an annual plate, proper assessment will be considered to have been made in accordance with Rule 810-4-1-.04 by the previous owner and taxes should be collected in advance through the current owner's next renewal month.

(7) If a truck trailer, tractor trailer, or semi-trailer is purchased and no information is available to determine what type of trailer plate, if any, was previously issued for the trailer escape taxes must be collected in accordance with the guidelines set forth in §40-12-253, Code of Ala. 1975. If the number of months for which taxes are delinquent cannot be determined, the truck trailer, tractor trailer, or semi-trailer will be presumed to have been in the state for one preceding tax year (prior 12 months). The truck trailer, tractor trailer, or semi-trailer with delinquent registrations are subject to payment of escaped ad valorem taxes for up to two prior years.

(8) In the event a trailer, tractor trailer, or semi-trailer is purchased that previously was issued a permanent trailer plate and the current owner chooses to purchase a permanent trailer plate, proper assessment will be considered to have been made in accordance with Rule 810-4-1-.04 by the previous owner and no property tax will be collected.
**Author:** Shelley Tice, Jennifer Byrd
**Statutory Authority:** Code of Ala. 1975, §§32-8-2, 40-2A-7(a)(5), 40-12-240, 40-12-252, 40-12-253; Administrative Rules 810-5-1-.04 and 810-5-1-.240.
**History: Repealed:** Filed November 2, 2004; effective December 7, 2004. **New Rule:** Filed November 8, 2006; effective December 13, 2006. **Amended:** Filed April 26, 2019; effective June 10, 2019.

**810-4-1-.04 Valuation And Assessment Of Personal Property.**

(1) The Property Tax Division of the Department of Revenue has established the following procedures for determining the market value and the assessed value of tangible personal property. In order to achieve uniformity throughout the State of Alabama in

arriving at the market and assessed value, these procedures must be followed.

(a) The market value of all tangible personal property will be determined by using the procedures set forth in the Alabama Personal Property Appraisal Manual, as it may be amended from time to time.

(b) Tangible personal property falls into Class II property as defined in §40-21-1, Code of Ala. 1975, and is therefore assessed at 20% of its market value.

(2) The above procedures will be used to determine the proper market value and assessment of all tangible personal property. Nothing, however, in this rule shall affect the reporting, valuation and assessment of manufactured homes as provided in Section 40-11-1c(2), Code of Ala. 1975, nor the reporting, valuation and assessment of that property as provided in §40-21-1, Code of Ala. 1975, nor the reporting, valuation and assessment of that property as provided §40-12-5, Code of Ala. 1975.
**Author:** Will Martin, Jennifer Byrd, Evelyn Pope
**Statutory Authority:** Code of Ala. 1975, §§40-2A-7(a)(5), 40-7-61, 40-8-1, 40-11-1, 40-12-5,40-21-1, 40-7-64.
**History:** Adopted October 7, 1980. **Amended:** Filed September 9, 1999; effective October 14, 1999. **Amended:** Filed November 2, 2004; effective December 7, 2004. **Amended:** Filed April 26, 2019; effective June 10, 2019.

## 810-4-1-.05 Procedures For Payment Of Ad Valorem Tax Using The Fleet Online Registration And Tax (FORT) System.

(1) Effective January 1, 2022, fleet operators may electronically register and remit payment of ad valorem taxes levied under Chapter 8 of Title 40, Code of Ala. 1975, for the initial registration, and subsequent renewal of a fleet vehicle, required by §40-12-253, Code of Ala.1975 through the Fleet Online Registration and Tax (FORT) system.

(2) Fleet operators are not required to use the FORT system. However, a fleet operator that elects to utilize the FORT system must comply with Article 5 of Chapter 12 of Title 40, Code of Ala. 1975, and the rules promulgated by the department.

(3) All penalties and interest assessed according to state law for failure to properly and timely register a motor vehicle or for payment of such taxes and fees applies to a fleet vehicle registration or renewal processed through the FORT system.

(4) All credit voucher transactions will be handled at the county level and not processed through the FORT system.

(5) Fleet vehicles will be registered using the address where the fleet vehicle is based. Ad valorem taxes and state registration fees will be collected based upon the tax jurisdiction where the vehicle is based.

(a) A fleet vehicle is based where a vehicle is most frequently dispatched, garaged, serviced, maintained, operated, or otherwise controlled, and from which it ordinarily departs and to which it ordinarily returns.

**Author:** Leslie Mackey
**Statutory Authority:** Code of Ala. 1975, §§40-2A-7(a)(5), 40-12-253; Chapter 8 and Chapter 12 of Title 40.
**History:** Effective August 14, 1980. **Repealed:** Filed November 2, 2004; effective December 7, 2004. **New Rule:** Published October 29, 2021; effective December 13, 2021.

## 810-4-1-.06 Revaluation Program-Valuation Of Metal Buildings (Repealed 12/7/04).

**(Repealed)**
**Author:** Monica Mason
**Statutory Authority:** Code of Ala. 1975, §§40-7-61, 40-7-64.
**History:** Issued December 17, 1980. **Repealed:** Filed November 2, 2004; effective December 7, 2004.

## 810-4-1-.07 Motor Bus Passenger Carrier Vehicles (Repealed 4/12/21).

**(REPEALED)**
**Author:** Shelley Tice
**Statutory Authority:** Code of Ala. 1975, §40-2A-7(a)(5), Act 2006-632.
**History:** **Repealed:** Filed January 26, 1998; effective March 2, 1998. **New Rule:** Filed November 8, 2006; effective December 13, 2006. **Amended:** Filed October 30, 2014; effective December 4, 2014. **Repealed:** Published February 26, 2021; effective April 12, 2021.

## 810-4-1-.08 Requirements For Minimum Levy Of 10 Mills Property Tax In Each School District.

(1) Purpose - To establish guidelines and procedures for the minimum levy of 10 mills of property tax in each school district pursuant to Act 2005-215, passed in the 2005 Regular Session of the State Legislature and approved as a Constitutional Amendment by a majority vote of the electorate in the General Election held November 7, 2006.

(2) Commencement - Beginning with the ad valorem tax year commencing October 1, 2006 and for each ad valorem tax year thereafter, each school district of the state, in addition to all other taxes, shall levy a minimum of 10 mills property tax to be levied and collected on all taxable property, excluding motor vehicles, for general public school purposes. Beginning January 1, 2008 the minimum levy required by this Act shall be levied and collected on all taxable motor vehicles for general public school purposes.

(3) Procedures - The County Commission or other like governing body of each county shall compute and determine the rate or rates to be levied and collected each year to comply with the provisions of this amendment.

(4) Computation - The following described property taxes, to the extent the use of the proceeds thereof is not lawfully restricted, earmarked or otherwise designated for a purpose or purposes more particular than general public school purposes, now and hereafter levied and collected in each school district of the State, shall be taken into account annually in determining the rate of the tax required to be levied each year pursuant to the provisions of this amendment:

(a) countywide property taxes levied and collected for public school or educational purposes under the provisions of Section 269 of, or Amendments 3 or 202 to, the Constitution of Alabama of 1901 or any amendment adopted subsequent to the adoption of this amendment authorizing the levy of the taxes,

(b) countywide property taxes levied and collected for public school or educational purposes,

(c) that portion, expressed as a millage rate, of any local countywide property tax levied and collected in any county of the state for general purposes that is paid or required to be distributed to or used for the benefit of the respective public school system or systems of the county and is designated by official action of the taxing authority levying the tax as creditable for general public school purposes, provided that any portion of the tax once designated for general public school purposes may not thereafter be designated for any other purpose and shall be recorded as a school tax that may be levied and collected without limit as to time,

(d) school district property taxes levied and collected under the provisions of Amendments 3 or 382 to the Constitution of Alabama of 1901, or the provisions of any constitutional amendment applicable only to the county, or part thereof, in which the school district is located authorizing the levy of a property tax in the school district, and

(e) any property taxes otherwise levied by and collected in any municipality of the state for public school purposes the proceeds of which are paid or required to be used for the benefit of the school system of the municipality, and are designated by the taxing authority levying the tax as creditable for general public school purposes, provided that any portion of the tax once designated for general public school purposes may not thereafter be designated for any other purpose and shall be recorded as a school tax that may be levied and collected without limit as to time.

(5) Levy - Upon computation of the rate or rates required by this Act, the County Commission of each county shall levy such rate or rates each year at its first meeting in February.

(6) Notification - Each local taxing authority in the State levying property taxes for public school purposes shall, no later than June 30 of each year, notify the Alabama Department of Revenue, the Alabama State Superintendent of Education, and the Director of Finance of:

(a) all property taxes levied by the authority for school purposes,

(b) the authority under which the taxes were levied and collected,

(c) the provisions of any referendum at which the taxes were approved pertaining to the rates levied,

(d) the time the taxes are to be continued,

(e) the purposes for which the taxes were approved, and

(f) the particular constitutional authority under which the taxes were submitted for referendum, if applicable.

**Author:** Will Martin, Property Tax Division
**Statutory Authority:** Code of Ala. 1975, §§40-2A-7(a)(5), 40-2-11.
**History:** Adopted April 6, 1984; effective October 1, 1984. **Amended:** Filed June 24, 1997; effective July 29, 1997. **Amended:** Filed September 9, 1999; effective October 14, 1999. **Repealed:** Filed November 2, 2004; effective December 7, 2004. **New Rule:** Filed October 4, 2007; effective November 8, 2007.

## 810-4-1-.09 Valuation Of Aircraft.

(1) To ensure the equitable taxation of aircraft in the State of Alabama, the following procedures shall be used for valuing aircraft as of October 1 of each tax year:

(a) Pursuant to §40-11-6, the department shall value and assess all taxable airplanes, airships, and other aircrafts in accordance with §40-11-1, Code of Ala. 1975.

(b) Owners of taxable aircraft based in Alabama shall submit an aircraft return form (ADV-ACR45) to the department either by mail or electronically through the Optional Personal Property Assessment Link (OPPAL), between October 1 and December 31 annually. Aircraft are considered based at the location where they normally depart from and return to, whether the aircraft is in Alabama on the lien date or not.

(c) The department shall use the valuation guidelines below each year in the appraisal of aircraft for the purpose of assessing aircraft for ad valorem taxation.

(2) GUIDELINES FOR THE ASSESSMENT OF AIRCRAFT SHALL BE:

(a) All aircraft are assessed as Class II property (20% of market value).

(b) The retail value in the valuation guide provided to the department by a nationally recognized publisher shall be the basis for determining the market value of the aircraft. The market value shall be 89% of the retail value of the aircraft, adjusted for condition, avionics, etc., to arrive at a fair market value.

(c) If the aircraft is not listed in the valuation guide, the purchase price, plus any additional cost for rebuilding or modifications after purchase, Aircraft Blue Book, Trade-A-Plane, other nationally recognized publications or area comparables may be used as a basis of market value. The purchase price, plus any additional cost for rebuilding or modifications after purchase, if used, will be multiplied by the appropriate ten year economic life composite factor based on year of acquisition and acquisition cost to calculate market value. The assessed value will be determined by multiplying the calculated market value by 20%. The assessed value shall not go below $500 minimum assessed value for aircraft.

(d) Airplanes used exclusively for the purpose of crop dusting are exempt from ad valorem tax. A taxpayer should claim the exemption at the time the property is reported.

(e) Aircraft assessments will be sent to the county in which the aircraft is generally based, departs from, and returns to in its normal operation for collection. The tax lien attaches to all aircraft with situs in the state on October 1 for collection one year later. If an aircraft is not physically in the state on October 1, this does not mean the aircraft is not taxable for the entire year. If the aircraft is normally kept

in the state, even though it may have been out of the state on October 1, it would be taxable.

(f) An aircraft dealer who claims aircraft on the return as inventory should also provide the department with the following information as it relates to the business: Section 315 license number, sales tax resale number, number of sales in the preceding 36 months, counties in the state where inventory is located, and a detailed listing of the inventory in each county in the state, including year, make, model, and N number.

(g) "Kit" or "self-assembled" aircraft shall be valued in accordance with this rule at the time of inspection and approval as airworthy. Prior to inspection and approval as airworthy, the market value will be the total cost of all kit parts multiplied by the appropriate ten year economic life composite factor based on year of acquisition and acquisition cost and the cost multiplied by the appropriate ten year economic life composite factor will be used as the basis of market value each year until the inspection and approval of airworthiness is achieved. Upon inspection and approval of airworthiness, Aircraft Blue Book, Trade-A-Plane, other nationally recognized publications, internet web sites, or area comparables may be used as a basis for market value.

(h) Any aircraft that is reported as not airworthy is subject to property tax on the lien date of October 1 each year. The market value as determined in (3)(b) will be reduced by the cost to cure the aircraft's deficiency. This is the adjusted market value subject to tax. The cost to cure the deficiency will be determined by the department based on:

1. Documented statement from licensed aircraft mechanic.

2. Physical inspection of the aircraft.

(i) Hot Air Balloons shall be valued according to the procedures in the Alabama Personal Property Appraisal Manual.

