

**HB73 ENGROSSED**



1 HB73  
2 FYV8C55-2  
3 By Representatives Pettus, Crawford, Reynolds, Shaver,  
4 Stringer, Moore (P), Shirey, Brown, Fidler, Lipscomb, Givens,  
5 Daniels, Simpson, Shedd, Lee, Harrison, Ingram, Lovvorn,  
6 Hulsey, Oliver, Rigsby, Ledbetter, Collins  
7 RFD: Ways and Means General Fund  
8 First Read: 06-Feb-24  
9 PFD: 30-Jan-24



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A BILL  
TO BE ENTITLED  
AN ACT

Relating to ad valorem taxation; to limit the assessed value of certain real property for ad valorem tax purposes, with exceptions.

BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

Section 1. (a) After each county-wide reappraisal, as provided by Article 2, Chapter 7, Title 40, Code of Alabama 1975, and the resulting assessed value of property for ad valorem tax purposes, the tax assessor shall annually compare the assessed value of each real property reappraised or reassessed to the prior year's assessed value. If the assessed value of the property increased, then the tax assessor shall adjust the assessed value of the property pursuant to this section.

(b)(1) Class III properties, as defined in Section 40-8-1, Code of Alabama 1975, shall be limited to not more than a seven percent increase in the assessed value of the property from the previous year's assessed value.

(2) Class II properties, as defined in Section 40-8-1, Code of Alabama 1975, shall be limited to not more than a seven percent increase in the assessed value of the property



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29 from the previous year's assessed value.

30 (c) The limitations provided for in subsection (b)  
31 shall not apply to:

32 (1) Real property that has never been assessed.

33 (2) Additions or improvements to real property,  
34 including new construction. This shall not include repairs to  
35 or ordinary maintenance of an existing structure or the  
36 grounds of the property.

37 (3) Change to the classification of the property.

38 (4) Change in ownership of the property, except for any  
39 of the following:

40 a. Transfers between spouse or family members for no or  
41 nominal consideration, including upon death of owner.

42 b. Transfers due to redemption after foreclosure of a  
43 mortgage, tax sale, or tax lien.

44 (5) Property located in a tax increment district  
45 created pursuant to Chapter 99 of Title 11.

46 (d) The limitations provided for in subsection (b)  
47 shall be effective October 1, 2024 and shall continue through  
48 the fiscal year beginning October 1, 2027.

49 (e) The Alabama Department of Revenue shall analyze the  
50 data and assessed valuation of Class II and Class III real  
51 property during the most recent reappraisal periods and submit  
52 its findings to the Alabama Ad Valorem Advisory Committee. The  
53 Department and the Committee shall jointly submit findings and  
54 recommendations regarding the valuation impact of the cap on  
55 the assessed value of real property in Alabama and potential  
56 improvements in assessment methodology to help achieve a more



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57 predictable long-term process to the Governor, the Lieutenant  
58 Governor, the President Pro Tempore of the Senate, the Speaker  
59 of the House of Representatives, and to the Legislative  
60 Services Agency no later than December 31, 2026.

61 Section 2. This act shall become effective on October  
62 1, 2024.



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## House of Representatives

Read for the first time and referred .....06-Feb-24  
to the House of Representatives  
committee on Ways and Means General  
Fund  
Read for the second time and placed .....06-Mar-24  
on the calendar:  
1 amendment  
Read for the third time and passed .....09-Apr-24  
as amended  
Yeas 97  
Nays 1  
Abstains 2

John Treadwell  
Clerk