

1 HB375
2 127923-1
3 By Representatives Williams (J), Henry, Tuggle, Drake,
4 Merrill, McMillan, Gaston, Hammon, Canfield, Beckman, Jones,
5 Buttram, Mask, Moore (B), McClendon, Davis, Nordgren, Johnson
6 (K), Hill, Weaver and Ball
7 RFD: Ways and Means General Fund
8 First Read: 29-MAR-11

8 SYNOPSIS: Under existing law, any taxpayer who is over
9 age 65, retired for permanent disability, or blind
10 and who has an adjusted gross income of less than
11 \$12,000 is exempt from county property taxes on the
12 first \$5,000 of assessed value of his or her
13 homestead.

14 Also under existing law, the principal
15 residence and adjacent 160 acres of persons totally
16 disabled or 65 or older who have a net annual
17 taxable income of less than \$7,500 are exempted
18 from ad valorem taxation on the first \$5,000 of
19 assessed value.

20 This bill would increase the adjusted annual
21 gross income amounts to \$39,900, or less, and the
22 net annual taxable income to \$25,000 or less,
23 respectively.

24
25 A BILL
26

27 TO BE ENTITLED
AN ACT

Relating to ad valorem tax exemptions; to amend Sections 40-9-19 and 40-9-21, Code of Alabama 1975, relating to homestead exemption from ad valorem taxes for certain persons, to raise the qualifying adjusted gross annual income amounts to \$39,900, or less, for persons 65 years of age or older, and the net annual taxable income to \$25,000 or less for the principal residence and adjacent 160 acres of persons totally disabled or 65 or older.

BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

Section 1. Sections 40-9-19 and 40-9-21, Code of Alabama 1975, are amended to read as follows:

"§40-9-19.

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

"The state Commissioner of Revenue is hereby empowered to define and specify the condition or state of health that makes a person "permanently and totally disabled"

1 and may issue certificates of disability to such person as he
2 may find meets such specifications. Any person who is drawing
3 any pension or annuity from the armed services or a company or
4 governmental agency as being permanently and totally disabled
5 shall automatically be granted a certificate of permanent and
6 total disability by the state Commissioner of Revenue.

7 "(b) For tax years beginning on and after October 1,
8 1981, for residents of this state not over 65 years of age,
9 homesteads, as defined by the Constitution and laws of
10 Alabama, are hereby exempted from all ad valorem property
11 taxes levied, except countywide and school district ad valorem
12 taxes levied for school purposes, by any county of this state.
13 In no case shall such exemption herein made apply to more than
14 one person, head of the family, nor shall the said exemption
15 exceed \$2,000 in assessed value, nor 160 acres in area for any
16 resident of this state who is not over 65 years of age except
17 as provided in subsection (c) of this section.

18 "(c) For tax years beginning on and after October 1,
19 1981, the governing body of any county, municipality or other
20 local taxing authority may at any time grant by resolution or
21 ordinance an exemption from any levy of ad valorem property
22 taxes levied by such county, municipality or other local
23 taxing authority on homesteads, as defined by the Constitution
24 and laws of Alabama, of residents of this state not over 65
25 years of age. In no case shall such exemption herein allowed
26 apply to more than one person, head of the family, nor shall
27 said exemption, when added to any other homestead exemption

1 applicable to the same ad valorem tax levy, exceed \$4,000 in
2 assessed value, nor 160 acres in area. Any homestead exemption
3 granted pursuant to this subsection (c) may be adjusted,
4 rescinded or reinstated at any time by resolution or ordinance
5 of the governing body of the county, municipality or other
6 local taxing authority granting such exemption. Any action
7 authorized by this subsection to be taken by a taxing
8 authority, or the governing body thereof, shall, other than in
9 the case of a municipality, be taken by resolution of the
10 governing body of the county in which such taxing authority is
11 located acting on behalf of such taxing authority; provided
12 however, any action authorized by this subsection to be taken
13 by a taxing authority, or the governing body thereof, which
14 action shall affect countywide or district ad valorem taxes
15 levied solely for the support of county or city school
16 districts, shall be taken by resolutions of the governing
17 bodies and boards of the school systems that are recipients of
18 the proceeds of the ad valorem tax so affected by such action.
19 The provisions of this subsection (c) shall in no way annul or
20 reduce exemptions provided under subsections (a), (b) and (d)
21 of this section.

22 "(d) For tax years beginning on and after October 1,
23 ~~1981~~ 2011, for residents of this state, over 65 years of age
24 who have an annual adjusted gross income of less than ~~\$12,000~~
25 thirty-nine thousand nine hundred dollars (\$39,900), or less,
26 as reflected on the most recent state income tax return or
27 some other appropriate evidence, or who are retired due to

1 permanent and total disability, regardless of age, or who are
2 blind as defined in Section 1-1-3, regardless of age or
3 whether such person is retired, homesteads, as defined in the
4 Constitution and laws of Alabama, are hereby exempted from ad
5 valorem property taxes levied by any county of this state,
6 including such taxes levied for school districts. In no case
7 shall such exemption exceed \$5,000 in assessed value, nor 160
8 acres in area. With respect to homesteads situated in more
9 than one county, the exemption granted herein shall be
10 prorated between the counties in which the homestead is
11 situated in the proportion that the area of the homestead in
12 each county bears to the total area of the homestead claimed
13 for exemption.

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

23 "(e) The grant of any homestead exemption provided
24 under the provisions of this section shall not be allowed if
25 such grant shall prevent the payment of any bonded
26 indebtedness secured by any tax to which the homestead
27 exemption would apply.

1 "§40-9-21.

2 "In addition to the persons and property exempt from
3 ad valorem taxation as prescribed in Section 40-9-1, the
4 following shall also be exempt from ad valorem taxation: the
5 principal residence and 160 acres adjacent thereto of any
6 person who is totally disabled or who is 65 years of age or
7 older having a net annual taxable income of ~~\$7,500~~ twenty-five
8 thousand dollars (\$25,000) or less, as shown on such person's
9 and spouse's latest United States income tax return. In the
10 event that such person and spouse are not required to file a
11 United States income tax return, then an affidavit indicating
12 that the net taxable income of such person and spouse for the
13 preceding taxable year was ~~\$7,500~~ twenty-five thousand dollars
14 (\$25,000) or less shall be sufficient proof. Proof of age
15 shall be furnished when the exemption provided herein is
16 claimed. Proof of total disability may be, but shall not be
17 limited to, the written certification of such total disability
18 by any two physicians licensed to practice in this state. In
19 order to qualify for exemption under this section, such
20 principal residence must be a single-family residence owned
21 and occupied by a person qualifying under this section."

22 Section 2. This act shall become effective
23 immediately following its passage and approval by the
24 Governor, or its otherwise becoming law.