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Calculating Your Taxes

In the State of Alabama, property tax is based on three factors:

- **Property Classification**
 - **Millage Rate**
 - **Exemptions**
-

Property Classification

Your Alabama taxes are calculated using your property's **Assessed Value**. This is determined by multiplying the **Appraised Value** by the corresponding **Property Classification**, which is also known as the **Assessment Rate**.

$$\text{Appraised Value} \times \text{Property Classification} = \text{Assessed Value}$$

For more information regarding property classification, view [Classes of Property](#).

Millage Rate

Once the **Assessed Value** of your property has been determined, multiply it by the appropriate **Millage Rate** for the area in which you live. Millage is the tax rate expressed in decimal form. Millage rates are determined by the county commissions and other taxing agencies.

A mill is one-tenth of one cent. (.001)

1 mill = \$0.001

10 mills = one penny or \$0.01

100 mills = ten cents or \$0.10

1000 mills = one dollar or \$1

$$\text{Assessed Value} \times \text{Millage Rate} = \text{Unadjusted Tax Bill}$$

For example:

\$100,000 (Appraised Value) X (Residential Rate: 10%) = \$10,000 (Assessed Value)

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\$10,000 (Assessed Value) X .0325 (County Millage Rate of 32.5 mills) = \$325.00 (Tax Amount)

To calculate your current millage rate, view [Millage Rates](#).

Please note: The Property Tax Division takes no responsibility for and makes no assertions as to the accuracy of the millage rate information.

Exemptions

After determining your **Unadjusted Tax Bill**, subtract any **Exemptions** you might have. This gives you the **Adjusted Tax Bill**.

A homestead exemption is defined as a single-family owner-occupied dwelling and the land thereto, not exceeding 160 acres. The property owner may be entitled to a homestead exemption if he or she owns a single-family residence **and occupies it as their primary residence on the first day of the tax year for which they are applying**. There are four different types of exemptions a home owner can claim in the State of Alabama. Please visit your local [county office](#) to apply for a homestead exemption.

Unadjusted Tax Bill - Exemptions = Adjusted Tax Bill

[Homestead Summary Chart](#)

For more information regarding homesteads and Title 40-9-19 through 40-9-21, view the [Code of Alabama 1975](#).

For more information regarding Property Tax Exemptions, view the [Exemptions](#) page.

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*Alabama Department
of Revenue*



Property Tax

Classes of Property

Class	Description	Assessment Percent
I	All property of utilities used in the business of such utilities	30%
II	All property not otherwise classified	20%
III	All agricultural, forest and single family, owner occupied residential property, including owner occupied residential manufactured homes located on land owned by the manufactured home owner, and historic buildings and sites	10%
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%

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CURRENT USE FORMULA

Agricultural Land

Top three crops (harvested acreage – not including hay – most recent calendar year), each multiplied by its seasonal average price in each of the ten most recent calendar years, divided by the acreage harvested for each crop for each year equals gross return per year per crop. (If one crop is corn, the southeast average on yield is used.) Subtract the cost of production for each crop. This equals the net return to land per year per crop. Total net return shall be weighted to the average number of acres of each crop being harvested in the state in the most recent ten calendar years; equals income flow per acre; capitalized by dividing it by average of annual effective rates on new federal land bank loans (IRS Sec. 2032A(e)(7)(A)(ii), charged by the New Orleans District Land Bank for the ten most recent years (such rate to be reduced by 4½% for the first year).

For tax years thereafter; the division of income flow shall be the average of the annual effect or interest rates for the most recent ten years to be reduced by the lesser of 4.5% or the difference between such rate and 2%.

The figure obtained increased by 20% on property having a rating of GOOD, decreased by 30% on property having a rating of POOR, decreased by 75% on NON-PRODUCTIVE property, but unchanged as to that property rated average.

Forest Land

Each calendar year preceding each October 1, the Alabama Forestry Commission shall determine the average pulpwood price per cord. The determination shall be by estimating the average pine pulpwood price per cord and the average hardwood-pulpwood price per cord during such year. Determine the weighted average of these two average prices based upon the number of cords of each to the total and provide that information to the Department of Revenue. The Department of Revenue shall use yields of 1.38 cords per acre per year for GOOD; 1.05 cords per acre per year for AVERAGE; .75 cords per acre per year for POOR; and .6 cords per acre per year for NON-PRODUCTIVE ratings.

Multiply these findings by the average pulpwood price per cord as provided by the Alabama Forestry Commission.

Subtract 15% for expenses of ownership and management equal the timberland net income per acre for each rating.

Income per acre then is divided by the average interest rates of the Federal District Land Bank for the ten most recent years. (The rate to be used shall be the lesser of 4.5% or the average rate minus 2%.)

This equals current use standard value, but never less than 100% of standard value for the 1st tax year or more than 100% of standard value for the 1st tax year, plus, as to each such value, amounts equal to 3% of such values multiplied by the number of tax years elapsed since the tax year beginning October 1, 1981.

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(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

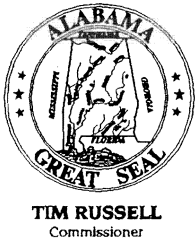
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surface stoniness that seriously interferes with or prohibits tillage.

(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.