(j) Drones owned by a business and/or used in a business activity are subject to ad valorem taxation. The market value of a drone will be the acquisition cost multiplied by the appropriate five year economic life composite factor based on the acquisition date.

**Author:** Jennifer Byrd, Evelyn Pope
**Statutory Authority:** Code of Ala. 1975, §§40-2A-7(a)(5), 40-7-64, 40-11-6.
**History:** Original rule filed April 6, 1984, effective October 1, 1984. **Amended:** Filed January 26, 1998; effective March 2, 1998. **Amended:** Filed November 2, 2004; effective December 7, 2004. **Amended:** Filed August 4, 2009; effective September 8, 2009. **Amended:** Filed September 24, 2015; effective October 29, 2015.

**Amended:** Filed November 29, 2017; effective January 13, 2018.
**Amended:** Published July 29, 2022; effective September 12, 2022.

**810-4-1-.10 Exemption Of Household Furniture, Appliances, Other Personal Property When Owned By An Individual For Personal Use In The Home.**

(1) Purpose - This rule is issued for the purpose of defining the property exempted by the personal use exemptions for the home contained in Code of Ala. 1975, §§40-9-1(11) and 40-9-1(18).

(2) For the purpose of this rule, the definition of household goods shall be:

(a) Household Goods – furnishings, appliances, utensils, and other tangible personal property used in or around a residence by the owner and their guests and not used for business purposes.

(3) Procedures - The assessing official shall make the property tax assessments by listing the home and the land and applying the proper homestead exemption. The taxpayer is not required to list or assess any household goods used exclusively for personal use in the home, nor is he required to list or assess items used exclusively for personal use around the outside of the home, such as lawn mowers, household goods, and personal tools. Nothing in this Rule shall affect the taxation of mobile homes as provided in Code of Ala. 1975, §40-11-1(c)(2), nor the taxation of that property taxed by Code of Ala. 1975, Article 5, Chapter 12, Title 40.
**Author:** Jennifer Hughes
**Statutory Authority:** Code of Ala. 1975, §§ 40-2A-7(a)(5), 40-2-11.
**History:** Adopted as emergency rule No. 810-4-1-.10-.02 ER, December 13, 1988. **Emergency rule** effective through April 11, 1989. Filed January 20, 1989; March 20, 1989. **Amended:** Filed November 2, 2004; effective December 7, 2004.

**810-4-1-.11 Implementation Of Senior Discount In Baldwin County, Alabama (Repealed 11/8/18).**

**(REPEALED)**
**Author:** Will Martin, Property Tax Division
**Statutory Authority:** Code of Ala. 1975, §§40-2A-7(a)(5), 40-2-11.
**History:** **New Rule:** Filed October 4, 2007; effective November 8, 2007. **Repealed:** Filed September 24, 2018; effective November 8, 2018.

**810-4-1-.12 Requirements For Reporting And Assessing Business Personal Property.**

(1) Purpose - To establish guidelines and procedures for reporting and assessing business personal property pursuant to Section 40-7-14, Code of Ala. 1975.

(2) Every individual, firm or corporation owning business personal property in Alabama on October 1 of each year must provide a complete itemized listing of all such property to the local assessing official in the taxing jurisdiction in which the property is located. This list must be submitted between October 1 and December 31 of each year. The list must include a description of the property along with its acquisition date and acquisition cost.

(3) A copy of the depreciation schedule utilized in preparing the taxpayer's Alabama or federal income tax return listing the property owned by the taxpayer at the close of the fiscal year next preceding October 1 of the year for which the assessment is to be made may be accepted as a listing of the taxpayer's business personal property. The depreciation schedule must include each property's acquisition date and cost as well as all property whose depreciated value is zero, but which is still owned by the taxpayer on October 1 of the year for which the assessment is made. The depreciation schedule must be adjusted for additions and deletions so that it will contain property owned by the business on the October 1 lien date.

(4) Property grouped on the depreciation schedule in categories, such as furniture and fixtures, office equipment, machinery and equipment, etc., must be itemized so as to conform with the requirements of paragraph 3 hereof.

(5) Assets which are expensed rather than capitalized for income tax purposes and are not included on the depreciation schedule must be added to the taxpayer's listing of personal property so that all personal property owned by the taxpayer on the October 1 lien date is reported.

(6) Nothing in this rule shall affect the reporting and assessing of manufactured homes as provided in Section 40-11-1 (c)(2), Code of Ala. 1975, nor the reporting and assessing of that property as provided in Article 1, Chapter 21, Title 40, Code of Ala. 1975, nor the reporting and assessing of that property as provided in Article 5, Chapter 12, Title 40, Code of Ala. 1975.
**Author:** Will Martin, Property Tax Division
**Statutory Authority:** Code of Ala. 1975, §§40-2A-7(a)(5), 40-2-11.

**History:** Filed March 29, 1991; June 14, 1991. **Amended:** Filed September 9, 1999; effective October 14, 1999. **Amended:** Filed November 2, 2004; effective December 7, 2004.

**810-4-1-.13 Exemption Of Personal Property Associated With Farms Or Farming Operations.**

(1) Purpose - This rule is issued for the purpose of defining the property exempted by farm property exemptions contained in Sections 40-9-1(11) and 40-9-1(22), Code of Ala. 1975.

(2) Definitions – For the purpose of this rule, the definition of farm tractor, farming implement, and farm tool shall be:

(a) Farm Tractor - includes every motor vehicle designed and used primarily as a farm implement, for drawing plows, mowing machines and other implements of husbandry.

(b) Farm Implement - an instrument or device drawn by a farm tractor, designed and used exclusively in connection with agricultural and forest property as defined in Section 40-8-1(b)(3) in the planting, growing, and harvesting of crops or timber and all other agricultural, horticultural or animal husbandry uses. As directed in Attorney General Opinion 92 – 00093, the term "farm implement" shall include any aircraft and the related equipment used exclusively to dust crops.

(c) Farm Tool – includes all tools used by the owner exclusively for the maintenance and repair of the owner's farm tractors and farming implements.

(d) Agricultural Property – real property used for raising and harvesting of crops, or for the feeding, breeding, management, and raising of livestock, including beef cattle, sheep, swine, horses, ponies, mules, poultry, fur bearing animals, honeybees and fish; for dairying; or for any other agricultural, horticultural, aquaculture or animal husbandry use, or any combination thereof.

(e) Forest Property – real property used for the planting, growing and harvesting of timber.

(3) The exclusive use provisions of this rule shall not be interpreted as negated by the owner's incidental use of any farm tractor, farm implement or farm tool for a purpose other than listed above, as long as such incidental use is not for hire or rent.

(4) No taxpayer shall be required to list or assess for property tax purposes any "farm tractor" as that term is defined in paragraph (2)(a) of this rule when used by the owner exclusively

in connection with agricultural or forest property as defined in paragraph (2)(d) and (e) of this rule.

(5) No taxpayer shall be required to list or assess for property taxation any "farm implements" as that term is defined in (2)(c) of this rule when used by the owner exclusively in connection with agricultural or forest property as defined in (2)(d) and (e) of this rule.

(6) No taxpayer shall be required to list or assess for property taxation any "farm tools" as that term is defined in (2)(c) of this rule when used by the owner exclusively for the maintenance and repair of the owner's farm tractors and farming implements.

(7) Nothing in this rule shall prevent any tax assessing official or the Department of Revenue from requiring the owner of any farm tractor, farm implement, or farm tool to provide a complete listing of all assets claimed exempt under the provisions of this rule.

(8) Nothing in this rule shall affect the taxation of manufactured homes as provided in Section 40-11-1(c)(2), Code of Ala. 1975, nor the taxation of that property upon which a tax is levied by Article 5, Chapter 12, Title 40, Code of Ala. 1975, other than farm tractors as defined herein.
**Author:** Will Martin, Property Tax Division
**Statutory Authority:** Code of Ala. 1975, §40-2-11.
**History:** Adopted as emergency rule No. 810-4-1-.13-.03 ER, December 13, 1988. **Emergency rule** effective through April 11, 1989. Filed January 20, 1989; March 20, 1989. **Amended:** Filed September 9, 1999; effective October 14, 1999. **Amended:** Filed November 2, 2004; effective December 7, 2004.

## 810-4-1-.14 Exemption Of $100,000 In Market Value For Tangible Personal Property.

Pursuant to §40-9-1, Code of Ala. 1975, the tangible personal property owned by a business and reported in accordance with Article 1 of Chapter 7, Title 40, shall be exempt from state-levied ad valorem tax to the extent of forty thousand dollars ($40,000) in market value, for collections in 2024 and 2025 and one hundred thousand dollars ($100,000) in market value for collections in 2026 and after.

(1) The exemption provided may be applied to an account in which owners of tangible business personal property are required to file form ADV-40 with the county tax assessing official, in accordance with administrative rule 810-4-1-.12.

(2) Adoption and Discontinuance Requirements for Counties and Municipalities.

(a) A county or municipality may likewise choose to exempt to the extent of $100,000 in market value of its tax levy on tangible business personal property by resolution or ordinance. The ordinance or resolution must be adopted at least 90 days prior to October 1, for taxes that become due and payable on October 1 of the immediately following year.

(b) A county or municipality that previously authorized the exemption to the extent of $100,000 in market value of its levy on tangible personal property may choose to discontinue the exemption in a subsequent year by adopting a resolution or ordinance at least 90 days prior to October 1, for taxes that become due and payable on October 1 of the immediately following year.

(3) Notification Requirements for Counties and Municipalities.

(a) Copy to County Tax Assessing Official. A copy of the ordinance or resolution authorizing or discontinuing the exemption must be provided to the county tax assessing officials in which the taxing jurisdiction extends by August 1 of the same year. If a municipality's taxing jurisdiction extends into more than one county, each county tax assessing official must be provided with a copy of the ordinance or resolution.

(b) Copy to the Department. A copy of the ordinance or resolution authorizing or discontinuing the exemption must be provided to the department no later than October 1 of the same year. The department shall maintain a list of the active resolutions and ordinances.

**Author:** Evelyn Pope, Kristie Pratt
**Statutory Authority:** Act 2025-344, §§40-2A-7(a)(5), 40-9-1(28), Code of Ala. 1975
**History:** Filed May 21, 1990; August 22, 1990. **Repealed:** Filed November 2, 2004; effective December 7, 2004. **New Rule:** Published May 31, 2023; effective July 15, 2023. **Amended:** Published March 31, 2026; effective May 15, 2026.

## 810-4-1-.15 Distinction Between Flowlines, Gathering Lines And Pipelines For Assessment Of Business Personal Property Of The Oil And Gas Industry.

(1) Purpose: To establish guidelines and procedures for reporting and assessing business personal property used in the oil and gas industry.

(2) Flowlines: In small oil or gas fields, flowlines typically serve one wellhead. Flowlines carry the fluids or gas from the wellhead to and in-between individual vessels in separation,

treating, heating, dehydrating, compression, pumping or other processing equipment generally located at or near the well site. In multiple well fields producers more commonly lay flowlines from individual wells to a central facility to perform future production processes.

(3) Gathering lines: Gathering lines can and do perform some of the same functions as flowlines, the principal difference being that flowlines are a network of lines tied to individual wells or equipment which move wellhead fluids or gas to the first point of accumulation of the same lines from like wells or equipment. Gathering lines are tied to the flowlines through an intermediary manifold and are the next segment of the gathering system. If separation, treating, heating, dehydrating, compression, pumping or other processing has not occurred along the flowline before the fluid or gas is gathered, then the gathering lines will transport the fluids or gases through a processing point such as a central facility. After the oil or gas is processed through the central facility, it must be moved to a point where it can be sold and/or access a common carrier pipeline.

(4) Common Carrier Pipeline: A pipeline operated for the purpose of transporting a product from a producer to a user, refiner, purchaser or other owner, usually for a fee or tariff.

(5) For the purposes of ad valorem taxation, flowlines and gathering lines owned and controlled by the owner or owners of the wells are to be locally assessed as Class II business personal property in a like manner as other production equipment located at the well.

(6) Gathering lines which transport oil or gas of persons other than the owners of the wells for either a fee or tariff shall be considered common carriers and will be centrally assessed by the State Revenue Department as Class I pipeline property.

(7) All common carrier pipelines will be assessed by the State Revenue Department as Class I utility pipelines.
**Author:** Will Martin
**Statutory Authority:** Code of Ala. 1975,
**History:**

**810-4-1-.16 Commercial Mobile, Portable, And Permanent Modular Units.**

(1) PURPOSE - This rule is issued pursuant to authority contained in Section 40-7-64, Code of Ala. 1975, for the purpose of establishing guidelines and procedures for the uniform assessment of Commercial Mobile, Portable, and Modular Units.

(2) DEFINITIONS - For the purpose of this rule, the definition of a Commercial Mobile, Portable, and Modular unit shall be:

(a) Commercial Mobile Unit - A structure, transportable in one or more sections, which is built on steel frames and is mounted on axles and wheels for the purpose of transporting the unit to and from temporary locations. It is designed specifically for use as a temporary place of business, storage, or other commercial purpose, by the owner, lessee, or assigns, and may consist of one or more units that can be attached or joined together.

