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## States' Differential Tax Assessment of Agricultural Land Statutes *Alabama*



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# A National Agricultural Law Center Research Publication

## States' Differential Tax Assessment of Agricultural Land Statutes State of Alabama

[Ala. Code § 40-7-25](#)

[Ala. Code § 40-7-25.1](#)

[Ala. Code § 40-7-25.2](#)

[Ala. Code § 40-7-25.3](#)

[Ala. Code § 40-8-1](#)

*Current through Act 2018-579.*

### **§ 40-7-25. Estimation of fair market value; assessment list; notice; objections.**

Except as otherwise provided by law, the assessing official shall, from information entered on the tax return list and from all other information known to him or her, or which he or she may procure, proceed to ascertain what, in his or her best judgment, is a fair and reasonable market value of each item of property returned by or listed to any taxpayer; provided, that the assessed value of any real estate or improvements as fixed for taxation for the year next preceding the then current tax year shall be prima facie the basis of the value of the property for assessment for the current tax year, and the property shall not be assessed for taxation at a less valuation unless, upon evidence submitted to the county board of equalization, as provided for herein, it is found that the assessed valuation of the property reviewed should be reduced. The assessing official shall in separate columns enter on the list the amount and value and the deduction for exemption to which the taxpayer is entitled. The assessing official shall also add to the list any item of property subject to taxation owned by the taxpayer, or in which he or she has any interest whatever and which he or she had failed or omitted to place on the list; and the taxpayer shall be given notice by the assessing official, by mail or in person, of the items of property added to his or her assessment list or items claimed as exempt which are disallowed by the assessing official after the list has been filed and before the assessing official has completed his or her assessment, and the assessing official shall, upon demand, furnish the taxpayer with a certified copy of his or her assessment list so amended. In the event the value of real or personal property of any taxpayer is increased by the county board of equalization, herein created, over the assessed value thereof for the next preceding year, the taxpayer shall be furnished by mail or in person, by the secretary of the county board of equalization, with a statement showing separately the value of his or her personal property and his or her real property, and improvements thereon. The statement shall be signed by the chair of the county board of equalization and the taxpayer may file in writing, with the secretary of the county board of equalization, within 30 calendar days of the date of the statement, objections to any assessed valuation fixed as herein provided. Failure to give or receive the notices required in this section shall not invalidate the assessment. The taxpayer shall have the right any time



before the taxes become delinquent to appear before the county board of equalization and have the assessment of his or her property reopened, if satisfactory proof is made that the taxpayer or his or her agent did not receive notice of the increase. The expense of postage incurred in carrying out the provisions of this section shall be paid in equal proportions by the county and state, upon a certified statement thereof by the secretary of the county board of equalization, filed with the court of county commissioners, or the board or court of like jurisdiction and with the Department of Finance.

**§ 40-7-25.1. Current use value of Class III property– Definition; appraisal of property at request of owner; legislative intent; applicability of section; method of valuation; factors considered in appraisal; rules and regulations of Department of Revenue; hearing objections.**

(a) For ad valorem tax years beginning on and after October 1, 1978, with respect to taxable property defined in Section 40-8-1, as amended, as Class III property and upon request by the owner of such property as hereinafter provided, the assessor shall base his appraisal of the value of such property on its current use on October 1 in any taxable year and not on its fair and reasonable market value. Failure of an owner of Class III property to request appraisal at current use value shall mean that the property shall be valued on its fair and reasonable market value as otherwise provided in this title until such time as the owner thereof shall request valuation on the basis of current use value. As used in this chapter, “current use value” shall be deemed to be the value of eligible taxable property based on the use being made of that property on October 1 of any taxable year; provided, that no consideration shall be taken of the prospective value such property might have if it were put to some other possible use. It is not the intent of the Legislature to establish in this section any presumption as to the fair and reasonable market value of any property, or any minimum such value. This section shall govern only determination of the current use value of eligible property with respect to which a timely request for appraisal at current use value shall have been made.

