

Assessment Valuation Cap:

New legislation has created a limitation – or “cap” – on the assessed value for certain real property (see Code of Alabama §40-7-2.2, Act 2024-344).

Beginning with the 2025 tax year, **any increases to the assessed value of Class II and Class III real property will be capped at a rate of seven percent per year.** Fair market and current use valuations are not affected by this legislation.

There are exceptions to the cap. The most common exceptions are:

1. Unassessed property (e.g., constructing a new building).
2. Additions or improvements to existing property (e.g., adding a garage to a house).
Ordinary maintenance and repairs will not remove the cap.
3. Change in tax class.
4. Change in ownership. Spouse and family ownership changes will not remove the cap.

For a more complete explanation of the cap rate and exceptions, see the Alabama Department of Revenue’s website (<https://www.revenue.alabama.gov/property-tax/7-cap-information-hb73-act-2024-344/>).