State of Alabama Department of Revenue

(www.revenue.alabama.gov)
50 North Ripley Street
Montgomery, Alabama 36132

CYNTHIA UNDERWOOD
Assistant Commissioner
LEWIS A. EASTERLY
Secretary

October 1, 2009

DIVISION DIRECTIVE CU - 2010

Current Use Valuation and Procedures

This directive is issued for the purpose of establishing current use values and the procedures required in Title 40-7-25.1 through 40-7-25.3, 1975 Code of Alabama.

1. The Department does hereby establish and publish the current use values of Class III agricultural and forest properties according to the productivity rating as follows, for use during the tax year October 1, 2009 through September 30, 2010.

CURRENT USE VALUE

<u>SOIL GROUP</u>	<u>PRODUCTIVITY RATING</u>	<u>ROWCROP LANDS</u>	<u>PASTURELANDS</u>
1	Good	\$532	\$532
2	Good	\$532	\$532
3	Average	\$443	\$443
4	Average	\$443	\$443
5	Average	\$443	\$443
6	Poor	\$310	\$310
7	Non-productive	\$110	\$110
8	Good	\$532	\$532
9	Poor	\$310	\$310
10	Non-productive	\$110	\$110

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<u>TIMBERLANDS SOIL GROUP VALUE</u>	<u>PRODUCTIVITY RATING</u>	<u>CURRENT USE</u>
1	Good	\$664
2	Good	\$664
3	Average	\$506
4	Average	\$506
5	Average	\$506
6	Average	\$506
7	Poor	\$361
8	Good	\$664
9	Average	\$506
10	Non-productive	\$289

2. The above current use values are applicable to those properties which are eligible for current use value for the tax year October 1, 2009 through September 30, 2010 where timely request have been filed.
3. Any owner of eligible Class III property, who has filed an application for current use valuation with the county assessing official on or before January 1, 2010 is eligible for current use application. The county assessing official will determine that the property on which the application is made is still owned by such applicant and meets the requirements for current use application.
4. 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

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the owner has thirty days after receiving such notice to submit to the assessing official a statement outlining any errors in such current use valuation. The assessing official shall review such statement and determine whether the value satisfactorily represents the current use value of the property. The assessing official may require the owner to submit satisfactory evidence which will indicate the property soil group applicable to the property in question as provided in Title 40-7-25.1 (b)(c) 1975, Code of Alabama.

Note: Notice is not required again for those owners of Class III who have applied for and have been granted current use valuation previously.

5. If any property for which a current use valuation has been approved is converted to any use other than that for which the application was filed, the tax assessing official shall revalue the property according to current market value as provided by Code of Alabama 1975, Section 40-7-25.3. The tax assessing official shall then base his appraisal on the then current market value assessing such property accordingly for purpose of collecting any taxes due thereon. After conversion, any rollback taxes that may be due shall be based on the sales price or the fair and reasonable market value of such property at the time of its conversion, whichever is greater, for the preceding three (3) ad valorem tax years.

Yours truly,



Bill Bass, Director
Property Tax Division

Distribution: County Assessing Officials
Division Field Personnel
Chairman, Jefferson County Board of Equalization
Jane Mardis, Chief Appraiser, Montgomery County
Bobby Armstrong, Chief Appraiser, Lee County
J.W. Brannen, Chief Appraiser, Russell County

EXAMPLE

Fair Market Value

Appraised Value (FMV)		Property Class		Assessed Value
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\$1,500 X **10%** = **\$150**

Assessed Value		Millage Rate		Tax
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\$150 X **.040** = **\$6.00**

Current Use

Appraised Value (CU)		Property Class		Assessed Value
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\$506 X **10%** = **\$50.60**

Assessed Value		Millage Rate		Tax
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\$50.60 X **.040** = **\$2.02**

FAIR MARKET VALUE **\$6.00** per acre

CURRENT USE **2.02** per acre

SAVINGS **\$3.98** per acre

APPLICATION FOR CURRENT USE APPRAISAL
FOR CLASS III PROPERTY

The undersigned hereby applies to the Tax Assessor of _____ County, Alabama, to have the following described real property appraised for Ad Valorem Tax purposes at Current Use value.

I. Taxpayer:

Present Ownership: _____
 Mailing Address: _____
 Telephone Number: _____

II. Description:

Uniform Parce No.:

CO.	TWP	AREA	SEC	1/4 SEC	BLK	PARCEL

Attach Aerial Photographs, If Available

Other Description: _____

Current Use of Property:

- a. Row Crop: _____ Acres
- b. Pasture Land: _____ Acres
- c. Timber Land: _____ Acres
- d. Homesite: _____ Acres
- e. Historic Building or site: _____ Acres
- f. _____ Acres
- Total Acreage: _____ Acres

III. Other Information:

Is all or any part of the above described property zoned by any governmental body or agency?

_____ YES _____ NO

If yes, for what purpose? _____

If property purchased within past five (5) years.....

a. Date of Purchase: _____ Deed Book _____ Page: _____

b. Purchase Price: \$ _____

c. Bought for _____ purpose: (Farming, Timber, Investment, Development, etc.)

d. Value of Improvements, Timber, Allotments, Mineral Rights, Etc. that were included in the purchase price is estimated as follows:

Description	\$ Value

Taxpayer Remarks: _____

Signature: _____

Position: _____

Firm: _____

Suscribed and sworn to before me this _____ day of _____, 20_____

Notary Public