



**House Ways and Means General Fund Reported  
Substitute for HB292**

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A BILL  
TO BE ENTITLED  
AN ACT

Relating to exemptions from ad valorem taxation; to amend Section 40-9-1, as last amended by Act 2022-199 of the 2022 Regular Session, Code of Alabama 1975; to exempt certain aircraft from ad valorem taxation.

BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

Section 1. Section 40-9-1, as last amended by Act 2022-199 of the 2022 Regular Session, Code of Alabama 1975, is amended to read as follows:

"§40-9-1

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

(1) All bonds of the United States and this state and all county and municipal bonds issued by counties and municipalities in this state, all property, real and personal, of the United States and this state and of county and municipal corporations in this state; all cemeteries, all property, real and personal, used exclusively for religious worship, for schools or for purposes purely charitable; provided, that property, real or personal, owned by any educational, religious, or charitable institution, society or



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

44 (2) All property, real or personal, used exclusively  
45 for hospital purposes, to the amount of seventy-five thousand  
46 dollars (\$75,000), where such hospitals maintain wards for  
47 charity patients or give treatment to such patients; provided,  
48 that the treatment of charity patients constitutes at least 15  
49 percent of the business of such hospitals; provided further,  
50 that such hospital need not be assessed for taxation if the  
51 owner or manager shall file with the county tax assessor  
52 wherein such hospital is located within the time allowed for  
53 assessing the property for taxation a certificate that such  
54 hospital has done 15 percent charity work in the preceding tax  
55 year; and further provided, that such hospital through its  
56 owner or manager shall have until the expiration of the



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57 preceding tax year to class its work and ascertain whether or  
58 not such hospital has done 15 percent of its treatment of  
59 patients as charity work.

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

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

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

78 (6) The libraries of ministers of the gospel, all  
79 libraries other than those of a professional character and all  
80 religious books kept for sale by ministers of the gospel and  
81 colporteurs.

82 (7) The property of individuals who are deaf, hard of  
83 hearing, or insane to the extent of three thousand dollars  
84 (\$3,000) and the property of blind individuals to the extent



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85 of twelve thousand dollars (\$12,000).

86 (8) All family portraits.

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

93 (10) All cotton, wherever grown, stored in licensed  
94 warehouses in the State of Alabama for a period not exceeding  
95 12 months.

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

103 (12) No license or taxation of any character, except  
104 franchise taxes provided by Section 229 of the Constitution of  
105 the State of Alabama, shall be collected or required to be  
106 paid to the state or any county or municipality therein by any  
107 state or county fair, agricultural association, or stock,  
108 kennel or poultry show. Athletic stadiums owned and controlled  
109 by universities, schools, or colleges and which are used  
110 exclusively for the purpose of promoting intercollegiate or  
111 interschool athletics; provided, that the revenue received  
112 from athletic stadiums, when admission is charged, shall be



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113 used for the benefit of athletic associations of such  
114 universities, colleges, or schools. Nothing contained in this  
115 subdivision shall be construed to prohibit any municipality,  
116 county, or state from imposing any license tax upon or for the  
117 privilege of engaging in the business of supplying services  
118 for hire or reward or selling commodities other than  
119 livestock, farm products, or farm implements or conducting or  
120 operating devices or games of skill or amusements or other  
121 games or devices, or conducting or operating shows, displays  
122 or exhibits other than shows, displays or exhibits of  
123 agricultural implements, farm products, livestock, and  
124 athletic prowess.

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

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

131 (15) All property, both real and personal, owned by any  
132 unit or organization of the Alabama National Guard officially  
133 recognized as such by the federal government and organized and  
134 maintained by the state, and all property owned by shares and  
135 used exclusively by and kept exclusively in the possession of  
136 any such unit or organization of the Alabama National Guard,  
137 the annual rent or hire of which is not in excess of the  
138 annual state, county, and municipal taxes on the property  
139 shall be exempt from taxation by the state, and the county and  
140 municipality in which the same may be situated.



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141 (16) All poultry.

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

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

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

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

163 (21) Tobacco leaf stored in hogsheads.

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



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

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

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

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

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

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

195           (27) All vessels and equipment thereon, used  
196 predominantly in the business of commercial fishing, as



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197 defined in Section 40-23-1, by the owners thereof.

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

201 Section 2. This act shall become effective October 1,  
202 2024 following its passage and approval by the Governor, or  
203 its otherwise becoming law.