

BALDWIN COUNTY REVENUE COMMISSIONER



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TEDDY J. FAUST, JR.

Current Use Rollback

Class III property that has been assessed at a current use value in lieu of fair and reasonable market value, may be subject to the rollback provisions of Title 40-7-25.3 of the Code of Alabama 1975 if either one of the two following conditions are met:

If the sale or other disposition of property valued at its current use value is followed by a conversion of the property to a use not qualified for current use valuation, within two years of the date of sale or other disposition, then the rollback provision will apply.

If taxable property valued at its current use value is converted to a use not qualified for current use, then the current use rollback provision will apply.

Once a determination has been made that the rollback provision applies to the property, the assessing official must calculate the amount of taxes that would have been payable on the converted property if the sales price or the fair and reasonable market value, whichever is greater, had been used instead of the current use value. The calculation of additional taxes is for the three years preceding the tax year beginning on the October 1 following the conversion of the property. The amount shall be additional taxes to be collected on first assessments prepared after the conversion of the property.

Title 40-7-25.3 states that the rollback will be for a three-year period prior to the October 1 following the conversions. If the property subject to conversion from current use were subject to current use valuation for less than three years, then the rollback would cover only the actual number of years less than three years that the property was subject to current use.

When a rollback becomes apparent, the sales price or market value, whichever is higher, will be used to calculate the additional taxes due. The assessed value will then be calculated using the Class III assessment ratio of 10%, not the 20% Class II assessment ratio.

Additional taxes resulting from a rollback are charged against the owner of record of the property on the October 1 following the date of conversion. The person that caused the conversion and rollback may not be the person that pays the additional taxes on the rollback if the property changed ownership between the conversion and the lien date of October 1.

There are many other factors that influence the actual rollback. The county assessing official often refers to the numerous Attorney General opinions that have been written on the subject as well as carefully reading the applicable sections of the Code of Alabama and related court cases.