(b) In determining the current use value, on and after October 1, 1981, of eligible taxable property the owner of which shall elect current use valuation of such property hereunder, the assessor shall utilize the standard value method of current use valuation outlined herein. (No new application form need be filed under Section 40-7-25.2 in order for this method to be utilized with respect to property the owner of which, prior to October 1, 1981, shall have elected to have had assessed at the ratio of its assessed value to its current use value, and which property was in fact so assessed; however, the tax assessor of the county in which the property is located may request of the owner such additional information as may be required to compute current use value hereunder.) To utilize the standard value method of current use valuation, the tax assessor shall first determine the character of the property with respect to which current use valuation is elected as agricultural (which characterization shall cover all of the types of real property described in subdivision (3) of subsection (b) of Section 40-8-1 with the exception of real property used for the growing and sale of timber and forest products), forest (meaning real property used for the growing and sale of timber and forest products), residential (as defined in subdivision (2) of subsection (b) of Section 40-8-1, or historic building and site (as defined in subdivision (6) of subsection (b)



of Section 40-8-1). With respect to Class III property consisting of parcels of five acres or less, the owners of which shall have elected current use valuation respecting those parcels, the tax assessor may require the submission of additional data as may be necessary to establish that the use being made of the parcels of property in question is agricultural, forest, or residential or historic building and site, as the case may be; such data may include site management plans from the Alabama Forestry Commission, photographs and surveys, or verification of use from the county farm agent or the U.S. Soil Conservation Service.

(c) With respect to agricultural and forest property, the tax assessor shall determine, utilizing the soil groups defined herein, the productivity rating or ratings applicable to such property based on the following schedule:

<b>Soil Group</b>	<b>Agricultural Productivity Rating</b>	<b>Forest Productivity Rating</b>
1	Good	Good
2	Good	Good
3	Average	Average
4	Average	Average
5	Average	Average
6	Poor	Average
7	Nonproductive	Poor
8	Good	Good
9	Poor	Average
10	Nonproductive	Nonproductive

The soil groups of agricultural and forest property shall be determined using the following general definitions (to fall within a particular soil group property need not exhibit all the general characteristics described herein for that group, but must generally be describable by a preponderance of those characteristics; the Department of Revenue prior to issuing any regulations further defining soil groups hereunder shall consult with the U.S. Soil Conservation Service and the Alabama Cooperative Extension Service):

- (1) SOIL GROUP #1. Nearly level soils on uplands; mostly deep and well drained (zero to two percent slopes). Soils in this group have no limitations that significantly restrict their use for agriculture. They are well suited to a wide range of plants and may be used for cultivated crops, small grains, hay crops, pasture, or woodland. They have moderate to high available water capacity and are responsive to fertilization.
- (2) SOIL GROUP #2. Nearly level soils on uplands; mostly deep, imperfectly drained (zero to two percent slopes). Soils in this group have a wetness limitation that restricts their use for agriculture. The choice of plants may be restricted on some soils but as a group they are suited for cultivated crops, small grains, hay crops, pasture, or woodland. The wetness



limitation can be partially overcome by drainage. The soils have high available water capacity and are responsive to fertilization.