(b) Commercial Portable Unit - A factory fabricated transportable building typically built on a wooden frame with either an aluminum or wood exterior and mounted on a skid foundation for ease of loading and unloading. It may however be constructed of a superior quality material such as re-enforced concrete and attached at the site to a poured foundation. It is transported by use of some other motorized vehicle or trailer. It is designed for use as a place of business, storage, or other commercial purpose, by the owner, lessee, or assigns, and may consist of one or more units that can be attached or joined together.

(c) Commercial Modular Unit - A factory fabricated transportable building consisting of units typically built on wooden frames. It is designed to be incorporated at a building site on a permanent foundation into a permanent structure to be used for business purposes and which bears a seal of compliance with rules of the Alabama Manufactured Housing Commission.

(3) PROCEDURES - To ensure the equitable taxation of Commercial Mobile, Portable, and Modular Units in the State of Alabama, the following assessment procedures shall be used as of October 1 of each year.

(a) Commercial Mobile Units shall be assessed for ad valorem tax purposes as business personal property on October 1 in the county where the unit is physically located. Each unit shall be valued according to the Alabama Personal Property Appraisal Manual, using the same valuation procedures used to value all similar personal property.

(b) Commercial Portable Units shall be assessed for ad valorem tax purposes as business personal property on October 1 in the county where the unit is physically located. Each unit shall be valued according to the Alabama Personal Property Appraisal Manual, using the same valuation procedures used to value all similar personal property.

(c) Commercial Modular Units shall be assessed for ad valorem tax purposes as real property on October 1 in the county where

the unit is physically located. Each unit shall be valued according to the Alabama Appraisal Manual, using the same valuation procedures used to value all similar commercial real property.

**Author:** Will Martin
**Statutory Authority:** Code of Ala. 1975, §§40-2A-7(a)(5), 40-7-64.
**History:** **New Rule:** Filed January 6, 1999; effective February 10, 1999. **Amended:** Filed November 2, 2004; effective December 7, 2004.

## 810-4-1-.17 Assessment Procedures For The Valuation Of Public Utility And Railroad Property In The State Of Alabama.

(1) PURPOSE - This rule is issued pursuant to authority contained in §40-21-1 through 40-21-34, Code of Ala. 1975, for the purpose of establishing guidelines and procedures for assessing and allocating public utility and railroad property for ad valorem tax purposes in Alabama.

(2) DEFINITIONS - For purposes of this rule the meaning of the following terms shall be:

(a) Fair market value. The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently, and knowledgeably, and assuming the price is not affected by undue stimulus.

(b) Gross investment. The total un-depreciated capitalized expense incurred to invest in tangible and intangible assets.

(c) Public utility and railroad companies. All companies described under §40-21-1.

(d) Unitary appraisal. An appraisal of the total operating company's capitalized tangible and intangible assets.

(3) PROCEDURES - To ensure the equitable taxation and allocation of public utility and railroad property in Alabama, the department shall determine the fair and reasonable market value of the tangible and intangible property of public utility and railroad companies (§40-21-21) using generally accepted appraisal and unitary appraisal methodologies embraced by nationally and internationally recognized appraisal groups. These appraisal groups include but are not limited to:

(a) The National Conference on Unit Valuation States

(b) The International Association of Assessing Officials

(c) The American Institute of Real Estate Appraisers

(d) The Appraisal Foundation

(e) The Society of Real Estate Appraisers

1. On or before March 1 of each year all utility and railroad companies are required to file a return of financial information to the department. (§40-21-3).

2. After receiving the return, the department will determine the unitary market value of the company (§40-21-6).

3. After determining the unitary market value of the company, the allocated Alabama value will be determined by computing the percentage of the gross investment the company has in Alabama divided by the total gross investment everywhere. This percentage of investment in Alabama is multiplied by the total unitary market value of the company to calculate the Alabama taxable value. Intangible properties of a public utility with undeterminable physical locations may be allocated to Alabama based on, but not limited to, the level of business as measured by the gross revenue generated in Alabama divided by the gross revenue generated everywhere by the company (§40-21-22). Intangible property of this nature generally arises from acquisitions or mergers of other companies with purchase prices paid in excess of the book value of the acquired companies. The sum of the allocated Alabama tangible and intangible property will compose the Alabama taxable value.

4. The Alabama taxable value will then be multiplied by the constitutionally required property class assessment ratio to determine the tentative assessed value (§40-8-1(a), Code of Ala. 1975). Once the tentative assessed value of each company has been calculated, the taxpayer will be sent notice of this assessment and given the opportunity for an informal hearing (§40-2A-7(b)(1)(a), Code of Ala. 1975). After the informal hearing, or if no hearing is requested after 30 days has passed, the taxpayer will be sent a final equalized assessment adjusted by the state determined equalization ratio. The taxpayer will also be sent information on how to appeal the final assessment.

5. After the yearly assessment process has been finalized, the tangible and intangible equalized assessed values of the company's property in Alabama will be apportioned to each county and taxing jurisdiction in Alabama based on the percentage of the tangible gross investment in each Alabama taxing jurisdiction to the

total tangible gross investment in the whole state (§40-21-22).

6. On July 1st of each year, or as soon thereafter as practical, the department will distribute to each Alabama county a certified copy of the equalized assessed value of each utility company located in its respective county along with a summary sheet of the total utility property in the county. Copies of these distributions will also be forwarded to each respective utility. This distribution will include:

1. A description of property.

2. The company's total equalized assessed value of the county.

3. The total value of the company located in each respective taxing jurisdiction within the county (including school districts and cities).

The county tax assessing official will use these assessments as a basis to compute the ad valorem taxes owed to the city, county, and state by each company (§40-21-17).

**Author:** James R. Moores, Will Martin, Amanda Wolfe
**Statutory Authority:** Code of Ala. 1975, §§40-2A-7(a)(5), 40-7-15, 40-21-1 through 40-21-34. Alabama Const. amend. 373 Ratified Section 217.
**History:** **New Rule:** Filed January 6, 1999; effective February 10, 1999. **Amended:** Filed November 2, 2004; effective December 7, 2004. **Amended:** Published August 31, 2021; effective October 15, 2021.

## 810-4-1-.18 Synchronization Of Taxation And Registration System - Assessment Procedures.

(1) **PURPOSE** - This regulation is issued pursuant to the authority contained in Section 40-2A-7(a)(5) and Section 40-7-64, Code of Ala. 1975, for the purpose of establishing guidelines and procedures for assessing motor vehicles purchased on or after January 1, 2000 for ad valorem tax purposes and to provide for synchronization in the collection of ad valorem taxes with motor vehicle registration fees on a current year basis.

(2) **PROCEDURES** - To ensure the equitable taxation of motor vehicles in Alabama, the Property Tax Division of the Alabama Department of Revenue shall determine the market value of vehicles using industry and other market sources having knowledge of average retail value by make, model, and type of motor vehicles. The market value shall be 89% of the determined average retail

value of the motor vehicle in order to account for pollution control equipment, depreciation, and the condition of the vehicle.

(a) Valuation for ad valorem tax assessment purposes shall be based on the fair and reasonable value of the motor vehicle on October 1. The October 1 valuation shall be used for calculating ad valorem taxes in the following calendar year.

When a value is unavailable, the market value for new models shall be determined annually as follows: the Department of Revenue shall conduct a study on all vehicle types to determine the appropriate relationship of the previous year's first average retail value of each vehicle type to the previous year's published manufactures suggest retail prices (MSRP). This study will include:

1. Compiling the vehicle identification information for all new model year motor vehicles.

2. Reviewing data supplied by a nationally recognized publisher of vehicle value information to measure the relationship of each motor vehicle's previous year's average retail value at the first publication of average retail value by the publisher in relation to each motor vehicle's previous year's manufacturer's suggested retail price.

(i) This relationship will be quantified as a percent good for each individual vehicle for which that data is available.

(ii) This relationship will be quantified by manufacturer using a median statistic.

3. During the annual vehicle valuation process, the current year's market value estimate for a new model year motor vehicle, when an average retail value is unavailable, will be determined using the following formula:

(i) (MSRP X Adjustment factor {(2)(a) above} X 89% = estimated market value.

(ii) The estimated market value determined above will be rounded down to the nearest $100.

(iii) If there is a new motor vehicle model for which the Department has no reliable data to determine an individual adjustment factor, then, the median manufacturer adjustment factor {(2)(b) above} will be used to estimate the current year's estimated market value.

4. When a motor vehicle is one year old in the Department vehicle database, the average retail value (adjusted by 89%) will be the market value estimate to be utilized by each county in assessing the motor vehicle.

(b) On or before December 15th of each year the division will post the market value of all motor vehicles, for use beginning the following January 1st, to the division's secure web site and notify designated personnel of the division, each county assessing official charged with the duty of assessing motor vehicles, and approved and contracted vendors. Monthly updates will be posted to the secure web site on or before the 15th day of each month beginning in February and the above referenced persons and entities will be notified of the posting.

(c) Valuing Unique Vehicles. The manual will provide sufficient information for assessing most vehicles. However, some unique vehicles are not included in the manual. These vehicles include, but are not limited to home built vehicles, vehicles purchased in other countries, kit cars, and vehicles which have been assigned Vehicle Identification Numbers which do not conform to U.S. Standards. An individual assessment must also be made by the assessing official when the value in the manual is not representative of a particular vehicle due to special features or condition. The uniqueness of these vehicles necessitates a more individualized valuation. An alternate method must be used to value these vehicles. The following two methods are recommended in valuing unique vehicles. When using these methods, keep sufficient evidence of the value of the unique vehicle on file for use by the Examiners of Public Accounts in reviewing your assessments.

1. Purchase Price and Annual Depreciation. If the purchase price is available and is representative of the market value of the vehicle, use the purchase price as a basis for computing the assessed value, then depreciate the value of the vehicle in subsequent years by 10 percent per year until the minimum market value for that type vehicle is reached.

2. Comparable Vehicle. If the purchase price is not available and it can be determined that the vehicle is comparable to a vehicle which is listed in the manual, use the value of the comparable vehicle in determining the appropriate market value.

3. Valuing vehicle 15 years old and older. Vehicles 15 years old and older shall be valued at the minimum value by vehicle type. The minimum values provided below will be used to calculate the appropriate assessed values on vehicles 15 years old or older. A minimum assessed value

of $20 shall be used when prorating assessed values for a portion of a year.

| TYPE | MINIMUM MARKET VALUE |
|---|---|
| AUTOMOBILES - TYPE 1 | $ 500 |
| LIGHT TRUCKS - TYPE 2 | $ 500 |
| HEAVY TRUCKS - TYPE 3 | $2,000 |
| MOTORCYCLES - TYPE 6 | $ 200 |
| CAMPERS (POP-UPS) -TYPE C | $ 200 |
| TRAILERS - TYPE S | |
| SEMI-TRAILERS | $1,000 |
| UTIL - UTILITY TRAILERS | $ 200 |
| TRAVEL TRAILERS - TYPE T | $ 500 |
| RECREATIONAL VEHICLES - TYPE R | $1,000 |
| BUSES - TYPE B | $3,500 |
| SCHOOL BUSES - TYPE Z | $2,000 |

(d) A valuation placed on a motor vehicle may be protested before the County Board of Equalization. The objection must be submitted in writing to the secretary of the Board not later than thirty calendar days from the date taxes were paid.

(e) If the valuation of a motor vehicle is adjusted by the Board of Equalization for an incurable condition such as excessive mileage, the county would need to retain this value and treat the vehicle as a unique vehicle, depreciating the value of the vehicle in subsequent years by 10 percent per year until the minimum value for that type vehicle is reached.

1. Motor Vehicles are revalued each year on October 1. The collection of taxes based on those values is on a staggered monthly basis beginning January 1 immediately following October 1. Individuals objecting to the valuation of their motor vehicles should first be referred to the Property Tax Division, Motor Vehicle Valuation Section for a review of the valuation. If personnel from the Property Tax Division are unable to satisfy the objections of the taxpayer, the taxpayer will be instructed to contact the Secretary of the County Board of Equalization to request a hearing. The taxpayer will be advised to pay the taxes to avoid penalties and interest and schedule a hearing with the Board when it is in session. The taxpayer should be instructed to produce appropriate evidence to support the objections to the value placed on their property.

(f) Ad valorem taxes on motor vehicles shall be assessed and collected forward on a current basis to coincide with the collection of motor vehicle license taxes and registration fees. The ad valorem tax lien follows the vehicle and must be paid before a license plate may be issued (Section 40-12-253). Unlike registration fees, ad valorem tax continues to accrue

even when a vehicle is not used on the highways. In order to prevent vehicles from escaping taxation collect all accrued ad valorem tax on a vehicle prior to transferring a tag to a vehicle or otherwise registering a vehicle.

