

1 HB421
2 128294-1
3 By Representatives Bridges, Laird and Howard
4 RFD: Ways and Means General Fund
5 First Read: 31-MAR-11

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8 SYNOPSIS: Under existing law, the principal residence
9 of a totally disabled person or a person 65 years
10 or older having taxable income of \$7,500 or less is
11 exempt from ad valorem taxes.

12 This bill would exempt certain permanently
13 and totally disabled veterans and their surviving
14 spouses from ad valorem taxes, excluding taxes for
15 schools.

16
17 A BILL
18 TO BE ENTITLED
19 AN ACT
20

21 To amend Section 40-9-19, Code of Alabama 1975,
22 relating to the homestead exemption from ad valorem taxation;
23 to provide for an exemption for permanently and totally
24 disabled veterans and for their surviving spouses.

25 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

26 Section 1. Section 40-9-19, Code of Alabama 1975, is
27 amended to read as follows:

1 "§40-9-19.

2 "(a) Homesteads, as defined by the Constitution and
3 laws of Alabama, are hereby exempted from all state ad valorem
4 taxes. In no case shall the exemption herein made apply to
5 more than one person, head of the family, nor shall the said
6 exemption exceed \$4,000 in assessed value, nor 160 acres in
7 area for any resident of this state who is not over 65 years
8 of age. The homesteads of residents of this state, over 65
9 years of age, or who are retired due to permanent and total
10 disability, regardless of age, or who are blind as defined in
11 Section 1-1-3, regardless of age or whether such person is
12 retired, shall be exempt from all state ad valorem taxes.

13 "The state Commissioner of Revenue is hereby
14 empowered to define and specify the condition or state of
15 health that makes a person "permanently and totally disabled"
16 and may issue certificates of disability to such person as he
17 may find meets such specifications. Any person who is drawing
18 any pension or annuity from the armed services or a company or
19 governmental agency as being permanently and totally disabled
20 shall automatically be granted a certificate of permanent and
21 total disability by the state Commissioner of Revenue.

22 "(b) In addition to the persons exempt from all
23 state ad valorem taxes prescribed in subsection (a), a veteran
24 who was honorably discharged with a service-connected total
25 and permanent disability and for whom a letter from the United
26 States Government or the United States Department of Veteran
27 Affairs or its predecessor has been issued certifying that the

1 veteran is totally and permanently disabled is exempt from all
2 ad valorem taxes, except ad valorem taxes for schools or
3 educational purposes, if the veteran is a permanent resident
4 of this state on January 1 of the tax year for which exemption
5 is being claimed or was a permanent resident of this state on
6 January 1 of the year the veteran died. The following
7 conditions and criteria apply to this subsection:

8 "(1) The production by a veteran or the spouse of
9 the veteran or surviving spouse of a letter of total and
10 permanent disability from the United States Government or the
11 United States Department of Veterans Affairs or its
12 predecessor before the property appraiser of the county in
13 which the property of the veteran lies in prima facie evidence
14 of the fact that the veteran or the surviving spouse is
15 entitled to the exemption.

16 "(2) If the totally and permanently disabled veteran
17 predeceases his or her spouse and if, upon the death of the
18 veteran, the spouse holds the legal or beneficial title to the
19 homestead and permanently resides thereon, the exemption from
20 taxation carries over to the benefit of the veteran's spouse
21 until the time as he or she remarries or sells or otherwise
22 disposes of the property. If the spouse sells the property, an
23 exemption not to exceed the amount granted from the most
24 recent ad valorem tax roll may be transferred to his or her
25 new residence, as long as it is used as his or her primary
26 residence and he or she does not remarry.

1 "(3) Any real estate that is owned and used as a
2 homestead by the surviving spouse of a veteran who dies from
3 service-connected causes while on active duty as a member of
4 the United States Armed Forces and for whom a letter from the
5 United States Government or the United States Department of
6 Veterans Affairs or its predecessor has been issued certifying
7 that the veteran who died from service-connected causes while
8 on active duty is exempt from taxation if the veteran was a
9 permanent resident of this state on January 1 of the year in
10 which the veteran died.

11 "(4) The production by the surviving spouse of a
12 letter that was issued as required under this section and that
13 attests the veteran's death while on duty is prima facie
14 evidence of the fact that the surviving spouse is entitled to
15 an exemption.