- (3) SOIL GROUP #3. Nearly level soils on uplands; mostly deep, well drained with thick sandy surface layers (zero to five percent slopes). Soils in this group have a low available water capacity that restricts their use for agriculture. The choice of plants is restricted and the soils require special considerations when used for cultivated crops and small grains. Most soils in this group are well suited for hay crops, pasture, and woodland. Special practices must be used to prevent deterioration of soils and to maintain yields if used for cultivated crops. Most soils in this group have low fertility levels that are not easily corrected by fertilization.
- (4) SOIL GROUP #4. Gently sloping to sloping soils on uplands (two to six percent slopes). Soils in this group have moderate limitations that restrict their use for agriculture. The choice of plants may be restricted on some soils but as a group they are well suited for cultivated crops, small grains, hay crops, pasture, or woodland. Limitations can be overcome by conventional practices but the soils require careful management to prevent deterioration and maintain maximum crop yields. Limitations include one or more of the following: Slopes of about two to six percent, a somewhat restricted rooting zone, very slow permeability of the subsoil, and low available water capacity. Most soils in this group are responsive to fertilization.
- (5) SOIL GROUP #5. Sloping to strongly sloping soils on uplands (six to 10 percent slopes). Soils in this group have severe limitations that restrict their use for agriculture. The choice of plants is restricted and the soils require special considerations when used for cultivated crops and small grains. Most soils in this group are well suited for hay crops, pasture, and woodland. Special practices must be used to prevent deterioration of the soils and to maintain yields if used for cultivated crops. Limitations include one or more of the following: Slopes of about six to 10 percent, very slow permeability of the subsoil, shallow rooting zone, and low available water capacity. Some sandy soils in this group have low fertility levels that are not easily corrected by fertilization.
- (6) SOIL GROUP #6. Moderately steep soils on uplands (10 to 15 percent slopes). Soils in this group have very severe limitations that restrict their use for agriculture. The choice of plants is restricted and very careful management is required to prevent soil deterioration, protect crops, and to maintain crop yields. Soils in this group are generally poorly suited for row crops and small grains. They are suited to pasture and woodland but steep slopes restrict their use for hay crops. Limitations include one or more of the following: slopes of about 10 to 15 percent, shallow rooting depth, low available water capacity, and surface stoniness that interferes with tillage. Some sandy soils in this group have low fertility levels that are not easily corrected by fertilization.



- (7) SOIL GROUP #7. Steep soils on uplands (15+ percent slopes). Soils in this group have very severe limitations that make them unsuited for cultivated crops, small grains, or hay crops. They are suited for pasture only to a limited extent and are used mainly for woodland. Limitations include one or more of the following: Slopes greater than 15 percent, shallow rooting depth, low available water capacity, and surface stoniness that seriously interferes with or prohibits tillage.
- (8) SOIL GROUP #8. Bottomland soils that are well suited for cultivated crops, hay crops, and pasture. Subject to occasional water overflow with only slight damage to crops. Soil wetness is normally correctable by surface drainage. Soils in this group are well suited for woodland.
- (9) SOIL GROUP #9. Bottomland soils subject to frequent overflow with severe crop damage. Excessive wetness that persists after drainage restricts the use of these soils to mainly pasture and woodland. Woodland growth potential is excellent but equipment limitations and seedling mortality limit intensive forest management.
- (10) SOIL GROUP #10. Soils in this group have such severe limitations that they are capable of only limited production of vegetative growth. It includes soils that are normally covered with water, soils that are saline, soils that are severely gullied, and have extensive rock outcrops.

(d) The tax assessor shall then use, on and after October 1, 1981, the following formulas and methods to determine the assessed value of each type of Class III property, with respect to which a current use valuation election has been made:

- (1) AGRICULTURAL PROPERTY. The current use standard value for agricultural property in the state shall be determined in the following manner. The owner of agricultural property desiring to elect current use valuation shall submit to the assessor satisfactory evidence indicating the soil group or groups, as defined herein, applicable to the property in question. Such evidence may, with respect to property located in counties for which countywide soil survey maps are not available from the U.S. Soil Conservation Service, include a soil survey map describing the soils of the property in question prepared by the U.S. Soil Conservation Service or other governmental or private soil mapping agency. The Department of Revenue, utilizing statistics from the Alabama Crop and Livestock Reporting Service, the Alabama Cooperative Extension Service and the Alabama Agricultural Experiment Station, shall determine annually not later than November 15 (except that, for the tax year beginning October 1, 1981, the determination shall be made 30 days after April 20, 1982), for use in assessing property for taxation as of the immediately preceding October 1, the current use standard value for agricultural property as follows:
  - a. The state's top three crops in terms of acreage harvested (not including hay of all types) for the most recent calendar year for which statistics are available shall be determined;