(g) No license shall be issued to operate a motor vehicle on the public highways of this state, nor shall any transfer be made by the license issuing official until the ad valorem tax on the motor vehicle is paid in the county as evidenced either by a receipt of the tax collecting official where the owner of the motor vehicle resides, if the motor vehicle is owned by an individual, or by the receipt of the tax collecting official in the county where the motor vehicle is based if the motor vehicle is owned by a firm or trust registered in a name other than the beneficiary, corporation, or association.

1. Every person who desires to operate a motor vehicle on the public highways of Alabama shall first return the motor vehicle for ad valorem taxation to the tax assessing official of the county in which he or she resides.

2. Every firm or corporation that so desires to operate a motor vehicle shall first return the motor vehicle for ad valorem taxation to the tax assessing official of the county where the vehicle is based.

3. The base of a motor vehicle shall be the place where a vehicle is most frequently dispatched, garaged, serviced, maintained, operated, or otherwise controlled, and from which it ordinarily departs and to which it ordinarily returns.

(h) Ad valorem taxes on motor vehicles shall become due and payable on the first day of the registration renewal month of the owner, the date the motor vehicle enters the State of Alabama, the date the motor vehicle is removed from the inventory of a dealer, or the date on which the motor vehicle is otherwise determined to be taxable, whichever comes first.

1. Ad valorem tax on motor vehicles shall be collected beginning the first day of the month following the owner's renewal month through the last day of the owner's renewal month as provided in Section 32-6-61, Code of Ala. 1975.

2.
**Owner shall be defined as stated in Section 40-12-240, Code of Ala. 1975 as:**

(i) A person or persons holding the legal title to a motor vehicle.

(ii) The mortgagor or conditional vendee of a vehicle that is the subject of a chattel mortgage or an agreement for the conditional sale thereof or other like agreement with the right of purchase upon performance of the conditions stated in the agreement and with the immediate right of possession vested in the mortgagor or conditional vendee.

(i) Effective January 1, 2005, upon the sale, trade, total destruction, permanent removal from Alabama, theft without recovery, or other transfer of a motor vehicle constituting Class I, Class II, or Class IV property under Section 40-8-1, the owner of such motor vehicle shall be entitled to a pro rata credit for the ad valorem taxes paid and/or a receipt for credit for the remainder of the then current period for which such taxes shall have been paid A standard affidavit will be issued by the Department of Revenue to every county. This affidavit shall be signed by the owner of the motor vehicle verifying the reason a credit voucher should be issued. The tax collecting official may require additional information to accompany the standard affidavit.

1. During the year of implementation, vouchers that were issued prior to January 1, 2005 but do not expire until sometime within 2005, require the following procedures. If a valid credit voucher is presented to the county in which the tax was originally paid and the voucher can be applied to a vehicle prior to the expiration date of the voucher, the voucher must be applied. Any excess credit will be issued as a receipt for credit. In the event a valid credit voucher is presented to the county in which the tax was originally paid and no vehicles are eligible to receive the credit prior to the expiration date on the voucher, the taxpayer should be issued a receipt for credit. Any taxpayer who is within their sixty day time period to receive a credit voucher as of January 1, 2005, will have a total of twelve months from the date of demitting their vehicle to receive a credit voucher and/ or a receipt for credit.

2. To determine the available credit or receipt for credit the total ad valorem tax previously paid for the then current registration period shall be determined by a ratio, the numerator shall be the number of full calendar months from the date the motor vehicle is sold, traded, totally destroyed, permanently removed from Alabama, or stolen without recovery to the last day of the month of the assigned registration renewal month for the owner as provided in Section 32-6-61, and the denominator shall be the number of months for which ad valorem taxes have been paid with respect to such motor vehicle.

3. In the instance of a direct ad valorem tax credit, the ad valorem tax credit shall be applied on a pro rata basis against all ad valorem taxes payable on another motor vehicle or vehicles acquired by the owner in conjunction with the sale or trade of the motor vehicle. The tax collecting official shall keep both the original and the taxpayer's copy of the ad valorem tax credit voucher for the tax official's records.

4. The credit voucher must be used at the time of issuance. If the voucher cannot be applied, the voucher will be designated a receipt for credit. The ad valorem tax credit and the receipt for credit shall be evidenced by a serially-numbered credit voucher bearing the name of the person entitled to the credit. The voucher shall be a two-ply form consisting of an original and a copy. The tax collecting official shall keep the receipt for credit copy and give the original to the taxpayer. The credit voucher shall entitle the owner to a credit on a pro rata basis against all ad valorem tax payable on another motor vehicle or vehicles. The receipt for credit shall entitle the owner to a refund of any unused ad valorem taxes.

5. The Department of Revenue shall have the responsibility of issuing the ad valorem tax credit/ receipt for credit vouchers to each county.

6. The ad valorem tax credit voucher and the receipt for credit can only be redeemed in the county where the ad valorem tax was originally paid.

7. In no event shall an ad valorem tax credit voucher or receipt for credit be issued later than twelve months after the date a motor vehicle is sold, traded, totally destroyed, permanently removed from Alabama, or stolen without recovery.

8. A taxpayer shall have the next business day to claim an ad valorem tax credit or receipt for credit if the last day to claim the voucher falls on a holiday or weekend.

9. No interest shall be allowable on the amount of any ad valorem tax credit or receipt for credit. The credit voucher issued shall be creditable only against ad valorem tax levied by those taxing authorities whose ad valorem tax is paid by the owner of the motor vehicle for which a credit is allowed. No credit shall be allowable against any ad valorem taxes levied by the state unless the credit shall be eligible for application and applied against ad valorem tax levied by a taxing authority or authorities other than state.

10. All individual tax amounts for each fund shown on the ad valorem tax credit voucher or receipt for credit shall be rounded up to the nearest cent.

11. If an owner meets the requirements set forth in section (i) and is therefore entitled to an ad valorem tax credit for ad valorem tax paid to Municipality C, but no longer resides in Municipality C, a receipt for credit shall be issued for the ad valorem tax paid to the municipality. If an owner applies for an ad valorem tax credit and has moved out of the county, the tax collecting official of the county in which the taxes were originally paid shall issue a receipt for credit.

12. If an ad valorem tax credit voucher is presented for credit against ad valorem tax due and the amount of the voucher is in excess of the tax due, a receipt for credit shall be issued referencing the date of issuance of the voucher so presented. The owner must be given a refund no later than the twentieth day of the month following the month in which the receipt for credit was issued. The refund may only be issued in the form of a check, no cash will be refunded.

13. The taxpayer shall use an ad valorem tax credit voucher to pay escape tax and current tax on a motor vehicle. If a taxpayer redeems a credit voucher to pay both escape tax and current tax on the same motor vehicle, the tax collecting official shall not issue a second credit voucher against the current ad valorem tax due on the motor vehicle. If the amount of the tax credit voucher is in excess of both escape tax and current tax, receipt for credit shall be issued referencing the date of issuance of the voucher so presented.

14. If a taxpayer claims an ad valorem tax credit in the same month in which the tax is paid, ad valorem tax credits shall begin the month after the ad valorem tax is paid.

15. The ad valorem tax credit voucher shall not be used to pay interest on delinquent ad valorem tax or penalties on escape ad valorem tax.

16. The tax collecting official shall collect a $2.00 commission at the time of redemption of the ad valorem tax credit voucher and the receipt for credit. One half of the commission collected by the tax collecting official will be deposited into the general fund of the county and the balance will go to the State general fund. An ad valorem tax credit may be used on multiple vehicles. If one ad valorem tax credit is used, only one $2.00 fee is charged regardless of the number of vehicles

to which it is applied. If the amount of the ad valorem tax credit voucher or receipt for credit is $2.00 or less, no receipt for credit or credit voucher shall be issued.

17. An ad valorem tax credit voucher may be transferred by the owner to the owner's immediate family. The term "immediate family" is defined as the taxpayer's parents, siblings, children and spouse, as well as to those members of the same household who are bound together by ties of relationship.

18. If a motor vehicle is repossessed, ad valorem tax credits or receipt for credit shall be granted to the individual who paid the ad valorem tax if a Motor Vehicle Repossession Affidavit or other documentation is submitted to the tax collecting official.

(j) Ad valorem taxes on motor vehicles shall become delinquent on the first day of the month following the scheduled registration renewal month for the owner, or as otherwise provided by law.

1. If the number of months for which taxes are delinquent cannot be determined, the motor vehicle shall be presumed to have been in the state for one preceding tax year in addition to the current tax year for ad valorem tax assessing and collecting purposes, the preceding tax year shall be the 12 months prior to the acquired date of the vehicle.

2. Motor vehicles with delinquent registrations shall be subject to payment of escaped ad valorem taxes for up to two prior years plus the current year, except for the ad valorem taxes that would have been due in arrears for the 1999 tax year during the transition year. The two prior years plus the current tax year shall be based on the taxpayer's tax years if ownership of the vehicle has not changed. If the ownership of the vehicle has changed, the two prior years shall be based on the acquisition date of the motor vehicle and the class of the property during the twenty-four months prior to the acquisition date. The current taxes shall be based on the acquisition date of the motor vehicle.

3. Interest shall be applied to delinquent ad valorem tax at a rate of 12% per year (calculated on a daily basis using a 365 day period) from the delinquent date through the date of the registration or renewal. If the last day of the owner's renewal month falls on a holiday or a weekend, interest will not be charged until after the next business day.

4. A penalty of 10% of the tax amount shall be collected on escaped ad valorem taxes when taxes have been delinquent for 12 months or more.

(k) When a motor vehicle enters a dealer's inventory, no new ad valorem tax lien will attach until the vehicle is sold from the dealer's inventory. If a motor vehicle enters a dealer's inventory with an existing tax lien, the ad valorem tax lien remains in effect until paid.

(l) As a change in tag type constitutes a subsequent registration, county officials responsible for assessing/ collecting ad valorem taxes shall collect all ad valorem tax due since the initial registration through the last day of the owners renewal month. A replacement tag issued to the owner of a motor vehicle will not constitute a subsequent registration.

(m) Ad valorem taxes on a motor vehicle shall be collected on an annual current basis in the registration renewal month of the owner, in conjunction with registration of the motor vehicle, provided ad valorem taxes due at the time of registration shall be prorated on a monthly basis from the date a motor vehicle enters the State of Alabama, from the date the motor vehicle is removed from the inventory of a dealer, from the date of transfer of ownership of the motor vehicle, or upon the date a motor vehicle otherwise becomes subject to taxation.

(n) All millage rate levies and changes affecting ad valorem taxes on motor vehicles shall become effective on the January 1 following the levy or rate change.

(o) Ad valorem tax due at the time of registration on a new motor vehicle registered for the first time with a manufacturer's certificate of origin where the motor vehicle meets the definition of Class IV property shall be deferred until the first renewal or other subsequent registration, whichever comes first. If an individual purchases a new class IV motor vehicle during their renewal month, thirteen months of registration fees and ad valorem tax must be collected. Since the thirteen months represents two different taxing years this would constitute a subsequent registration. County officials shall issue separate tax receipts for each ad valorem tax year assessed.

(p) Each county official charged with the duty of assessing motor vehicles shall use the "uniform motor vehicle valuation manual" published by the Department of Revenue each year as the basis of computing the appropriate 15%, 20% or 30% assessed value of all motor vehicles as per Section 40-8-1, Code of Ala. 1975, for the purpose of ad valorem taxation. Classes of motor vehicles and their corresponding assessment ratio are as follow:

1. Class IV Motor Vehicles(15%): All private passenger automobiles (including private passenger automobiles under lease-purchase option agreements), motor vehicles registered in the name of a beneficiary of a trust, station wagons, sports utility vehicles, vans and "pickup" trucks (including private passenger "pickup" trucks under lease-purchase option agreements) weighing eight thousand (8,000) pounds gross vehicle weight or less, which are owned and operated by an individual for personal or private use and not for hire, rent, or compensation.

2. Class I Motor Vehicles (30%): This class includes all motor vehicles owned by public utilities and used in the business of such utilities.

3. Class II Motor Vehicles (20%): This class includes all motor vehicles which do not fall within the definition of Class IV or Class I motor vehicles and includes motorcycles, recreational vehicles, leased vehicles owned and operated by a business, and all vehicles used for commercial purposes.

4. Ad valorem tax due on the first renewal or other subsequent registration shall include the deferred ad valorem tax from the first registration and the next year's ad valorem tax to be paid in advance.

5. Deferred ad valorem tax shall be collected on a motor vehicle at the applicable value and class according to the first owner listed on the registration.

6. Deferred ad valorem tax on a new motor vehicle shall be collected at the first scheduled renewal or subsequent registration in addition to the ad valorem tax due in advance. If a new motor vehicle is purchased before the owner's renewal month, but the owner fails to register the motor vehicle until his or her renewal month or thereafter, ad valorem tax shall be deemed to have been deferred to the owner's first scheduled renewal month only. Taxes are due from the time of purchase in addition to ad valorem tax in advance and any applicable interest and penalties.

