

Alabama Association of
School Business Officials

Annual Conference

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“What do you need to know about ad
valorem tax renewal elections?”

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Bradley

Kane Burnette
Partner



Kane Burnette's primary practice involves serving as bond counsel to municipalities, counties, boards of education and public corporations throughout Alabama on both publicly underwritten and privately placed bond offerings.

Kane is particularly active in the public education sector, where he has represented both public universities and boards of education on tax and finance matters, and he currently serves on the faculty of the University of Alabama's Executive Finance Program for new school superintendents and chief school financial officers.

In addition to bond counsel assignments, he has served as company counsel and bank counsel in both of-credit backed transactions, as bond's counsel in direct placement transactions and as trustee's counsel. He also advises municipal clients on economic development and incentive matters. Kane has experience in representing governmental bodies in compliance matters before the Alabama Revenue Service and the U.S. Securities and Exchange Commission.

As an Alabama-licensed Certified Public Accountant (currently inactive), Kane worked in the Birmingham office of Ernst & Young LLP before entering law school.

Awards

- Listed in *Mid-South Super Lawyers*, "Rising Stars" Government Finance, 2016-2018.

Professional & Community Activities

- National Association of Bond Lawyers
- American Institute of Certified Public Accountants
- Alabama Society of Certified Public Accountants
- Alabama Council of School Board Attorneys
- Member: Bond Lawyers, Treasurer

You May Not Know

Kane is from Tuscaloosa, attended Tuscaloosa City Schools and has been a resident of the University of Alabama. He spent on the football field for the University of Alabama Chapter of Alpha Tau Omega fraternity.

Practice
Public Finance
Corporate Finance
Government Securities

Education
J.D., University of Alabama School of Law, 1998 (cum laude)
M.S., University of Alabama School of Business, 2003
B.S., University of Alabama, 1992, cum laude

Lawrence H. Brown

Bradley

Alan K. Zeigler
Partner



Alan Zeigler's primary practice area is public finance. He has served as bond counsel and as underwriter's counsel on two-issued offerings throughout the state. He has participated in numerous legislative drafting projects and has advised cities, counties and boards of education on finance and election matters, particularly those pertaining to ratification for public schools. Alan served as job title counsel for the all veterans school law project undertaken by the Public Affairs Research Council of Alabama (PARCA) in 2008 and as job title counsel for PARCA's school law project in 2010. He currently serves on the faculty of the University of Alabama's Executive Finance Program for new school superintendents and chief school financial officers.

Alan has spoken on public finance-related topics in connection with continuing education programs for education, municipal and county officials throughout the state. He has been listed annually in *The Best Lawyers in America* in the Public Finance Law category since 2002 and has been listed in *Chambers USA* as a "Leading Individual" in Banking & Finance - Public Finance Law since 2010. He is a member of the National Association of Bond Lawyers and the Alabama Association of School Board Attorneys and is a fellow in the American College of Bond Counsel.

Awards

- American College of Bond Counsel, Fellow
- *Chambers USA*
- *Banking & Finance - Public Finance*, 2009-2018
- *Leading in The Best Lawyers in America*
- *Public Finance Law*, 2010-2018
- *Lawyer of the Year*, Birmingham, Public Finance Law, 2011
- *Alabama Association of School Boards*, Merit Service Award, 2004

Professional & Community Activities

- Leadership Birmingham, Board of Directors
- Leadership Alabama
- Board of Directors, Former Member
- Birmingham-Jefferson County Regional Council

Practice
Public Finance
Government Securities

Education
J.D., University of Alabama Law School, 1978, cum laude
J.D., magna cum laude
A.B., magna cum laude
Bachelor of Science, 1974, cum laude

Lawrence H. Brown

Workshops
• *Alabama's Public Finance*, 10th Edition
• *Alabama's Public Finance*, 9th Edition
• *Alabama's Public Finance*, 8th Edition
• *Alabama's Public Finance*, 7th Edition
• *Alabama's Public Finance*, 6th Edition
• *Alabama's Public Finance*, 5th Edition
• *Alabama's Public Finance*, 4th Edition
• *Alabama's Public Finance*, 3rd Edition
• *Alabama's Public Finance*, 2nd Edition
• *Alabama's Public Finance*, 1st Edition

What do you need to know about ad valorem tax renewal elections?



Do Not Be Reluctant to Ask Questions

VOCABULARY

Ad Valorem Taxes

ad valorem – Latin, according to the value of



A "mill" is equal to 1/10 of one cent; one mill is equal to ten cents on each \$100 of assessed value of taxable property. A single-family owner-occupied home with a fair market value of \$100,000 has an assessed value of \$10,000 and, per mill, will produce \$10 of tax revenue per year.

1/10 of



Property - real and personal,
including motor vehicles



SPELLING BEE 



mill

ABCDEFGHI
JKLMNOPQR
STUVWXYZ

Amendment No.
778, ratified in
2006, requires a
minimum of 10
mills of ad valorem
taxation in every
school district in
Alabama.

**NO
EXCEPTIONS**



Four Classes of Property as Set out in the Constitution of Alabama of 1901

Class	Type of Property	Assessment Ratio (in terms of fair market value)

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Class IV	Private motor vehicles 	15%

Q. How are property taxes calculated?

A.
$$\begin{array}{|c|c|c|c|} \hline \text{Assessed Value of Property (expressed as a percentage of fair market value)} & \times & \text{Millage Rate} & = & \text{Tax Revenues} \\ \hline \end{array}$$



- **Countywide taxes** are allocated and distributed on Foundation Program ("ADM") basis; **district taxes** stay in the district in which collected. 
- **In connection with every mill of tax levied locally for your board, you should know:**
 - the constitutional authority for levying the tax; 
 - who levies the tax (i.e., the City or the County); 
 - are there any restrictions on the use of tax proceeds (such as capital, not salaries); 
 - what indebtedness might be payable from the tax; and
 - the duration (unless the tax is levied without limit as to time). 

What Is the Constitutional Authority for Levying the Ad Valorem Tax?



- Section 216 of the Constitution of Alabama of 1901 and various general and local amendments
- Section 269 of the Constitution of Alabama of 1901 and various Amendments thereto

What Is the Constitutional Authority for Levying the Tax?



Section 269	Countywide	1 mill	
Amendment No. 3, § 1	Countywide	3 mill	
Amendment No. 3, § 2	District	3 mill	
Amendment No. 202	Countywide	5 mill	
Amendment No. 382	District	3 mill	
		15 mills (the "basic" 15)	



When Should the Election Be Held?




Considerations:

- City-levied tax – second and fourth Tuesdays of any month
- County-levied tax – any Tuesday

When?

January February March April May June July
August September October November December

Who Pays for the Election?




Particular significance of Amendment No. 778

"net" vs. "gross"



Develop a Game Plan

First, ask yourself, what is the "game"?

- Renew and continue
- Increase rates; levy new tax
- Integrate tax/revenue planning into your Board's long-range capital plan



Develop a Game Plan

Second, ask yourself, how do we win the game?

Assemble your team

- Superintendent
- Chief School Financial Officer
- Board President
- Board Members
- Board Attorney
- Valuable advice and assistance from the Alabama Association of School Boards
- Attorney with experience in finance and election matters



How Does All This Get Started?



Communication Is the Key.



Things to Consider

Is there any existing – but unutilized – authority?



Cooperation between city and county boards on passing a countywide tax?

Timing issues:

- when voted?
- when levied? February Counties May Cities
- when collected? Beginning October 1
- what about the Alabama Legislature?