b. Total crop production in the state of the three crops shall be multiplied by the seasonal average price received for these crops in each of the 10 most recent calendar years since 1973 for which statistics are available, and divided by the acreage harvested for each crop for each year, giving the gross return per year per crop (provided, that if corn is determined to be one of the three crops for which such calculation is made, the same formula shall be followed, but utilizing southeastern United States statistics in determining average yields per acre);

c. From the gross return figures thus obtained, costs of production for each crop (determined for each crop using U.S. Department of Agriculture cost of production data [excluding land costs and general farm overhead costs] or such similar data as may be available to the department) shall be subtracted, giving the net return to land per year per crop;

d. The net return per year to land per crop shall be totaled, the total being weighted to give effect to the average number of acres of each crop being harvested in the state in the 10 most recent calendar years since 1973 for which statistics are available, such total yielding income flow per acre; and

e. Income flow per acre shall be capitalized by dividing it by the average of the annual effective interest rates on new federal land bank loans (determined in the same manner as the effective interest rates utilized under Section 2032A(e)(7)(A)(ii) of the Internal Revenue Code of 1954, as presently determined pursuant to regulation Section 20.2032A-4(e) issued by the U.S. Department of the Treasury) charged by the New Orleans District Federal Land Bank for the 10 most recent calendar years since 1973 for which figures are available as of October 1 of each tax year, such rate to be reduced by four and one-half percent for determinations made for the first tax year to which the provisions of this chapter shall apply; with respect to tax years thereafter, the income flow per acre shall be divided by the average of said annual effective interest rates determined for the 10 most recent calendar years since 1973 for which figures are available, such rate to be reduced by the lesser of four and one-half percent or the difference between such rate and two percent.

The figure obtained using this formula, increased by 20 percent with respect to property having a productivity rating of good, decreased by 30 percent with respect to property having a productivity rating of poor, and by 75 percent with respect to property having a productivity rating of nonproductive, and unchanged with respect to property having a productivity rating of average, shall be the current use standard values per acre of property in agricultural use in the state with respect to which current use valuation is elected by the owner thereof; provided, however, that such current use standard values per





acre as computed hereunder shall, for the first tax year for which values are computed pursuant to the standard value method provided herein, be computed without utilizing any statistics or interest rates available for the calendar year 1981, and all calculations hereunder for the tax year beginning October 1, 1981, shall be made as if such 1981 statistics and interest rates were not available; and provided further that for each tax year following the first tax year for which values are computed pursuant to the standard value method provided herein, with respect to property of each productivity rating, the current use standard values per acre shall be adjusted so that such standard values shall not be less than 100 percent of such standard values as computed for the first tax year for which values are computed hereunder, and shall not be more than 100 percent of such standard values as computed for the first tax year for which values are computed hereunder plus, with respect to each such value, amounts equal to three percent of such values multiplied by the number of tax years elapsed since the tax year beginning October 1, 1981. Utilizing the department's determination of standard values, the tax assessor shall enter the standard value or values per acre determined hereunder, multiplied by the number of acres of agricultural property of each productivity rating included in the property with respect to which a current use valuation election is in effect, on his records and proceed to assess the property at that value for ad valorem tax purposes utilizing the assessment ratio or ratios then applicable to Class III property. In making the annual determination provided for in this subparagraph (1), the statistics utilized by the Department of Revenue shall be (except as otherwise provided herein) those most current statistics available to the department (including preliminary statistics) at the time such determinations are made as required herein; the determinations so made by the department shall not be subject to change solely because such statistics are later revised, corrected, or otherwise altered by the Alabama Crop and Livestock Reporting Service, the Alabama Cooperative Extension Service, the Alabama Agricultural Experiment Station, the U.S. Department of Agriculture or the New Orleans District Federal Land Bank.