16 "(5) The tax exemption that applies under this
17 section to the surviving spouse carries over to the benefit of
18 the veteran's surviving spouse as long as the spouse holds the
19 legal or beneficial title to the homestead, permanently
20 resides thereon, and does not remarry. If the surviving spouse
21 sells the property, an exemption not to exceed the amount
22 granted from the most recent ad valorem tax roll may be
23 transferred to his or her new residence as long as it is used
24 as his or her primary residence and he or she does not
25 remarry.

26 ~~(b)~~(c) For tax years beginning on and after October
27 1, 1981, for residents of this state not over 65 years of age,

1 homesteads, as defined by the Constitution and laws of
2 Alabama, are hereby exempted from all ad valorem property
3 taxes levied, except countywide and school district ad valorem
4 taxes levied for school purposes, by any county of this state.
5 In no case shall such exemption herein made apply to more than
6 one person, head of the family, nor shall the said exemption
7 exceed \$2,000 in assessed value, nor 160 acres in area for any
8 resident of this state who is not over 65 years of age except
9 as provided in subsection ~~(c)~~(d) of this section.

10 "~~(c)~~(d) For tax years beginning on and after October
11 1, 1981, the governing body of any county, municipality or
12 other local taxing authority may at any time grant by
13 resolution or ordinance an exemption from any levy of ad
14 valorem property taxes levied by such county, municipality or
15 other local taxing authority on homesteads, as defined by the
16 Constitution and laws of Alabama, of residents of this state
17 not over 65 years of age. In no case shall such exemption
18 herein allowed apply to more than one person, head of the
19 family, nor shall said exemption, when added to any other
20 homestead exemption applicable to the same ad valorem tax
21 levy, exceed \$4,000 in assessed value, nor 160 acres in area.
22 Any homestead exemption granted pursuant to this subsection
23 ~~(c)~~(d) may be adjusted, rescinded or reinstated at any time by
24 resolution or ordinance of the governing body of the county,
25 municipality or other local taxing authority granting such
26 exemption. Any action authorized by this subsection to be
27 taken by a taxing authority, or the governing body thereof,

1 shall, other than in the case of a municipality, be taken by
2 resolution of the governing body of the county in which such
3 taxing authority is located acting on behalf of such taxing
4 authority; provided however, any action authorized by this
5 subsection to be taken by a taxing authority, or the governing
6 body thereof, which action shall affect countywide or district
7 ad valorem taxes levied solely for the support of county or
8 city school districts, shall be taken by resolutions of the
9 governing bodies and boards of the school systems that are
10 recipients of the proceeds of the ad valorem tax so affected
11 by such action. The provisions of this subsection ~~(c)~~(d) shall
12 in no way annul or reduce exemptions provided under
13 subsections (a), (b), (c), and ~~(d)~~(e) of this section.

14 "~~(d)~~(e) For tax years beginning on and after October
15 1, 1981, for residents of this state, over 65 years of age who
16 have an annual adjusted gross income of less than \$12,000 as
17 reflected on the most recent state income tax return or some
18 other appropriate evidence, or who are retired due to
19 permanent and total disability, regardless of age, or who are
20 blind as defined in Section 1-1-3, regardless of age or
21 whether such person is retired, homesteads, as defined in the
22 Constitution and laws of Alabama, are hereby exempted from ad
23 valorem property taxes levied by any county of this state,
24 including such taxes levied for school districts. In no case
25 shall such exemption exceed \$5,000 in assessed value, nor 160
26 acres in area. With respect to homesteads situated in more
27 than one county, the exemption granted herein shall be

1 prorated between the counties in which the homestead is
2 situated in the proportion that the area of the homestead in
3 each county bears to the total area of the homestead claimed
4 for exemption.

5 "The Department of Revenue may by regulation define
6 and specify the condition or state of health that makes a
7 person "permanently and totally disabled" and may issue
8 certificates of disability to any person that meets such
9 specifications. Any person who is drawing any pension or
10 annuity from the armed services, a private company or any
11 governmental agency because he is permanently and totally
12 disabled shall automatically be granted a certificate of
13 permanent and total disability by the Department of Revenue.

14 "~~(e)~~ (f) The grant of any homestead exemption
15 provided under the provisions of this section shall not be
16 allowed if such grant shall prevent the payment of any bonded
17 indebtedness secured by any tax to which the homestead
18 exemption would apply."

19 Section 2. This act shall become operative for all
20 tax years beginning on and after October 1, 2012, and shall be
21 effective on the first day of the month following its passage
22 and approval by the Governor, or its otherwise becoming law.