7. Deferred ad valorem tax shall be collected at the applicable millage rate in the county in which the license plate is renewed.

8. County officials shall maintain three years of motor vehicle valuations in their database for deferred or escape ad valorem tax on motor vehicles. When calculating deferred or escape ad valorem tax on motor vehicles, use the October 1 market value preceding the tax year for

which ad valorem tax is being collected. County officials shall issue separate tax receipts for each tax year assessed.

9. County officials shall submit as required, in addition to other required information, an accurate ad valorem tax start date (which determines the date from which ad valorem taxes were deferred or the date the next tax lien attaches to a motor vehicle) and motor vehicle class to the Department of Revenue.

10. Medal of Honor and Prisoner of War license plates shall have the ad valorem start date designation 999999 to indicate the motor vehicle is exempt from ad valorem taxes. Any additional Medal of Honor and Prisoner of War license plates issued to the owner shall have an ad valorem start date which determines the date ad valorem taxes were deferred or the date the next tax lien attached to the motor vehicle.

11. The taxpayer shall not be given an option on deferment of the ad valorem tax on a new Class IV motor vehicle registered for the first time.

(q) All motor vehicles shall be assessed and the taxes shall be collected on the motor vehicles as provided. Machinery or equipment including, but not limited to cement mixers, wrecker rigs, box-type bodies, and communications equipment which may be added to a motor vehicle after it leaves the original manufacturer and may be moved from one motor vehicle to another shall be separately valued and assessed with the tax assessing official as personal property.

(r) Refunds shall be granted for ad valorem taxes on motor vehicles only for monies collected in error, as provided in Section 40-7-9.1, Code of Ala. 1975, or upon evidence of valuation change or adjustment by the County Board of Equalization.

**Author:** Shelley Tice
**Statutory Authority:** Code of Ala. 1975, §§40-2A-7(a)(5), 40-7-64.
**History: New Rule:** Filed July 24, 2000; effective August 28, 2000. **Amended:** Filed April 26, 2001; effective May 31, 2001. **Amended:** Filed November 2, 2004; effective December 7, 2004. **Amended:** Filed February 13, 2006; effective March 20, 2006. **Amended:** Filed September 24, 2015; effective October 29, 2015.

**810-4-1-.20 Specifications For Legal Advertising By County Tax Collecting Officials In Conjunction With Ad Valorem Tax Delinquencies.**

(1) PURPOSE - This rule is issued pursuant to the authority contained in Code of Ala. 1975, §40-2-11(3) for the purpose of promulgating specifications for legal advertising by county tax collection officials associated with the sale of property for non-payment of ad valorem tax and advertising of insolvent ad valorem tax accounts which will be used to establish the cost of that portion of the advertising for which the state will be liable under Code of Ala. 1975, §§40-10-6, 40-10-22 and 40-5-23.

(2) EXTENT OF APPLICATION - The specifications as set forth in this rule shall apply to advertising of the following:

(a) Notice of Hearing provided to fiduciaries pursuant to Code of Ala. 1975, §40-10-4(b);

(b) Notice of Hearing provided to non-residents pursuant to Code of Ala. 1975, §40-10-4(c);

(c) Notice of Hearing provided to residents otherwise un-servable pursuant to Code of Ala. 1975, §40-10-4(e);

(d) Notice of Hearing provided to Owners Unknown pursuant to Code of Ala. 1975, §40-10-5;

(e) Notice of Sale published pursuant to Code of Ala. 1975, §40-10-12;

(f) List of Insolvents published pursuant to Code of Ala. 1975, §40-5-23

(3) PORTION PAYABLE - For the Notice of Hearing and Notice of Sale advertising the entire amount of the caption and conclusion and that portion of each advertising relating to property which is ultimately sold to the state shall be payable by the state. Any costs of advertising that relate to an individual property must be included in the amount for which that property is ultimately sold, or in the amount collected from the delinquent taxpayer if taxes are paid prior to sale. For the List of Insolvents, one-third of the total cost of the advertising shall be payable by the state.

(4) LIMITATIONS OF APPLICATION - No advertising other than as listed in paragraph (2) of this rule which is placed by a county tax collecting official shall be payable in whole or in part by the state even if done in conjunction with an ad valorem tax delinquency unless there is a statute or legislative act which mandates the advertising and such statute or legislative act

specifically provides that the state shall be liable for all or some of the mandated advertising. Any advertising not listed in paragraph (2) which is otherwise payable by the state shall be payable only to the extent as specifically stated in the statute or legislative act creating the liability for payment by the state.

(5) NOTICE OF SPECIFICATIONS - The tax collection official in each county shall provide a copy of this or any subsequently revised regulation on this topic to each and every newspaper publisher in which advertising is placed at the time each and every original advertising copy is submitted to a newspaper in order for the publisher to be informed of the specifications for advertising which thereafter must form the basis of the billing to the state for all advertisings made pursuant to paragraph (2) of this rule. Nothing in this rule shall prohibit the tax collecting official from placing an advertisement not in compliance with these specifications, however the billing to the state for any non-conforming advertisement must be made as if the specifications were complied with. The placing of a non-conforming advertisement or the failure of a tax collection official to provide these specifications to a publisher will result in liability of the county for costs in excess of those which are payable by the state as if these specifications were met.

(6) REQUIREMENTS FOR INVOICES - Invoices for advertisings to be paid in whole or in part by the state must be made to the account of the Alabama Department of Revenue, Property Tax Division (or some identifiable variation thereof), ATTN: State Land Agent, PO Box 327210, Montgomery, AL 36132, or some other address as directed by the Department of Revenue. The invoice may be personally delivered by an agent or commercial service, or mailed via the United States Postal Service. Invoices made to a party other than the Department of Revenue or containing carryovers/ balance due amounts will not be processed for payment. No reimbursement to the county or any official who has paid an invoice in whole or in part will be made.

(a) Only those charges which are payable by the state in conjunction with advertisings made pursuant to paragraph (2) of this rule shall be included on the invoice with the exception that if for the List of Insolvents, the total cost of advertising the List of Insolvents must be shown with the state’s portion extended to the amount due column. The invoice must specify the nature of the advertising as a Notice of Hearing, Notice of Sale, or List of Insolvent. If the advertising is for a Notice of Hearing or Notice of Sale, the caption and conclusion must be itemized separately from the portion pertaining to individual properties and must contain the notation “Caption & Conclusion.” The portion pertaining to individual properties sold to the state should be grouped together and must contain the notation “Property Sold to the

(b) If the advertising is made pursuant to some statute or legislative act other than as set out in paragraph(2) of this Rule, the invoice must contain information sufficient to identify the nature of the advertising and under what statute or legislative act it is made, along with notations similar to those for the Notice of Hearing and Notice of Sale relating to captions and conclusions if the state is liable for the entire cost of some or all of the advertising and individual properties sold to the state, if applicable.

(c) The itemization of various components of each invoice must include the basis for the charge, that is the number of words, lines, inches, etc. being billed, and the billing rate, that is the dollars and/or cents per word, line, inch, or other unit specified as the basis for the charge.

(d) Submitted invoices must be original and unadulterated. Copies of invoices and invoices which have had portions obliterated by any method or otherwise do not conform to any part of this Rule will be rejected.

(7) INVOICE SUBMISSION - Invoices meeting the requirements of paragraph(6) of this Rule are to be submitted as soon after the completion of the advertising as is practical but in no case later than the 15th day of September of the year in which the advertising is done. In conjunction with invoice submission the newspaper must provide two (2) copies of each original tear sheet, clipping or publication and an original proof of publication affidavit containing the raised seal of the notary before whom the affidavit is given. Any invoice submitted not in proper form and without supporting documents as listed in this paragraph shall not be approved for payment. The remitter of a non-conforming invoice shall be notified of the deficiency of the submission and the nature of the deficiency by written statement provided to the remitter by U.S. Mail or facsimile transmission via telephone transmission lines.

(8) SPECIFICATIONS FOR ADVERTISING COPY - The specifications as herein listed form the basis for the maximum amount that is invoiced to the state on each and every advertising for which the state is liable.

(a) Notice of Hearing - The basis for invoices to the state for publications made pursuant to paragraph (2)(a), (b), (c) and (d) of this rule are hereby established as:

1. Caption - The caption for the Notice of Hearing shall be invoiced on the basis of 54 words maximum as follows:

NOTICE

DELINQUENT TAXPAYERS

State of Alabama

_____ County

To whom it may concern:

Take notice that the Tax Collector of said County has filed in my office a list of delinquent taxpayers, and of real estate upon which taxes are due; and therein reported as assessed to you the following real estate, to-wit:

2. Individual Taxpayer Entries - The entries for the Notice of Hearing pertaining to individual taxpayers shall be invoiced on the basis of the following items:

(i) the taxpayer's name as it appears on the list of assessments,

(ii) the phrase "Tax and cost," and

(iii) the dollar and cents amount of tax and costs expressed in numerical form.

3. Conclusion - The conclusion for the Notice of Hearing shall be invoiced on the basis of 71 words maximum as follows:

This is to notify you to appear before the Probate Court of said county, at the next term thereof, commencing on MONDAY,

the _____ day

of _____ ,

20____, then and there

to show cause, if any

you have, why a decree

for the sale of said

real estate should not

be made for the payment

of the taxes assessed

upon the same, fees and

costs.

_____Probate Judge

(b) Notice of Sale - The basis for invoices to the state for publications made pursuant to paragraph(2)(e) of this rule are hereby established as:

1. Caption - The caption for the Notice of Hearing shall be invoiced on the basis of 77 words maximum as follows:

TAX COLLECTOR'S

SALE

State of Alabama

_____County

By virtue of a decree

rendered by the Probate

Court, at the April Term of

said county, I will proceed

to sell to the highest

bidder, for cash, before

the Courthouse door ,in

_____ County,

within the legal hours of

sale, on _____,

the _____ day of _____,

20_____ the following

described real estate, for

the taxes and costs due

thereon for the tax

year _____ , to-wit:

2. Individual Taxpayer and Property Entries - The entries for the Notice of Sale pertaining to individual taxpayers and properties shall be invoiced on the basis of:

(i) the taxpayer's name as it appears on the list of assessments,

(ii) one number in the nature of an account/key/unit number,

(iii) the parcel identification number of the property which is being sold,

(iv) the legal description of the property which is being sold,

(v) the phrase "State and county tax and costs" along with the total dollars and cents of state and county tax and costs expressed in numerical form, and

(vi) the phrase "City of _____ tax and costs" along with the total dollars and cents of city tax and costs expressed in numerical form, with the account number being optional at the discretion of the tax collection official, the legal description being limited to only those words, numbers and phrases which are necessary to physically locate said property with sufficiency, and the city cost and tax entr(y)(ies) applicable only if the property has the same due.

3. No entries relative to the mailing address of the taxpayer, the physical property address, inclusion of costs or fees listed separately from state and county or municipal costs and fees, or identification of the fact,

nature, character or extent of any improvements located on the property, or prior tax sale history shall be included in the billing to the state. Any weed liens, demolition liens, forest fees, storm water fees, garbage fees, penalties, officers fees, interest, or any charge whatsoever must be included in the billing for the applicable state and county tax and costs or city tax and costs.

4. Conclusion - The conclusion for the Notice of Sale shall be invoiced on the basis of 10 words maximum as follows:

_____Tax Collector

April 6th, 13th, 20th, 20_____

(c) List of Insolvents - The basis for invoices to the state for publications made pursuant to paragraphs (2)(f) of this rule is hereby established as:

1. Caption - The caption for the List of Insolvents shall be invoiced on the basis of 44 words maximum as follows:

INSOLVENTS

State of Alabama

_____County

Take notice that on the

_____day of_____ ,

20____, the County Commission

of _____County in

its regular meeting did

approve the following list

of insolvent taxpayers

in the county for the

_____tax year.

2. Individual Taxpayer Entries - The entries for the List of Insolvents pertaining to individual taxpayers shall be invoiced on the basis of :

(i) the taxpayer's name as it appears on the list of assessments, and

(ii) the dollar and cents amount of tax expressed in numerical form.

3. Conclusion - The conclusion for the List of Insolvents shall be invoiced on the basis of 9 words maximum as follows:

_____

Tax Collector

April 6th, 13th, 20_____

(d) Other Advertising - Any advertising relating to an ad valorem tax delinquency done pursuant to any statute or act but not listed in paragraphs (a), (b), or (c) of this paragraph, which by the provisions of any statute or act must be paid for in whole or in part by the state, must have the maximum number of words or other content of the advertising which will be paid by the state approved in advance of the incurrence of the obligation. Such approval shall be made by the State Land Agent or other person as designated by the Department of Revenue.

(9) TYPEFACE AND WORD, LINE AND INCH COUNT SPECIFICATIONS - The entire amount of all advertising billed to the state pursuant to paragraph (2) of this rule shall be made in standard form.

(a) Standard Form for Billing on a Per Word Basis - Each and every word of advertising billed to the state on a per word basis must be billed as if it were done in a typeface size of 5 1/2 points.