- (2) FOREST PROPERTY. The current use standard value for forest property in the state shall be determined in the following manner. The owner of timberland desiring to elect current use valuation shall submit to the assessor satisfactory evidence indicating the soil group or groups, as defined herein, applicable to the property in question. Such evidence may, with respect to property located in counties for which county-wide soil survey maps are not available from the U.S. Soil Conservation Service, include a soil survey map describing the soils of the property in question prepared by the U.S. Soil Conservation Service or other governmental or private soil mapping agency. For each calendar year immediately preceding October 1 in each year the Alabama Forestry Commission shall determine the average pulpwood price per cord received by timber growers in the state by estimating the average pine pulpwood price per cord and the average hardwood pulpwood price per cord received in the state during such year and determining the weighted average of those two average prices, weighting those prices on the basis of the ratio that the





approximate number of cords of each of those two types of pulpwood harvested in Alabama bears to the total cords of both of such types of pulpwood harvested in Alabama, and provide that information to the Department of Revenue. The Department of Revenue shall utilize timber yields of 1.38 cords per acre per year, 1.05 cords per acre per year, .75 cords per acre per year and .6 cords per acre per year for land having good, average, poor, and nonproductive productivity ratings respectively to establish annual yields per acre in cords and multiply the yield per acre of timber property of each rating by the average pulpwood price per cord as provided by the Alabama Forestry Commission. From the products thus obtained, 15 percent thereof shall be subtracted therefrom for expenses of ownership and management, and the result of that subtraction shall equal imputed timberland net income per acre for property of each productivity rating. The imputed net income per acre figures for property of each productivity rating shall then be divided by the average of the annual effective interest rates charged on new federal land bank loans (determined as in subsection (d)(1)e. of this section) by the New Orleans District Federal Land Bank for the 10 most recent calendar years since 1973 for which figures are available as of October 1 of each tax year, such rate to be reduced by four and one-half percent for determinations made for the first tax year to which the provisions of this act shall apply; with respect to tax years thereafter, the imputed net income per acre figures shall be divided by the average of said annual effective interest rates for the 10 most recent calendar years since 1973 for which figures are available, such rate to be reduced by the lesser of four and one-half percent or the difference between such rate and two percent. The results thus obtained shall be the current use standard values per acre for property of each of the timber productivity ratings with respect to which current use valuation is elected by the owner thereof; provided, however, that for each tax year following the first tax year for which values are computed hereunder, with respect to property of each productivity rating, the current use standard values per acre shall (a) be adjusted so that such standard values shall not be less than 100 percent of such standard values as computed for the first tax year for which values are computed hereunder, and (b) not be more than 100 percent of such standard values as computed for the first tax year for which values are computed hereunder plus, with respect to each such value, amounts equal to three percent of such values multiplied by the number of tax years elapsed since the tax year beginning October 1, 1981. Utilizing the department's determination of standard values, the tax assessor shall enter such standard values per acre, multiplied by the number of acres of forest property of each productivity rating with respect to which a current use valuation election is in effect, on his records and proceed to assess the property at that value for ad valorem tax purposes utilizing the assessment ratio or ratios then applicable to Class III property. In making the annual determinations provided for in this subparagraph (2), the statistics utilized by the Alabama Forestry Commission and the Department of Revenue shall be (except as otherwise provided herein) those most current statistics available to the commission and the department (including preliminary statistics) at the time such determinations are made as required herein; the determinations so made by the commission and the department shall not be subject to change solely because such statistics are later revised, corrected, or otherwise



altered by the sources thereof, including the commission and the New Orleans District Federal Land Bank.

(3) **RESIDENTIAL PROPERTY AND HISTORIC BUILDINGS AND SITES.** The current use standard values for individual parcels of residential property and historic buildings and sites in each county in the state shall be determined by each county tax assessor annually utilizing comparative fair and reasonable market values of comparable residential or historic building and site property located in the county, which property cannot ordinarily be used other than as residential property or as an historic building or site, the tax assessor to presume that there is no possibility of the property being used for any other purpose than as residential property or an historic building and site, as if there were a legal prohibition against its use for any other purpose. The Department of Revenue shall promulgate appropriate regulations and orders for use by tax assessors in determining such comparable values. The tax assessor shall enter the standard values so determined on his records concerning property with respect to which a current use valuation election is in effect and proceed to assess the property at that value for ad valorem tax purposes utilizing the assessment ratio or ratios then applicable to Class III property.

