

1 SB212  
2 173292-1  
3 By Senators Scofield, Livingston, Ward, Stutts, Melson, Reed,  
4 Dial and Whatley  
5 RFD: Finance and Taxation Education  
6 First Read: 11-FEB-16

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8 SYNOPSIS: This bill would encourage accelerated  
9 investment in broadband infrastructure by private  
10 business by providing a 10-year property tax  
11 exemption for qualifying high-speed broadband  
12 telecommunications network facilities constructed  
13 after January 1, 2016.

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15 A BILL  
16 TO BE ENTITLED  
17 AN ACT

18  
19 To amend Sections 40-21-6, 40-21-9, 40-21-17,  
20 40-21-18, 40-21-20, and 40-21-21 of the Code of Alabama 1975;  
21 to provide a 10-year property tax exemption for qualifying  
22 high-speed broadband telecommunications network facilities  
23 constructed after January 1, 2016.

24 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

25 Section 1. Sections 40-21-6, 40-21-9, 40-21-17,  
26 40-21-18, 40-21-20, and 40-21-21 of the Code of Alabama 1975,  
27 are amended to read as follows:

1           "§40-21-6.

2           "Insofar as the other evidence and information  
3 adduced before said department does not make it appear to said  
4 department improper or unjust for it to do so, the said  
5 department shall, in fixing the true value of the entire  
6 property, tangible and intangible, of any company,  
7 corporation, association or individual embraced within the  
8 provisions of this title, consider as a factor the average net  
9 earnings, averaged over a period of five years, and also take  
10 as a basis therefor the aggregate average market value or true  
11 value for the preceding year of all its shares of stock and  
12 add thereto the average market or true value for the preceding  
13 year of its entire indebtedness secured by any mortgage, lien  
14 or other charge upon its property and assets, and the sum or  
15 sums so produced shall be treated and considered a factor in  
16 ascertaining the true value of said entire property, tangible  
17 and intangible, for purpose of ad valorem taxation. The  
18 department may likewise consider the value of the individual  
19 units and items of property and the sum of the values of such  
20 units or items. The department shall exempt property listed in  
21 subsection (b) of Section 40-21-21.

22           "§40-21-9.

23           "Every electric power, hydroelectric power, every  
24 telegraph, telephone, or long distance telephone company shall  
25 include in each return made by it the following particulars:

26           "(1) The number of miles of right-of-way in the  
27 state belonging to such company and the number of miles of

1 right-of-way along public roads or on government land or on or  
2 along the streets of incorporated cities and towns used by  
3 such company, showing the number of miles of each class  
4 separately and by what authority such use is granted;

5 "(2) The total length of all transmission lines or  
6 telephone or telegraph lines, stated by the number of miles of  
7 poles and the number of miles of towers, whether poles are  
8 treated or untreated, and description of towers as to size and  
9 height, the number of miles of wire, of each material  
10 constructed, stated according to the number of miles of each  
11 class and size of wire, the number of miles of conduit or of  
12 cable, stated according to the number of pairs of wire or  
13 other capacity, and the voltage capacity of each electric  
14 transmission line shall be stated;

15 "(3) The total length of all lines of said company,  
16 whether within or outside of the state; and

17 "(4) The total length of so much of said lines as  
18 are within this state and the length of its lines in each of  
19 the counties, cities, towns, school districts, or other tax  
20 districts of this state into or through which its lines  
21 extend, stated according to the number of miles of towers, the  
22 number of miles of poles, the number of miles of each class of  
23 wire, and the number of miles of each size of conduit or  
24 cable. Electric transmission lines shall, in addition to the  
25 foregoing state their mileage according to the voltage  
26 capacity of each line.

1                   "(5) Property exempted in subsection (b) of Section  
2 40-21-21 shall be listed separately in the return.

3                   "§40-21-17.

4                   "The department shall proceed forthwith to examine  
5 the returns made by all persons, firms, and corporations  
6 required by law to make the same and also such information as  
7 the department may have obtained in addition thereto, shall  
8 determine the valuation of the different items of property  
9 required to be returned to it and shall assess such property  
10 for taxation at 30 percent of its reasonable value; and, in  
11 case no return has been made by or on behalf of such person,  
12 firm, or corporation on or before March 1 in each year, the  
13 department may add to the assessment which it makes against  
14 such person, firm, or corporation a penalty not exceeding 10  
15 percent of the assessment as made therefor. The assessment  
16 herein required to be made shall be completed on or before  
17 July 1, or as soon thereafter as practicable, and reported to  
18 the tax assessor of every county in which any part of said  
19 tangible personal property is taxable under the provisions of  
20 this title. The report to the tax assessor shall contain a  
21 description of all property included in the assessment, the  
22 assessed value thereof, and an apportionment of the assessed  
23 value of such property to the county, to each municipality, to  
24 each special school district, and other districts levying a  
25 district tax within said county, with the name and residence  
26 or place of business of the owner thereof and all other  
27 information necessary to enable the tax assessor to set up

1 such tax assessment upon the assessment books. The report  
2 shall not include property exempted in subsection (b) of  
3 Section 40-21-21.

4 "§40-21-18.

