How are ad valorem taxes calculated for vehicle registration in Shelby County Alabama

What is Ad Valorem Tax?

Ad Valorem tax is based on the value of property, not a usage tax and follows the property from owner to owner. Therefore, unlike registration fees, taxes accumulate even when a vehicle is not used on the highway.

An ad valorem tax lien attaches to a vehicle on (1) the date an individual permanently brings the vehicle into Alabama, (2) the date the vehicle is sold from a dealer’s inventory, or (3) the date a vehicle is sold by an individual or organization that is exempt from ad valorem taxes, or (4) upon the date a motor vehicle otherwise becomes subject to taxation.

![Ad Valorem Tax is based on the following factors:
1. Market Value of the vehicle
2. Property Classification
3. Millage Rate](image)

Market Value

The market value of a vehicle is determined from the vehicle valuation tables provided to the County License Office by the Alabama Department of Revenue. The State contracts with Penton Media to provide the vehicle values.

Vehicles 15 years old and older shall be valued at their minimum market value which is based on vehicle type.

<table>
<thead>
<tr>
<th>Vehicle Type</th>
<th>Minimum Market Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Automobiles</td>
<td>$500</td>
</tr>
<tr>
<td>Light Trucks</td>
<td>$500</td>
</tr>
<tr>
<td>Heavy Trucks</td>
<td>$2,000</td>
</tr>
<tr>
<td>Motorcycles</td>
<td>$200</td>
</tr>
<tr>
<td>Semi-trailers</td>
<td>$1,000</td>
</tr>
<tr>
<td>Utility Trailers</td>
<td>$200</td>
</tr>
<tr>
<td>Motor Homes</td>
<td>$1,000</td>
</tr>
<tr>
<td>Travel Trailers</td>
<td>$500</td>
</tr>
<tr>
<td>Camping Trailers</td>
<td>$200</td>
</tr>
<tr>
<td>Buses</td>
<td>$3,500</td>
</tr>
<tr>
<td>School Buses</td>
<td>$2,000</td>
</tr>
</tbody>
</table>
**Property Classifications**

Ad Valorem taxes are calculated based on the vehicle’s **assessed value**. This is determined by **multiplying the market value times the corresponding Property Classification**.

<table>
<thead>
<tr>
<th>CLASS</th>
<th>DESCRIPTION</th>
<th>ASSESSMENT %</th>
</tr>
</thead>
<tbody>
<tr>
<td>I</td>
<td>Motor vehicles owned by public utilities and used in the business of such utility</td>
<td>30%</td>
</tr>
<tr>
<td>II</td>
<td>This includes all motor vehicles that do not fall within the definition of either Class I or IV. Including motorcycles, utility trailers, recreational vehicles, leased vehicles not for private use &amp; without a lease-purchase option, trucks weighing more than eight thousand (8,000) pounds gross weight, and all vehicles used for commercial purposes.</td>
<td>20%</td>
</tr>
<tr>
<td>IV</td>
<td>This includes all private passenger motor vehicles to include private passenger motor vehicles &amp; pickup trucks under a lease-purchase option lease agreement, motor vehicles registered in the name of a beneficiary or a trust, station wagons, sport utility vehicles (regardless of weight), vans and pickup trucks which weigh eight thousand (8,000) pounds gross vehicle weight or less that are owned and operated by an individual for personal or private use and not for hire, rent or compensation</td>
<td>15%</td>
</tr>
</tbody>
</table>

The assessed value is then multiplied by the **Millage rate**. The millage rate (also known as the tax rate) is a figure applied to the value of your property to calculate your property tax liability. One “mill” equals one dollar of tax on every thousand dollars of taxable value to calculate the Ad Valorem amount.

**Shelby County Millage Rates**

- State:
  - Public School 3.0
  - Soldier 1.0
  - General Fund 2.5
  **TOTAL STATE** 6.5

- County:
  - General Fund 5.0
  - Road & Bridge 2.5
  **TOTAL COUNTY** 7.5

- School:
  - Outside 30.0
  - Inside Hoover 22.0
  - Inside Bham/Vestavia 16.0
  **TOTAL SCHOOL** 68.0

**MUNICIPALITY CODES & RATES**

- Alabaster (02) 10.0
- Birmingham (14) 36.2
- Calera (03) 10.0
- Chelsea (17) 0.0
- Columbiana (04) 10.0
- Harpersville (05) 5.0
- Helena (06) 5.0
- Hoover (13) 30.5
- Indian Springs (15) 0.0
- Leeds (12) 9.2
- Montevallo (07) 7.0
- Pelham (08) 14.0
- Vestavia Hills (16) 49.3
- Vincent (09) 5.0
- Westover (18) 0.0
- Wilsonville (10) 5.0
- Wilton (11) 5.0
Calculating Ad Valorem Tax

1. Determine the market value of the vehicle (County Offices use values in their registration programs that are provided by the Alabama Department of Revenue)
2. Determine the property class of the vehicle
3. Multiply the Market Value times the Property Class rate to determine the assessed value of the vehicle
4. Multiply the Assessed value times the Millage Rate for your primary residence or business location to calculate the ad valorem tax for 12 months

**EXAMPLE:**

Market Value= $16,800
Property Class IV (15%)

<table>
<thead>
<tr>
<th>Assessed Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Market Value</td>
</tr>
<tr>
<td>Property Class</td>
</tr>
<tr>
<td>= Assessed Value</td>
</tr>
</tbody>
</table>

| $16,800 | x | 15%  | = | $2,520 |

Residence Location = Vincent Shelby County
State 6.5 + County 7.5 + School/Outside 30.0 + Vincent 5.0 = 49.0 Millage Rate (49/1000=.049)

<table>
<thead>
<tr>
<th>Ad Valorem Amount for 12 Months</th>
</tr>
</thead>
<tbody>
<tr>
<td>Assessed Value</td>
</tr>
<tr>
<td>----------------</td>
</tr>
<tr>
<td>2520</td>
</tr>
</tbody>
</table>
How is a Basic Tag Renewal Notice Calculated?

Your renewal notice actually has a lot of information on it. It shows your vehicle information including the renewal month and municipal code.

You can use the information in the previous section, to calculate your ad valorem tax:

Assessed Value (1720) X Millage Rate (.049) for Vincent (MUN code 09) = $123.48 in ad valorem taxes for 12 months.

If you renew by mail or internet, you will also have a $2.00 mail fee.
When you renew your vehicle each year, you are presented with a Registration Receipt to keep in your vehicle. This shows you a complete breakdown of all the fees you paid.

**DISCLAIMER:**
The calculations and fees described above are the basic standard fees for a standard yearly renewal. There are many situations that can affect the renewal amounts. These situations could be either discounted rates or additional fees.

Some of the other applicable fees would include:
- Late Penalty and Interest
- Back Taxes (If you purchase a used vehicle, there could be taxes due if the previous owner did not have their registration current.)
- Sales tax paid
- Fees for a specialty plate