(e) Following notice to the owners of Class III property who shall request appraisal of such property at its current use value of the current use values thereof computed using the current use standard values provided for herein, those owners may, within 30 days after receipt of such notice, submit to the assessor a statement outlining any errors asserted by the owner to have been made in such appraisal. The assessor shall review such statement and determine whether the value contained in the appraisal as submitted satisfactorily represents the current use value of the property with respect to which it is submitted, and he shall promptly forward the statement to the county board of equalization with his written determination and recommendation with respect thereto, for use by the board in carrying out its duties under Section 40-3-16 and hearing any properly filed objection to the current use valuation of any parcel of property computed using the standard current use value formulas provided in this section. Such objections shall be filed and heard, and final determinations of the board respecting such objections and assessments based on current use value appealed from, in the same manner as that provided in Section 40-3-19 regarding assessments, and objections filed with respect thereto, based on fair and reasonable market value.

**§ 40-7-25.2, Current use value of Class III property -- Qualification procedure; appeal from denial of application; new owner required to reapply upon sale of property.**

(a) Any owner of eligible taxable property described in Section 40-7-25.1 may apply to have such property assessed for purposes of ad valorem taxation at the appropriate ratio of assessed value to the current use value of such property by filing a written application, in form as prescribed by the Department of Revenue, with the tax assessor of the county in which such property is located, on and after October 1 but not later than January 1 in any taxable year; provided, however, that with respect to



assessments of eligible taxable property respecting the taxable year that began on October 1, 1981, such applications may be filed with the tax assessor not later than June 30, 1982.

(b) The application form for qualification of real property as agricultural property shall set forth a description of the real property, a general description of the use to which it is being put and such other information as the tax assessor may require to aid him or her in determining whether the real property qualifies for assessment based on its current use value.

(c) The application form for qualification of real property as forest property shall include a description of the real property, a general description of the uses to which it is being put, aerial photographs, if available, and such other information as the tax assessor may require to aid him in determining whether the land qualifies for assessment based on its current use value.

(d) Any person aggrieved by the denial of any application for the qualification of eligible taxable property for assessment based on its current use value shall have the same rights and remedies for appeal and relief as are provided by law for taxpayers claiming to be aggrieved by the actions of tax assessors or boards of equalization.

(e) If any application for assessment of any taxable property based on its current use value is granted by the tax assessor, the owner of such property shall not be required to repeat the application for subsequent taxable years. Following the sale or other disposition of such property, the new owner thereof shall be notified in writing by the tax assessor or revenue commissioner, as the case may be, that the new owner is required to make application for current use valuation of the property and the new owner may then apply for current use valuation for such property as provided in this section; otherwise, such property shall be assessed at its fair and reasonable market value. In the assessment book described in Section 40-7-33, the tax assessor shall show, in addition to the other information specified therein, that the owner of the taxable property eligible for current use valuation under this section has applied for and been granted current use valuation of that property for purposes of assessment.

### **§ 40-7-25.3. Current use value of Class III property– Conversion of property to other taxable use.**

If the sale or other disposition of taxable property qualified for assessment based on its current use value results in or is followed by the conversion of such property, within two years from the date of sale or other disposition, to a use that is not so qualified, then with respect to such property, there shall be levied and collected, in the ad valorem tax year beginning on the October 1 next succeeding the conversion of such property, an amount of additional taxes to be computed in the manner provided by this section. If taxable property qualified for assessment at its current use value is converted to a use not so qualified, then the tax assessor shall thereupon appraise such property in accordance with the provisions of Section 40-7-15 and Section 40-7-25, as amended, and shall compute the amount of additional taxes payable with respect to such property in the manner provided in this section. The owner of taxable property qualified for assessment at its current use value which is converted to a



