

1 HB120
2 135875-1
3 By Representative Williams (J)
4 RFD: County and Municipal Government
5 First Read: 07-FEB-12

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8 SYNOPSIS: Under existing law, a person who is disabled
9 or over 65 years of age is entitled to certain
10 exemptions from ad valorem taxes provided he or she
11 meets the income criteria and procedures set out in
12 law.

13 This bill would clarify the procedures for
14 establishing eligibility for the exemptions; would
15 make the exemptions uniform for persons who are
16 disabled and persons over 65 years of age; would
17 provide for the annual income eligibility for all
18 exemptions; would require the same proof of
19 eligibility for all available exemptions; and would
20 require the Department of Revenue to develop rules
21 and procedures for application of the exemptions.
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23 A BILL
24 TO BE ENTITLED
25 AN ACT
26

1 To amend Sections 40-9-19 and 40-9-21 of the Code of
2 Alabama 1975; relating to exemptions from ad valorem taxes; to
3 clarify the process for claiming an exemption from ad valorem
4 taxes due to age or disability; to increase the income
5 eligibility for all such exemptions; to make procedures for
6 applying for the exemptions uniform; and to require the
7 Department of Revenue to establish rules and procedures for
8 applying for the exemptions.

9 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

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

12 "§40-9-19.

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

25 ~~"The state Commissioner~~ Department of Revenue ~~is~~
26 ~~hereby empowered to define and specify the condition or state~~
27 ~~of health that makes~~ shall by regulation establish the

1 criteria and proof required for an exemption based upon a
2 person being "permanently and totally disabled" and ~~may~~ shall
3 issue certificates of disability to ~~such~~ any person ~~as he may~~
4 ~~find who~~ meets such specifications criteria and provides the
5 required proof. Any person who is drawing any pension or
6 annuity from the armed services or a company or governmental
7 agency as being permanently and totally disabled shall
8 automatically be granted a certificate of permanent and total
9 disability by the ~~state Commissioner of Revenue~~ department.

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

21 "(c) For tax years beginning on and after October 1,
22 1981, the governing body of any county, municipality, or other
23 local taxing authority may at any time grant by resolution or
24 ordinance an exemption from any levy of ad valorem property
25 taxes levied by such county, municipality, or other local
26 taxing authority on homesteads, as defined by the Constitution
27 and laws of Alabama, of residents of this state not over 65

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

25 "(d) For tax years beginning on and after October 1,
26 1981, ~~for residents of this state,~~ homesteads, as defined in
27 the Constitution of Alabama of 1901 and the laws of Alabama,

1 are hereby exempted from ad valorem property taxes levied by
2 any county of this state, including such taxes levied for
3 school districts, for residents of this state who are over 65
4 years of age,~~who have an annual adjusted gross income of less~~
5 ~~than \$12,000 as reflected on the most recent state income tax~~
6 ~~return or some other appropriate evidence, or who are retired~~
7 ~~due to permanent and total disability, regardless of age, or~~
8 ~~who are blind as defined in Section 1-1-3, regardless of age~~
9 ~~or whether such person is retired, homesteads, as defined in~~
10 ~~the Constitution and laws of Alabama, are hereby exempted from~~
11 ~~ad valorem property taxes levied by any county of this state,~~
12 ~~including such taxes levied for school districts~~ provided such
13 residents have an annual adjusted gross income of twelve
14 thousand dollars (\$12,000) or less as reflected on their most
15 recent state income tax return or some other appropriate
16 evidence acceptable to the department. Proof of age shall be
17 required for an exemption claimed by residents over the age of
18 65. In no case shall such exemption exceed \$5,000 in assessed
19 value, nor 160 acres in area. With respect to homesteads
20 situated in more than one county, the exemption granted herein
21 shall be prorated between the counties in which the homestead
22 is situated in the proportion that the area of the homestead
23 in each county bears to the total area of the homestead
24 claimed for exemption.

25 ~~"The Department of Revenue may~~ department shall by
26 ~~regulation define and specify the condition or state of health~~
27 ~~that makes a person~~ establish the criteria and proof required

1 for an exemption based upon a person being "permanently and
2 totally disabled" and ~~may~~ shall issue certificates of
3 disability to any person that meets such ~~specifications~~
4 criteria and provides the required proof. Any person who is
5 drawing any pension or annuity from the armed services, a
6 private company, or any governmental agency because he or she
7 is permanently and totally disabled shall automatically be
8 granted a certificate of permanent and total disability by the
9 ~~Department of Revenue~~ department.

10 "(e) The grant of any homestead exemption provided
11 under the provisions of this section shall not be allowed if
12 such grant shall prevent the payment of any bonded
13 indebtedness secured by any tax to which the homestead
14 exemption would apply.

15 "(f) Any homestead exemption under this section or
16 Section 40-9-21 shall not be affected during any period the
17 homestead is being repaired after being damaged by a natural
18 disaster such as a tornado or hurricane.

19 "§40-9-21.

20 "(a) In addition to the persons and property exempt
21 from ad valorem taxation as prescribed in Section 40-9-1, ~~the~~
22 ~~following shall also be exempt from ad valorem taxation:~~ the
23 principal residence and 160 acres adjacent thereto ~~of~~ shall be
24 exempt from ad valorem taxation for any person resident of
25 this state who is permanently and totally disabled or who is
26 65 years of age or older ~~having a net,~~ provided the person
27 claiming the exemption has an annual taxable adjusted gross

1 income of ~~\$7,500~~ twelve thousand dollars (\$12,000) or less, as
2 ~~shown on such person's and spouse's latest United States~~
3 ~~reflected on their most recent state income tax return or some~~
4 ~~other appropriate evidence acceptable to the department. In~~
5 ~~the event that such person and spouse are not required to file~~
6 ~~a United States income tax return, then an affidavit~~
7 ~~indicating that the net taxable income of such person and~~
8 ~~spouse for the preceding taxable year was \$7,500 or less shall~~
9 ~~be sufficient proof. Proof of age shall be furnished when the~~
10 ~~required for an exemption provided herein is claimed by~~
11 ~~residents over the age of 65. Proof of total disability may~~
12 ~~be, but shall not be limited to, the written certification of~~
13 ~~such total disability by any two physicians licensed to~~
14 ~~practice in this state. In order to qualify for an exemption~~
15 under this section, such principal residence must be a
16 single-family residence owned and occupied by a person
17 qualifying under this section.

18 "(b) The department by regulation shall establish
19 the criteria and proof required for an exemption based upon a
20 person being "permanently and totally disabled" and shall
21 issue certificates of disability to any person that meets the
22 criteria and provides the required proof. Any person who is
23 drawing any pension or annuity from the armed services, a
24 private company, or any governmental agency because he or she
25 is permanently and totally disabled shall automatically be
26 granted a certificate of permanent and total disability by the
27 Department of Revenue."

1 Section 2. The amendatory language found in this act
2 shall apply for tax years beginning on and after October 1,
3 2012.

4 Section 3. This act shall become effective on the
5 first day of the third month following its passage and
6 approval by the Governor, or its otherwise becoming law.