5 "The Department of Revenue shall carefully examine  
6 and consider said statements and information and shall hear  
7 evidence and secure further and additional information as far  
8 as may be in its power, whenever it may deem it necessary to  
9 do so, to show the true value of properties of such  
10 corporations, associations, companies, and individuals and the  
11 true value of that portion thereof which is situated within  
12 this state and within the respective counties, cities, towns,  
13 or other tax districts in this state; and each interested  
14 company, corporation, association, or individual may appear  
15 before said department and introduce material and relevant  
16 testimony before the same touching the true value of said  
17 property within this state and the apportionment thereof. From  
18 these statements, evidence and information adduced before it,  
19 the Department of Revenue, subject to the exemption in  
20 subsection (b) of Section 40-21-21, shall ascertain, fix, and  
21 determine the true value of such property and of the portion  
22 thereof which is situated within this state and the respective  
23 value of the several portions within the different counties  
24 and cities, towns and school districts, or other tax districts  
25 having a special assessment in this state, in which such  
26 portions are taxable; and for that purpose said department may  
27 require and compel by subpoenas to be issued by it any person

1 or persons, or the officers and agents, or any of them, of any  
2 company, corporation, or association embraced by the  
3 provisions of this title to appear before it with such books,  
4 papers, documents, and information as the department may  
5 require and to submit themselves to examination by said  
6 department, and it shall have all the powers with respect  
7 thereto conferred upon it by this title.

8 "§40-21-20.

9 "In arriving at the value of such taxable property,  
10 whenever used in this chapter or whenever required, the  
11 Department of Revenue, the tax assessors, deputy tax  
12 assessors, board of equalization, or other assessing  
13 authorities and the courts shall be authorized, subject to the  
14 exemption in subsection (b) of Section 40-21-21, to consider  
15 and may consider original costs, reproduction cost new less  
16 depreciation, recent sales of contiguous or similar property,  
17 the nature of the property, its location, whether in town,  
18 city or county, whether it is vacant or occupied, its  
19 proximity to local advantages, its use, its fitness for the  
20 use to which employed, or its fitness for other uses, the  
21 quality of soil, its growth of timber, its mines, minerals,  
22 coal beds, oil or gas deposits, the amount and character of  
23 improvements thereon, the amount of insurance carried on each  
24 item of property, the gross and net income received therefrom  
25 during the year or years preceding the date of assessment, the  
26 market value of its shares of stock or bonds, or both, if sold  
27 in the open market, or if not quoted in the open market, the

1 value thereof, the amount of any bonded indebtedness, loans or  
2 mortgages upon it and any and all evidence and information  
3 that may be adduced before the assessing authorities or which  
4 he or it may procure, shedding light on the value of such  
5 property. In assessing any property where such information is  
6 obtainable and has or may have any bearing on the values of  
7 such property, the tax assessing authorities shall consider  
8 the average market or actual value of the stock and bonds of  
9 such companies during the preceding year and also shall take  
10 into consideration the estimated investment as returned by the  
11 duly authorized officer or employee of such company to the  
12 Public Service Commission or to the Interstate Commerce  
13 Commission, Tennessee Valley Authority, Reconstruction Finance  
14 Corporation or Railroad Credit Corporation, or other similar  
15 commissions, agencies, or associations of the United States or  
16 this state, or value stated in folders, schedules, or  
17 prospecti. Any valuation made for rate-making or other  
18 purposes of the Public Service Commission of the state, the  
19 Interstate Commerce Commission, or other state or governmental  
20 bodies shall also be considered.

21 "§40-21-21.

22 "(a) There shall be subject to taxation in this  
23 state the franchises or intangible property and assets of each  
24 and every corporation, whether organized under the laws of  
25 this state or of any other state or government, and of each  
26 and every individual, association, or partnership, or company  
27 engaged as a common carrier, wholly or partly in this state,



1 in the business of transporting freight of any description or  
2 passengers, or both, over any railroad, including street  
3 railroads, or of operating any cars of any kind over any  
4 railroads for the transportation of passengers or of property  
5 of any kind for others or for the public, including sleeping  
6 cars, parlor or palace cars, chair cars, equipment cars of any  
7 kind, or except as set out in subsection (b), engaged in the  
8 business of maintaining or operating for gain any telegraph or  
9 telephone lines, plant or business, or any plant or business  
10 for the production, transportation, piping, distribution, or  
11 sale of natural gas, manufacture, distribution, or sale of  
12 gas, by or through pipes, drums, tubes, cylinders, or other  
13 containers or conveyances, or for manufacture, distribution,  
14 or sale of electricity, electric light, electric power, water,  
15 steam heat, and refrigerated air, or other similar substance,  
16 including the piping of oil or gasoline, by means of wires,  
17 pipes, or conduits constructed, operated, or maintained on,  
18 over, under, or through any territory or any street, alley, or  
19 highway in this state, or in the business of operating for  
20 gain any dockage, wharfage, canal, freight, or passenger  
21 depots, boats, barges, station, or terminals, toll bridges,  
22 and toll ferries, or engaged in any business which may be  
23 dependent upon the grant of public powers or privileges, or  
24 which may involve the operation of any public utility; and of  
25 each and every individual, association, partnership, company,  
26 or corporation which has and exercises, under authority  
27 granted by charter, statute, or other provision of law,

1 whether of this state or any political subdivision thereof, or  
2 of any other state or government, any special or exclusive  
3 privilege, franchise, or function which is or may be dependent  
4 upon the grant of public power or privilege, or which involves  
5 the operation of any public utility.

6 "(b) Notwithstanding subsection (a), any broadband  
7 telecommunications network facility constructed after January  
8 1, 2016, shall be exempt from taxation for a period of 10 tax  
9 years from the date any such facility was placed into service.  
10 For purposes of this subsection, the term "broadband  
11 telecommunications network facility" means electronics,  
12 equipment, transmission facility, fiber optic or copper cable,  
13 and any other property used directly or indirectly to transmit  
14 broadband signals capable of speeds of at least 10 megabits  
15 per second of download speed and one megabit per second of  
16 upload speed."

17 Section 2. This act shall become effective  
18 immediately following its passage and approval by the  
19 Governor, or its otherwise becoming law.