use not so qualified shall so notify the tax assessor of the county in which such property is located, on and after October 1 but not later than January 1 in the taxable year next succeeding the taxable year in which such conversion is made. The tax assessor shall compute the amount of ad valorem property taxes that would have been payable with respect to such converted property if the sales price or the fair and reasonable market value of such property at the time of its conversion, whichever is greater, had been used instead of the current use value of such property in computing the amount of taxes payable with respect to such property for each of the three ad valorem tax years preceding the tax year beginning on the October 1 next succeeding the conversion of such property. Such amount shall be additional taxes to be levied and collected on the first assessment lists prepared subsequent to such conversion in the same manner and at the same time as other taxes and shall constitute a lien on such property to the same extent as other taxes, as provided in Section 40-1-3. If such converted property constitutes only a portion of a parcel so qualified on the assessment lists, the tax assessor shall apportion the assessment of such parcel on the first assessment lists prepared subsequent to the conversion and enter the apportioned amount attributable to the portion converted as a separately assessed parcel on the assessment lists. Such apportionment shall be made for each of the years to which additional taxes apply.

#### **§ 40-8-1 Classification of property; assessment rate.**

(a) On and after October 1, 1978, with respect to ad valorem taxes levied by the state, and, unless otherwise provided, with respect to ad valorem taxes levied by a county, municipality, or other taxing authority other than the state, all taxable property shall be divided into the following classes and no other and shall be assessed for ad valorem tax purposes at the following ratios of assessed value to the fair and reasonable market value of such property, or, as may be provided by law, to the current use value of such property:

CLASS I. All property of utilities used in the business of such utilities, 30 percent.

CLASS II. All property not otherwise classified, 20 percent.

CLASS III. All agricultural, forest, and residential property, and historic buildings and sites, 10 percent.

CLASS IV. All private passenger automobiles and motor trucks of the type commonly known as “pickups” or “pickup trucks” owned and operated by an individual for personal or private use and not for hire, rent, or compensation, 15 percent.

(b) As used herein, the following terms shall have the following meanings, respectively, unless the context clearly indicates otherwise:

(1) AGRICULTURAL AND FOREST PROPERTY. All real property used for raising, harvesting, and selling crops or for the feeding, breeding, management, raising, sale of, or the production of livestock, including beef cattle, sheep, swine, horses, ponies, mules, poultry, fur-bearing



animals, honeybees, and fish, or for dairying and the sale of dairy products, or for the growing and sale of timber and forest products, or any other agricultural or horticultural use or animal husbandry and any combination thereof.

- (2) HISTORIC BUILDINGS AND SITES. Regardless of the use to which such property is put, all buildings or structures (i) determined eligible by the state historic preservation officer for listing on the National Register of Historic Places; or (ii) located in a registered historic district and certified by the United States Secretary of the Interior as being of historic significance to the district.
- (3) PRIVATE PASSENGER AUTOMOBILES AND MOTOR TRUCKS OF THE TYPE COMMONLY KNOWN AS "PICKUPS" OR "PICKUP TRUCKS" OWNED AND OPERATED BY AN INDIVIDUAL FOR PERSONAL OR PRIVATE USE AND NOT FOR HIRE, RENT, OR COMPENSATION. All private passenger automobiles, as that term is defined in Sections 40-12-240, subdivision (17), and 40-12-241; and all motor trucks of the type commonly known as "pickups" or "pickup trucks," weighing not exceeding 8,000 pounds gross weight.
- (4) PROPERTY NOT OTHERWISE CLASSIFIED. All real and personal property which does not fall within any one or more of Classes I, III, and IV.
- (5) PROPERTY OF UTILITIES. All property assessed for taxation by the Department of Revenue pursuant to the provisions of Chapter 21 of this title; provided, that after September 30, 1979, and only to the extent required by Title III, § 306 of Pub. L. 94-210 (the Railroad Revitalization and Regulatory Reform Act of 1976, codified as 49 U.S.C. § 26c), "transportation property," as that term is defined in the aforesaid statute, as heretofore or hereafter amended, or in any subsequent statute of similar import, shall not be assessed as Class I property and customer-owned coin-operated telephone companies shall not be assessed as Class I property.
- (6) RESIDENTIAL PROPERTY.
  - a. Real property, used by the owner thereof exclusively as the owner's single-family dwelling. This includes an owner who resides on the property and remains in possession of the property after it is sold at a tax sale.
  - b. Residential property shall include single-family dwellings and the fully-developed underlying lot owned by a home builder holding a valid and current license from the Home Builders Licensure Board or who is otherwise authorized by the board to construct single-family homes until sold or used for a purpose other than as a single-family dwelling; provided that this classification shall not exceed a period of 24 months