1. For advertising billed on a per word basis, the following shall be considered one word:

(i) hyphenated words, phrases or strings of numbers.

(ii) numerical expressions of dollars and cents, such as "$10.10" for Ten dollars and ten cents.

(iii) abbreviations for compound words, such as, "S.E." for southeast.

(b) Standard Form for Billing on a Per Line Basis - Each and every word of advertising billed to the state on a per line basis must be billed as if it were done in a typeface size of 5 1/2 points and formatted on a ten column broadsheet, 20 1/2 inches deep. Any deviation or variation from billing based on the preceding specifications of this subsection must be

approved by the Department of Revenue in advance of publication of the advertising. The total number of available characters per line must be utilized with respect to all entries pertaining to an individual taxpayer, the property of that taxpayer, the amounts due by that taxpayer, and the caption and conclusion, with the exception that entire words need not be broken and may be started on the next line following the one on which the entire word will not fit and with the exception that the headings and footers on the captions and conclusions may be inserted as shown on the examples contained in Paragraph (7) of this Rule, but such headings and footers must be in the specified typeface size. Any word, phrase or number which is submitted to the newspaper with hyphens already contained therein must be broken at the hyphen first occurring prior to that portion which follows that will not fit on that line. The number of lines shall be calculated beginning with the first character of that portion of the advertising for which the state is liable and continue until the last character of that portion of the advertising. If blank lines or lines filled with any character whatsoever are used to separate one advertisement of an individual taxpayers' information from another individual taxpayers' information, that blank line shall not be used in determining the number of lines in the billing to the state. If blank lines or lines filled with any character whatsoever are used to separate any advertising copy within the caption or conclusion, that blank line shall not be used in determining the number of lines in the billing to the state.

(c) Standard Form for Billing on a Per Inch Basis - Each and every word of advertising billed to the state on a per inch basis must be billed as if it were done in a typeface size of 5 1/2 points and formatted on a ten column broadsheet, 20 1/2 inches deep. Any deviation or variation from billing based on the preceding specifications of this subsection must be approved by the Department of Revenue in advance of publication of the advertising. The total number of available characters per line must be utilized with respect to all entries pertaining to an individual taxpayer, the property of that taxpayer, the amounts due by that taxpayer, and the caption and conclusion, with the exception that entire words need not be broken and may be started on the next line following the one on which the entire word will not fit and with the exception that the headings and footers on the captions and conclusions may be inserted as shown on the examples contained in Paragraph (7) of this Rule, but such headings and footers must be in the specified typeface size. Any word, phrase or number which is submitted to the newspaper with hyphens already contained therein must be broken at the hyphen first occurring prior to that portion which follows that will not fit on that line. The number of inches shall be calculated beginning with the first character of that portion of the advertising for which the state is liable and continue

until the last character of that portion of the advertising. If blank lines or lines filled with any character whatsoever are used to separate one advertisement of an individual taxpayers' information from another individual taxpayers' information, that blank line shall not be used in determining the number of inches in the billing to the state. If blank lines or lines filled with any character whatsoever are used to separate any advertising copy within the caption or conclusion, that blank line shall not be used in determining the number of inches in the billing to the state

(10) NUMBER OF INSERTIONS - The state shall be billed only for one advertising per week for the number of weeks the statute or act mandating the advertising requires it to be made.

(11) RESTRICTIONS ON PAYMENT FOR ADVERTISING - The state shall be liable for only those advertisings which are found to have been legally undertaken and on which all requirements of this Rule and the statute or act mandating the advertising are met. Any advertising found to be illegally made or made not in compliance with this Rule and the statute or act mandating it shall not be paid for by the state and if paid for under the premise of being legally undertaken or made in compliance with this Rule and the statute or act mandating it shall be reimbursable to the state by the party responsible for placing the advertising upon determination by the Department of Revenue of its impropriety. Determination of the nature of any impropriety and demand for reimbursement shall be made in writing within two years of submission of the invoice to the Department of Revenue. Should such impropriety be discovered prior to payment of the invoice, the newspaper, the official responsible for placing the advertisement and the county governing body shall be notified in writing of the nature of the impropriety and the fact of the Department's decision not to pay.
**Author:** Larry Doyal
**Statutory Authority:** Code of Ala. 1975, §§40-2-11(3), 40-10-6, 40-10-22, 40-5-23.
**History:** Filed November 2, 2004; effective December 7, 2004.

## 810-4-1-.21 Implementation Of Senior Property Tax Appraisal In Baldwin County, Alabama.

(1) PURPOSE – This rule is issued pursuant to authority contained in Section 40-7-49, Code of Ala. 1975, for the purpose of establishing guidelines and procedures for the uniform implementation of senior property tax appraisal for ad valorem taxes in Baldwin County, Alabama.

(2) DEFINITIONS – For the purpose of this rule, the following terms shall have the meanings ascribed herein:

(a) Qualified taxpayer – a person age 65 or older as of the October 1 lien date for which he or she claims the senior property tax appraisal and who has maintained any property in the county as his or her principal place of residence for at least 10 years prior to the year for which he or she is claiming the senior property tax appraisal.

(b) Senior property tax appraisal – freezes the assessed value of the property for the year prior to claiming the senior tax appraisal.

(c) Principal place of residence – Class III real property, to include land, residential dwelling, and curtilage, used by the owner as his or her single-family owner-occupied residence.

(d) Additions to property – shall include any additional square footage added to the principle residence as well as any detached structure including, but not limited to, garages, storage building, pools, tennis courts and workshops.

(3) PROCEDURES – The following procedures are established to ensure the uniform implementation of senior property tax appraisal from ad valorem taxes in Baldwin County, Alabama.

(a) The senior property tax appraisal must be claimed in the same manner that a homestead exemption is claimed. In order to qualify for the senior property tax appraisal the taxpayer must be age 65 or older and must have maintained any property in the county as his or her principal place of residence for at least 10 years prior to claiming the senior property tax appraisal. The primary place of residence requirement may be cumulative in nature and does not require continued residency for 10 consecutive years prior to claiming the senior property tax appraisal. Proof of the residency requirements are the responsibility of the taxpayer.

(b) In order for any property to qualify for the senior property tax appraisal the property must have a prior year's assessed value in the name of the applicant as his or her principal place of residence.

(c) The assessed value of the property upon which the senior property tax appraisal is claimed shall be frozen at the assessed value for the year prior to claiming the senior property tax appraisal. The recipient of the senior property tax appraisal shall be subject to any applicable homestead exemption and millage rate changes.

(d) Any addition to the property after claiming the senior property tax appraisal shall not be eligible for the original senior property tax appraisal. In order for any addition to the property to qualify for the senior property tax appraisal

the addition must have a prior year's assessed value in the name of the applicant as his or her principle place of residence.

(e) A taxpayer may withdraw their claim for the senior property tax appraisal at any time prior to the property taxes becoming delinquent.

(f) In the event a property upon which the senior property tax appraisal is assessed sells for non-payment of property taxes and is not redeemed prior to the next October 1, lien date, the senior property tax appraisal shall be forfeited.

(g) In the event a property upon which the senior property tax appraisal is assessed is destroyed or damaged to the point it is uninhabitable, the senior property tax appraisal shall be forfeited, until such time as the property is repaired or rebuilt as the owner's principal place of residence, resulting in a new assessed value.

**Author:** Will Martin, Property Tax Division
**Statutory Authority:** Code of Ala. 1975, §§40-2A-7(a)(5), 40-7-49.
**History: New Rule:** Filed November 26, 2008; effective December 31, 2008.

## 810-4-1-.22 Assessment Of Tangible Personal Property Held Under Lease Or Conditional Sales.

(1) PURPOSE - This regulation is issued pursuant to authority contained in Section 40-7-49, Code of Ala. 1975, for the purpose of establishing guidelines and procedures for the uniform assessment of tangible personal property subject to a capital lease, an operating lease or a conditional sales contract.

(2) DEFINITIONS - For the purpose of this regulation, the definition of a capital lease, an operating lease, and a conditional sales contract shall be:

(a) Capital Lease - A lease which transfers substantially all of the benefits and risks inherent in the ownership of the property to the lessee, who accounts for the lease as an acquisition of an asset and the incurrence of a liability. A lease that meets one or more of the following criteria shall be classified as a capital lease;

1. The lease transfers ownership of the leased property to the lessee at any point during or after the lease term.

2. The lease contains an option allowing the lessee to purchase the leased property by the end of the lease term at a bargain purchase option.

3. The lease term exceeds 75 percent of the estimated economic useful life of the leased property.

4. The lease value exceeds 90 percent of the fair market value of the leased property at the beginning of the lease.

(b) Operating Lease – a rental agreement which may be for any term and may be cancelable or non-cancelable for a fixed period of time and there is no transfer of ownership.

(c) Conditional Sales Contract – a sales contract in which the seller reserves title until the buyer pays for tangible personal property, at which time, the condition having been fulfilled, title passes to the buyer.

(3) PROCEDURES – The following procedures are established to ensure that all tangible personal property held under a lease or conditional sales contract is assessed to the proper owner for property tax purposes as of each October 1 lien date.

(a) Tangible personal property held under a capital lease or conditional sales contract shall be reported by and assessed to the lessee, for property taxes purposes.

(b) Tangible personal property held under an operating lease shall be reported by and assessed to the lessor, for property tax purposes.

(4) Nothing in this rule shall affect the reporting and assessing of manufactured homes as provided in Section 40-11-1(c)(2), Code of Ala. 1975, nor the reporting and assessing of that property as provided in Article 1 Chapter 21, Title 40, Code of Ala. 1975, nor the reporting and assessing of that property as provided in Article 5, Chapter 12, Title 40, Code of Ala. 1975.
**Author:** Jennifer Hughes, Property Tax Division
**Statutory Authority:** Code of Ala. 1975, §§40-2A-7(a)(5), 40-2-11.
**History: New Rule:** Filed November 2, 2004; effective December 7, 2004.

## 810-4-1-.23 Homestead And Principal Residence Exemptions From Property Tax.

(1) PURPOSE - This rule is issued pursuant to authority contained in Section 40-9-19, 40-9-21 and 40-9-21.1 Code of Ala. 1975, and Act 2013-295 for the purpose of establishing guidelines and procedures for the uniform implementation of exemption from property tax on homestead and principal residence property.

(2) DEFINITIONS - For the purpose of this rule, the following terms shall have the following meanings:

(a) Homestead - A single family, owner occupied residential dwelling and the land thereto, not exceeding 160 acres. For the purpose of this rule the terms homestead and principle residence have the same meaning.

(b) Principal Residence - Class III real property, to include land, residential dwelling, and curtilage, used by the owner as his or her single-family owner-occupied residence and 160 acres thereto. For the purpose of this rule the terms homestead and principle residence have the same meaning.

(c) Retired - Any individual who has worked full time for an extended period, who is not now working due to being totally and permanently disabled.

(d) Form PT-PA-1 – This is a Physician's Affidavit of Permanent and Total Disability that must be used when claiming a homestead or principal residence exemption base of permanent and total disability when the person claiming the exemption is not receiving a pension or annuity due to disability.

(3) STATE HOMESTEAD EXEMPTION

(a) Homesteads of residents of this state who are not 65 years of age or older are exempt from state levied property taxes not to exceed $4,000 in assessed value.

(b) Homesteads of residents of this state 65 years of age or older or who are retired due to permanent and total disability, regardless of age, or who are blind as defined in Section 1-1-3, regardless of age or whether the person is retired, are exempt from all state levied property taxes. A person qualifying for this exemption based on being retired due to permanent and total disability will also qualify for a more complete exemption under 7(b) of this rule.

(c) Proof of the taxpayer being retired because of total and permanent disability may include the receipt of a pension or annuity due to disability from a private company or a state or federal governmental agency or the written certification (Form PT-PA-1) of the taxpayer being retired because of total and permanent disability from two physicians licensed to practice medicine in Alabama. Alabama Department of Revenue Form PT-PA-1 must be used when providing a physician's written certification of total and permanent disability. On and after August 1, 2013 at least one of the physicians must be actively providing treatment directly related to the permanent and total disability of the person seeking the exemption.

(4) COUNTY HOMESTEAD EXEMPTION

(a) Homesteads of any residents of this state who are not 65 years of age or older are exempt from county levied property

taxes, except countywide and school district property taxes levied for school purposes, not to exceed $2,000 in assessed value.

1. The governing body of any county, municipality or other local taxing authority may at any time grant by resolution or ordinance an increase of the exemption provided in (a) above not to exceed a maximum exemption of $4,000.

(b) Homesteads of residents of this state 65 years of age or older who have an annual adjusted gross income of less than $12,000 as reflected on the most recent state income tax return or some other appropriate evidence, or who are retired due to permanent and total disability, regardless of age, or who are blind as defined in Section 1-1-3, regardless of age or whether the person is retired, are exempt from county levied property taxes, including property taxes levied for school districts, not to exceed $5,000 in assessed value. A person qualifying for this exemption based on being retired due to permanent and total disability will also qualify for a more complete exemption under 7(b) of this rule.

