

# **State of Alabama Property Tax Assessments Statutes**

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### **Basis for Property Tax Assessments – Market Value**

Fair and reasonable market value of property is the estimated price that the property would bring at a fair voluntary sale (Ala Code Sec. 40-1-1), specifically the highest price expressed in terms of money that the property would bring if offered for sale on the open market, allowing sufficient time to find a purchaser who buys with full knowledge of the actual and potential uses of the property (Alabama Appraisal Manual, Chapter 1 (Law and Procedure), Alabama Department of Revenue (1995)). In making a value determination, an appraiser must consider the “highest and best use” of property (Alabama Appraisal Manual, Chapter 4 (The Appraisal Process), Alabama Department of Revenue (1995)).

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### **Real Property Defined**

Real Property is land and all things pertaining to land, all structures, and all things annexed or attached to which would pass to a vendee by the conveyance of the land or property. An improvement to real property that is incomplete as of October 1 of a tax year is assessed on a percentage-of-completion basis (Ala Code Sec. 40-7-1).

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### **Personal Property Defined**

Personal Property is all things other than real property.

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### **Intangible Property Taxes**

Intangible personal property is subject to Alabama property tax. Generally, investments in bonds are taxable (Ala Code Sec. 40-11-1). Although money on deposit in a bank and all other solvent credits are exempt from property tax (Ala Code Sec. 40-9-1), hoarded money (money in the custody of the owner in a safe deposit box, safe, vault, or elsewhere) is taxable (Ala Code Sec. 40-11-1). Utilities are subject to property tax on their franchises and other intangible property or assets (Ala Code Sec. 40-21-21). The following intangibles are exempt from tax:— bonds, mortgages, and deeds of trust of district electric corporations ( Sec. 11-50-531);— the capital stock and physical property of corporations and the physical property of individuals consisting only of artesian wells leased to municipalities (Ala Code Sec. 40-9-8);— all mortgages (together with the notes, debts, and credits secured by exempt mortgages) on real and personal property situated in Alabama, provided that the mortgages have been filed and any associated privilege taxes have been paid (Ala Code Sec. 40-9-1); and— all security agreements and interests under the Uniform Commercial Code (together with the notes, debts, and credits secured by exempt security agreements and interests) (Ala Code Sec. 40-9-1).