from the date the owner home builder applies for the classification as provided herein.

(c) The single-family dwelling and the fully-developed underlying lot as described in paragraph b. of subdivision (6) of subsection (b) may be reclassified as Class III, rather than Class II, as authorized by Act 2011-544 based on the property owner filing documentary evidence of the date construction begins or the date the lot is fully developed pursuant to rules promulgated by the Department of Revenue, which rules shall include what documents may be accepted to qualify as Class III. The property shall be reclassified as Class II property until approved documentation is properly filed with the tax assessing official pursuant to the rules of the department. The authorization for the property to be reclassified as residential property shall not exempt the property from the provisions of Section 40-7-25.3, which shall apply to all property seeking the reclassification as residential property authorized by Act 2011-544.

(d) The reclassification of property authorized by subsection (c) shall terminate when one of the following occurs:

- (1) The classification has been in place for 24 months.
- (2) The owner no longer holds a valid license or authorization from the Home Builders Licensure Board.
- (3) The sale, transfer, or any other action or inaction resulting in the single-family dwelling or the fully-developed underlying lot no longer being held by the person, firm, or corporation first seeking the reclassification.

(e) Fully-developed lots that on September 1, 2011, are within a platted and recorded subdivision and fully comply with the subdivision regulations applying to the subdivision, classified as Class II property, and owned by the person or firm originally platting the subdivision or owned by a person or firm authorized or licensed by the Home Builders Licensure Board to construct single-family homes may be reclassified as Class III property for the two tax years immediately following September 1, 2011. Notwithstanding the foregoing, in order to qualify for the reclassification, the owner shall properly file with the tax assessing official documentation required pursuant to the rules of the department.

(f) Wherever any statute provides for, limits, or measures the power or authority of any county, municipality, or other taxing authority to levy taxes, borrow money, or incur indebtedness in relation to the assessment of property therein for state taxes or for state and county taxes, such provision shall mean as assessed for county or municipal taxes.

(g) The following property shall be exempted from ad valorem taxation: The real and personal property of the state, counties, and municipalities and real and personal property devoted exclusively to religious, education, or charitable purposes. The property of Masonic lodges, Knights of Columbus homes, and union halls shall be





exempt when used exclusively for the purposes and business of such organizations. All property now exempt by law shall continue to be exempt from taxation until changed by law.

(h) The Department of Revenue shall have authority to promulgate rules and regulations for the uniform identification and assessment of manufactured homes.

(i) In the event an owner's single-family dwelling is destroyed or damaged to the extent that the dwelling is uninhabitable, the property shall retain its classification as residential property while the dwelling is being rebuilt or restored to an inhabitable state for a period of not to exceed 24 months from the date of the destruction or damage. If the destroyed or damaged dwelling is not rebuilt or restored to an inhabitable state as the owner's single-family dwelling within 24 months from the date of the destruction or damage or the property is converted at any time to a use other than as the owner's single-family dwelling, the property shall lose its classification as residential property.

The owner may request an extension not to exceed an additional 24 months upon submission of proof that the work necessary to rebuild or restore the destruction or damage could not be contracted or if contracted could not be completed within 24 months from the date of the destruction or damage.

(j) Property classified as residential property shall not lose its classification as residential property for a period of 24 months if the property is not used as the owner's single-family dwelling because the property is not inhabitable or is otherwise under repair after being damaged by a natural disaster such as a tornado or hurricane.