(c) Proof of the taxpayer being retired because of total and permanent disability may include the receipt of a pension or annuity due to disability from a private company or a state or federal governmental agency or the written certification (Form PT-PA-1) of the taxpayer being retired because of total and permanent disability from two physicians licensed to practice medicine in Alabama. Alabama Department of Revenue Form PT-PA-1 must be used when providing a physician's written certification of total and permanent disability. On and after August 1, 2013 at least one of these physicians must be actively providing treatment directly related to the permanent and total disability of the person seeking the exemption.

(5) PRORATED HOMESTEADS

(a) With respect of homesteads situated in more than one county, the exemption granted in (4) shall be prorated between the counties in which the homestead is situated in the proration that the area of the homestead in each county bears to the total area of the homestead claimed for exemption.

(6) JOINT OWNERSHIP – Property owned by a person who meets the criteria to claim a homestead or principal residence exemption shall receive the full exemption, whether the person is a joint owner or the sole owner. There are no partial homestead or principal residence exemptions.

(7) PRINCIPAL RESIDENCE EXEMPTION

(a) The principal residence of any taxpayer in this state 65 years of age or older having a net annual taxable income of $12,000 or less, as shown on the taxpayer's and spouse's latest United States income tax return or some other appropriate evidence is exempt from all property taxes levied by the state, any county or any municipality.

(b) The principal residence of any taxpayer in this state who is permanently and totally disabled regardless of age or income is exempt from all property taxes levied by the state, any county or any municipality.

(c) Proof of the taxpayer being totally and permanently disabled may include the receipt of a pension or annuity due to disability from a private company or a state or federal governmental agency or the written certification (Form PT-PA-1) of the taxpayer being retired because of total and permanent disability from two physicians licensed to practice medicine in Alabama. Alabama Department of Revenue Form PT-PA-1 must be used when providing a physician's written certification of total and permanent disability. On and after August 1, 2013 at least one of these physicians must be actively providing treatment directly related to the permanent and total disability of the person seeking the exemption.

(8) APPLICATION PROCESS - To obtain this homestead exemption, the owner of any homestead property as of the October 1 lien date must successfully apply for the exemption and submit all supporting documentation to the local tax assessing official in the county where their homestead property is located. Application may be made between October 1 and December 31 for the exemption to be applied for the current year or application may be made at any time during the year for the exemption to be applied for the following year.

(9) ANNUAL VERIFICATION – Any person who is permanently and totally disabled and who qualifies for and has been granted the homestead or principal residence exemption in Sections 40-9-19 and 40-9-21 shall not be required to annually claim such exemptions after the initial qualification, but shall be allowed to verify such condition each year by mail on a form affidavit provided by the county assessing official.

(a) Any person who is 65 years of age or older and who qualifies for and has been granted the homestead or principal residence exemption under the income limitations provided in Sections 40-9-19 and 40-9-21 shall after the initial qualification be allowed to verify such eligibility each year by mail on a form affidavit provided by the county assessing official.

(10) PENALTY FOR WILLFULLY PROVIDING FALSE INFORMATION – Any person who knowingly and willfully gives false information for the purpose of claiming a homestead or principal residence exemption,

or for the purpose of assisting another person in claiming a homestead or principal residence exemption, shall be ordered to pay twice the amount of any ad valorem tax which would have been due retroactive for a period of up to 10 years plus interest at a rate of 15 percent per annum from the date the tax would have been due.

(a) The penalties and interest assessed against any person who obtained an exemption based upon false information or any person who assisted another in claiming an exemption with false information shall be paid within thirty days of written demand by the local taxing official or the department.

(b) If payment is not made as provided above, the State of Alabama shall bring a civil action to recover the penalties and interest due. The amount recovered shall be paid to the local taxing official in the county where the exemption was granted. The local taxing official shall then distribute the monies on a pro rata basis to each of the entities which would have received a portion of the assessed ad valorem tax had the exemption not been granted based upon false information.

**Author:** Will Martin
**Statutory Authority:** Code of Ala. 1975, §§40-9-19, 40-19-21, 40-9-21.1, Act 2013-295.
**History:** **New Rule:** Filed January 3, 2013; effective February 7, 2014.

## 810-4-1-.24 Excess Funds Procedures For Tax Sales Occurring On Or After August 1, 2013 And Prior To July 1, 2014.

(1) PURPOSE - This rule is issued pursuant to the authority contained in Sections 40-2-11 and 40-10-28, Code of Ala. 1975, for the purpose of establishing guidelines and procedures for the uniform processing of excess funds from the sale of tax delinquent property.

(2) DEFINITIONS – For the purpose of this rule, the following terms shall have the following meanings:

(a) Administrative Redemption – a redemption of tax sale property within the three years of the date of the tax sale.

(b) Certificate of Pending Redemption - Issued by the County Redemption Official to the person or entity redeeming the real estate to certify that a tax sale redemption has been processed.

(c) County Redemption Official – The county official charged with the responsibility of processing the redemption of tax sale property.

(d) Decree of Sale - taxes, costs, interest, and fees associated with a tax sale.

(e) Excess Funds – The funds arising from the tax sale of any real estate remaining after paying the amount of the decree of sale, including costs and expenses subsequently accruing.

(f) Excess Funds Voucher - Issued by the County Commission to the person or entity that has totally redeemed or partially redeemed the property as certified by the Certificate of Pending Redemption. For a total redemption the voucher is in lieu of the amount equal to the excess bid and for a partial redemption the voucher is in lieu of the percentage of the excess funds equal to the percentage of the property being redeemed.

(g) Proper Redemption - An administrative redemption within the three year redemption period or a judicial redemption within the ten year period.

(3) REDEMPTION PROCEDURES.

(a) Upon receipt of payment of all costs of redemption less the amount of excess the county redemption official shall complete a "Certificate of Pending Redemption" in the name of the person or entity redeeming the real estate.

(b) The "Certificate of Pending Redemption" must then be submitted to the County Commission as proof that payment of all other costs associated with the redemption have been paid. Upon receipt of the "Certificate of Pending Redemption" as proof that payment of all other costs associated with the redemption of the real estate have been paid, the county commission shall issue an "Excess Funds Voucher" which the county redemption official shall accept in lieu of the amount equal to the excess funds to complete the redemption process.

(4) DISBURSMENT OF EXCESS FUNDS

(a) Upon completion of all requirements for the proper redemption of any real estate, any excess funds including interest paid as required by Title 40-10-122, Code of Ala. 1975, may be remitted to the tax sale purchaser pursuant to the procedures set forth in Title 40-10-122, Code of Ala. 1975. The tax sale purchaser must surrender the certificate of assignment prior to receiving the excess funds and interest.

(b) Until and unless the real estate is properly redeemed, the excess funds from the tax sale shall be held in a separate account in the county treasury during the three-year administrative redemption period. If at the end of the three-year administrative redemption period there has been no

proper redemption and request for the excess funds, those funds and any interest earned on those funds while held in escrow shall be deposited to the credit of the general fund of the county and shall be treated as part of the general fund of the county.

(c) At any time within 10 years after the tax sale has occurred, the county commission on proof made by any person or entity that the real estate has been properly redeemed by the person or entity under the general laws of the state, order the payment of the excess funds and accrued interest to the person or entity and retain any interest earned on those funds from an interest bearing account.

(5) EFFECTIVE DATE- Effective August 1, 2013 for tax sales occurring on or after August 1, 2013 and prior to July 1, 2014.
**Author:** Shelley Tice, Will Martin
**Statutory Authority:** Code of Ala. 1975, §§40-2A-7(a)(5), 40-2-11, 40-7-49, 40-10-28.
**History:** **New Rule:** Filed February 20, 2015, effective March 27, 2015.

**810-4-1-.25 Implementation Of Optional Two-Year Motor Vehicle Registration Renewal.**

(1) PURPOSE - This rule is issued pursuant to authority contained in Section 40-7-49, Code of Ala. 1975, for the purpose of establishing guidelines and procedures for the uniform implementation of the optional two-year motor vehicle registration renewals as provided in Act 2014-301of the 2014 Regular Session of the Alabama Legislature.

(2) PROCEDURES - The following procedures are established to ensure the uniform implementation of the optional two-year motor vehicle registration renewals.

(a) The county commission of any county, in consultation with the local judge of probate or other county license plate issuing official, may authorize an optional two-year registration renewal for motor vehicles operated on the public highways of Alabama.

(b) If the optional two-year registration renewal for motor vehicles is authorized by the county commission, a registrant may elect to renew his or her motor vehicle for a two-year period.

(c) Upon election to renew registration for the optional two-year period, the registrant shall do all of the following:

1. Pay the local issuance fee for the first year, however they shall not be required to pay an additional local issuance fee for the second year of registration and

2. Pay the license taxes, ad valorem taxes, and registration fees for both years covered by the registration renewal.

(d) The registrant shall acknowledge by signed affidavit that the fair market value used in calculating each year's ad valorem taxes shall be the fair market value established for the motor vehicle for the current year. The fair market value cannot be appealed for the second year if the market value decreases from the current year's market value. The license plate issuing official shall not assess escaped ad valorem taxes if the market value increases in the second year from the current year's market value.

(e) The registrant may elect not to use the optional two-year registration renewal at the time of any subsequent registration renewal and may at that time elect a registration renewal for one year.

(f) The provisions of this rule shall become effective January 1, 2015.

**Author:** Will Martin, Property Tax Division
**Statutory Authority:** Code of Ala. 1975, §§40-2A-7(a)(5), 40-7-49, and Act 2014-301.
**History:** **New Rule:** Filed January 23, 2015, effective February 27, 2015.

## 810-4-1-.26 Valuation And Assessment Of Business Personal Property Using Form ADV-40S (Short Form).

(1) In order to achieve uniformity throughout the State of Alabama, the following procedures must be followed for any taxpayer choosing to file Form ADV-40S (Short Form) in accordance with Act 2014-415 for assessment of business personal property.

(a) A taxpayer who meets the following qualifications has the option to file Form ADV-40S as an alternative to filing the itemized return (Form ADV-40).

1. To initially qualify for filing Form ADV-40S (Short Form), the taxpayer must have filed an itemized return (Form ADV-40) with the local assessing official for the immediately preceding year and the total acquisition cost of all taxable tangible personal property must have been $10,000 or less. For subsequent years, Form ADV-40S (Short Form) must have been filed for the previous year.

2. The taxpayer must have $10,000 or less in total acquisition cost of all tangible taxable personal property assets for the current year.

(2) The taxpayer upon filing Form ADV-40S (Short Form) agrees that his/her market value for the business personal property assessment will be $10,000 and taxes will be due based upon this market value.

(a) No refund of taxes overpaid by agreeing to the market value of $10,000 will be allowed.

(b) If a taxpayer knowingly submits a false or incorrect short form, the return shall be subject to a 50 percent penalty on all additional taxes found to be owed.

(c) All other penalties, fines and fees associated with the filing of a business personal property return remain in effect even if a taxpayer chooses to file Form ADV-40S (Short Form).

(3) If on any October 1 lien date a taxpayer's total acquisition cost of all taxable tangible personal property assets exceeds $10,000, the taxpayer is required to file an itemized return (Form ADV-40) with the local assessing official in the taxing jurisdiction in which the property is located.
**Author:** Jennifer Byrd
**Statutory Authority:** Code of Ala. 1975, §§40-2A-7(a)(5); Act 2014-415.
**History:** **New Rule:** Filed August 27, 2014, effective October 1, 2014.

**810-4-1-.27** **Procedures For Electronically Filing A Business Personal Property Return Using OPPAL.**

(1) The Department of Revenue has established the following procedures to ensure the proper filing of electronic business personal property returns using the Optional Personal Property Assessment Link (OPPAL) system.

(2) Effective October 1, 2016, any taxpayer owning business personal property, aircraft, or holding a permanent trailer tag shall have the ability and option to electronically file a business personal property tax return through OPPAL. The filing will be submitted to the county assessing official or other applicable agency in each taxing jurisdiction in which the taxpayer is required to file a business personal property tax return in accordance with Rule 810-4-1-.04.

(3) The electronically filed return shall contain all information included in the standard paper tax return and all information included in the electronically filed return shall be

electronically available to each appropriate local taxing jurisdiction at the time the return is filed.

(a) The taxpayer, or their designated tax preparer, will have the ability to include comments for the county appraiser in OPPAL.

(b) The taxpayer, or their designated tax preparer, will have the ability to upload a PDF file and report the date a business closed in OPPAL.

(c) The taxpayer, or their designated tax preparer, will have the ability to print and/or email a draft of their tax return for their review before submitting a return.

(d) The county assessing official will have the ability to upload a PDF file of the original tax return filing for inclusion in the taxpayer's county record.

(4) No taxpayer shall be required to use the OPPAL system for filing business personal property tax returns; provided, however, that any taxpayer utilizing the system shall comply with §§40-7-56 to 40-7-59, Code of Ala. 1975, and the rules promulgated by the Department of Revenue. Additionally, any taxpayer utilizing the system shall comply with any rules of the local taxing jurisdiction regarding payment, administration, and enforcement of the business personal property tax law.

(5) The OPPAL system shall be utilized only for the filing of business personal property tax returns and shall not provide for the administration or enforcement of business personal property taxes.

(6) The OPPAL system shall allow a third party authorized by the taxpayer to file a business personal property tax return on behalf of the taxpayer utilizing a standardized web interface as prescribed by the department.

(7) There shall be no charge to either the taxpayer, a tax preparer, or a local taxing jurisdiction for the utilization or access of the OPPAL system.

(8) All penalties and interest assessed according to state law for failure to properly and timely file a business personal property tax return or for payment of such taxes shall apply to filings made through the OPPAL system.

(9) Notwithstanding any other provision of this article, no county tax official shall be prevented from providing an electronic system for the filing of any applicable business personal property tax returns through a system other than and as an alternative to OPPAL. No county tax official shall be prevented from enforcing

mandatory electronic filing of a business personal property tax return pursuant to any local act of the Legislature.
**Author:** Jennifer Byrd, Evelyn Pope
**Statutory Authority:** Code of Ala. 1975, §§40-7-56, 40-7-57, 40-7-58, 40-7-59, 40-2A-7(a)(5).
**History:** **New Rule:** Filed November 29, 2017; effective January 13, 2018. **Amended:** Published May 31, 2023; effective July 15, 2023.

## 810-4-1-.28 Uniform Procedures For The Limitation On Assessed Value Increases For Class II And Class III Real Property.

(1) PURPOSE

(a) This rule establishes the procedures and guidelines for counties to limit increases in the assessed values of certain Class II and Class III real property, for ad valorem tax purposes, in compliance with Act 2024-344.

(b) The application of this limitation or "cap" is a new step added to the annual property tax administration process. The cap will be considered each year after the work of appraisal has been completed. For this reason,

1. All property shall continue to be appraised at its fair market value or current use value following the laws, procedures, directives, guidance, and oversight of the Alabama Department of Revenue (ALDOR).

2. Ratio studies, land studies, index studies, and directives will continue to be used.

(2) DEFINITIONS – The following terms shall have the respective meanings set forth below:

(a) CAMA System – The Computer Assisted Mass Appraisal system used by a county.

(b) Cap - A limit on the percentage increase in taxable assessed value of a parcel of Class II or Class III real property from one year to the next, not to exceed seven percent. The cap only applies to increases in assessed values and does not set a limit on decreases in assessed values. The cap does not impact the calculation of state or local fees (fire, timber, garbage, etc.) or other similar assessments that are determined independently of a parcel's assessed value. The cap does not apply to the calculation of the assessed value of business personal property.

(c) Family Member - Includes a child, sibling, parent, grandparent, or grandchild. It also includes stepparents,

stepchildren, stepsiblings, and adoptive relationships. This term also includes a spouse unless the law makes a separate, specific reference to that individual.

(d) Ordinary Maintenance - Routine updates and maintenance to existing structures, including the refurbishment or replacement of components to meet current market expectations. This term would include activities such as painting, changing flooring, repairing or replacing roofs, replacing fixtures, replacing or upgrading existing HVAC, electrical, plumbing, or other similar systems, etc. This term would exclude significant improvements to an existing structure.

(e) Significant Improvement - An enhancement to a property that exhibits fundamental changes, encompassing multiple alterations that increases its market value and was not included in its appraised value for the preceding tax year. Significant improvements can include, but are not limited to:

1. Structural Additions: Adding new rooms, garages, or other major expansions to an existing improvement in which significant finish or structural modifications have been made that enhance utility and attractiveness, involving complete replacement or expansion.

2. Extensive Remodeling or Renovation: Major updates to existing rooms, such as kitchens or bathrooms, or comprehensive renovations of entire floors or sections of the property. Alterations may include replacing major components, relocating plumbing fixtures and appliances, and making structural alterations (e.g., moving walls or adding square footage). This includes any structures that have undergone a complete gut rehab.

3. Installation of New Systems: Installation of HVAC systems, electrical systems, plumbing systems, or any other major infrastructure.

4. Repair of Damaged/Destroyed Improvements: Making significant structural repairs to an existing improvement which was damaged or destroyed, regardless of whether the damage or destruction was done intentionally or was the result of natural disaster or manmade causes. However, repairs to remediate damage that return the improvement to its previous state shall not be considered a significant improvement.

5. Other Improvements: Any other enhancements that substantially alter the structure or functionality of the parcel, such as constructing outbuildings, pools, or other similar projects.

(f) Tax Increment District – A contiguous geographic area within the boundaries of a public entity defined and created by a resolution of a local government body pursuant to Chapter 99 of Title 11, Code of Ala. 1975.

(g) Taxable Assessed Value – the assessed value of a parcel (before the application of any exemptions) which will be used to compute taxes for a given year. This will either be the property's true assessed value or its assessed value after the application of the cap, whichever is lower. This value would include the application of any errors, supplements, credits, etc.

(h) True Assessed Value – The assessed value of a parcel which is determined by multiplying fair market value or current use value by the appropriate assessment rate for the class of property pursuant to §40-8-1, Code of Ala. 1975. This value would include the application of any errors, supplements, credits, etc. This value would also include an assessed value computed from the market value set by a county's Board of Equalization.

(3) PROCEDURE

(a) As required by Article 1, Chapter 7 of Title 40, Code of Ala. 1975, the tax assessing official of each county will appraise the fair and reasonable market value of or grant current use value on all property within the official's county on an annual basis.

(b) During the appraisal and assessment period, each parcel of Class II and Class III real property must be evaluated to determine whether the parcel will be subject to the cap on assessed value, or whether the parcel will be excluded from the cap. When the assessing office discovers information that would exclude a parcel from the cap, this information should be flagged and noted in the county's CAMA system.

(c) Certain events necessitate the removal of the cap, resulting in the parcel being assessed based on its true assessed value. If a parcel of Class II or Class III real property meets at least one of the criteria listed below, the entire parcel (including all improvements located on the parcel) is excluded from the cap:

1. The property is located in a tax increment district pursuant to Chapter 99 of Title 11, Code of Ala. 1975.

2. The property's classification pursuant to §40-8-1, Code of Ala. 1975, changed.

3. The property changed ownership. This condition would not be met if the change in ownership is between spouses

or family members for no or nominal consideration or because of the original owner's death. This condition would not be met if the change in ownership is due to redemption after foreclosure of a mortgage, tax sale, or tax lien.

4. Class II or Class III real property that has never been assessed. This would include escapes, pursuant to §40-7-23, Code of Ala. 1975, and a newly added improvement of any type to the parcel, such as a single-family home, canopy, or swimming pool that has never been assessed.

5. An addition has been added to the parcel or a significant improvement has been made to the property. Ordinary maintenance to existing improvements on the parcel or its grounds do not meet this condition.

(d) For all parcels, the assessing office will compute the current year's true assessed value prior to the application of any exemptions by multiplying the property's fair market value or current use value by the appropriate assessment rate pursuant to §40-8-1, Code of Ala. 1975.

(e) If a parcel is excluded from the cap, then the county will use the parcel's current true assessed value as its taxable assessed value for the current tax year (prior to the application of any exemptions).

(f) If the parcel is subject to the cap, the true assessed value of the entire parcel for the current year must be compared to the taxable assessed value of the entire parcel from the previous tax year.

To determine the percentage change from one year to the next, subtract the previous year's taxable assessed value from the current year's true assessed value, then divide that number by the previous year's taxable assessed value. Multiply by 100 to convert to a percentage.

(g) Depending on the rate of change, the assessing office will determine the appropriate taxable assessed value for the current year:

1. If the true assessed value of a parcel for the current year does not increase by more than seven percent from the prior year's taxable assessed value, the county will use the parcel's current true assessed value as its current taxable assessed value.

2. If the true assessed value of a parcel for the current year increases by more than seven percent from the prior year's taxable assessed value, the CAMA system must

retain the true assessed value of the parcel for later reference and analysis, but it will set the parcel's current taxable assessed value to 1.07 times the taxable assessed value from the previous year. The current taxable assessed value should be rounded to the nearest $20 increment. If rounding in this manner would result in an assessed value that exceeds the seven percent cap, the value should be rounded down to the nearest $20.

(h) After the cap is applied to the appropriate parcels, the county will proceed with the remainder of the property tax administration process in the same manner and following the same laws, procedures, and guidelines as all other property types.

(4) CLARIFICATIONS

(a) The procedure must be completed on an annual basis, and it is not linked to a county's four-year reappraisal cycle.

(b) If a parcel is excluded from the cap in one tax year, it will not automatically be excluded for the next tax year. Each property must be reviewed annually to determine whether it meets one or more of the criteria to exclude it from the cap.

(c) When a new parcel (split) is created from an existing parcel (parent parcel), the split parcel is treated as property which has never been assessed, and it is excluded from the cap until the subsequent tax year. However, the parent parcel will still be subject to the cap, unless it meets another one of the criteria which would exclude it.

(d) When two or more parcels are combined upon the request of their owner, the combined parcel will remain subject to the cap, unless it meets one of the criteria which would exclude it.

(e) When an error in a past year's assessment is discovered, the appropriate correction must be made. If the correction of an error results in an escape, pursuant to §40-7-23, Code of Ala. 1975, then the escape and current year's assessment are excluded from the cap. However, if the correction of an error results in a refund, the current year's assessment will remain subject to the cap.

(f) For improvement-only assessments of Class II or Class III real property, continue to consider the assessment on a parcel basis when evaluating the property for any criteria which would exclude it from the cap, or when comparing the current true assessed value to the prior year's taxable assessed value. The current status or changes to the improvements located on a specific parcel would be compared to the

improvements that were located on the same parcel for the preceding tax year.

(g) A Class II or Class III manufactured home which is assessed for ad valorem tax (not registered), should be treated like any other real property improvement and will be subject to the cap unless its parcel meets one of the criteria which would exclude the parcel from the cap.

(h) A parcel assessed on its current use basis should be treated like any other parcel of property and will be subject to the cap unless it meets one of the criteria which would exclude it.

(i) Any property valued by the income approach should be appraised as required by the laws, procedures, directives, and guidance of ALDOR; should be treated like any other real property; and will be subject to the cap unless it meets one of the criteria which would exclude it.

(j) If an improvement was removed or destroyed and not rebuilt, this change to the property is not sufficient, by itself, to exclude the property from the cap.

(5) IMPACTS ON RELATED PROCESSES

(a) Board of Equalization hearings, subsequent appeals to circuit court, and other property tax court cases shall continue to function as disputes of a property's fair market value. Therefore, there should be no change in the administration of the board or court proceedings.

(b) The assessed values reported on the county's annual real property abstract should reflect the taxable assessed value of properties, not their true assessed value. By using taxable assessed value, the abstract will reflect the actual assessed values which are the basis of the collections which will go through final settlement with the state comptroller.

**Author:** Brandon Causey, Michelle B. Fuller, Craig Hall
**Statutory Authority:** Code of Ala. 1975, §40-2A-7(a)(5); Chapter 99, Title 11; Article 1 Ch. 7, Title 40; §§40-8-1; 40-5-34; 40-7-23; 40-7-32; 40-7-25; Code of Ala. 1975; Act 2024-344.
**History:** **New Rule:** Published August 30, 2024; effective October 14, 2024.

810-4-1-A **Appendix A - Form.**

## APPENDIX A

## ATTACHMENT TO RULE 810-4-1-.24

**ADV-LD-PR**

## CERTIFICATE OF PENDING REDEMPTION

**Property Being Redeemed:**

Assessee at the Time of the Tax Sale:_____

Parcel Number: _____

Legal Description: _____

_____

_____

_____

_____

Date of Tax Sale:_____

WHEREAS, on the _____day of _____, 20____, an application has been received from _____ to redeem the above described real property located in _____ County, I, Tax Collector/Revenue Commissioner/Probate Judge of said County do hereby acknowledge that the costs associated with the redemption, **excluding the excess funds,** for the above property have been paid.

☐ FULL REDEMPTION ☐ PARTIAL REDEMPTION

Approved: _____

Tax Collector/Revenue Commissioner/Probate Judge

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**VOUCHER TO CLAIM EXCESS FUNDS ARISING FROM A TAX SALE**

After receiving proof as evidenced on the "Certificate of Pending Redemption" that the purposed redemptioner has paid all costs associated with the redemption, **excluding the excess funds,** the County Commission hereby approves the credit of the excess funds to the person or entity stated above.

Amount of Excess Funds:$_____

☐ CREDIT

Approved by the County Commission on the _____day of _____, 20_____.

_____

County Commission Official

**Author:** Shelley Tice, Will Martin
**Statutory Authority:** Code of Ala. 1975, §§40-2A-7(a)(5), 40-2-11, 40-7-49, 40-10-28.
**History:** New Form: Filed February 20, 2015, effective March 27, 2015.