

1 HB120
2 136876-3
3 By Representative Williams (J)
4 RFD: County and Municipal Government
5 First Read: 07-FEB-12

1 ENGROSSED

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4 A BILL
5 TO BE ENTITLED
6 AN ACT
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8 To amend Sections 40-9-19, 40-9-21, and 40-9-21.1 of
9 the Code of Alabama 1975; relating to exemptions from ad
10 valorem taxes; to clarify the process for claiming an
11 exemption from ad valorem taxes due to age or disability; to
12 increase the income eligibility for all such exemptions; to
13 make procedures for applying for the exemptions uniform; to
14 require the Department of Revenue to establish rules and
15 procedures for applying for the exemptions; and to further
16 provide for verification of eligibility.

17 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

18 Section 1. Sections 40-9-19, 40-9-21, and 40-9-21.1
19 of the Code of Alabama 1975, are amended to read as follows:

20 "§40-9-19.

21 "(a) Homesteads, as defined by the Constitution and
22 laws of Alabama, are hereby exempted from all state ad valorem
23 taxes. In no case shall the exemption herein made apply to
24 more than one person, head of the family, nor shall the said
25 exemption exceed \$4,000 in assessed value, nor 160 acres in
26 area for any resident of this state who is not over 65 years
27 of age. The homesteads of residents of this state, who are

1 over 65 years of age, ~~or who are~~ retired due to permanent and
2 total disability, regardless of age, or ~~who are~~ blind as
3 defined in Section 1-1-3, regardless of age or whether such
4 person is retired, shall be exempt from all state ad valorem
5 taxes.

6 "The ~~state Commissioner~~ Department of Revenue ~~is~~
7 ~~hereby empowered to define and specify the condition or state~~
8 ~~of health that makes~~ shall by regulation establish the
9 criteria and proof required for an exemption based upon a
10 person being "permanently and totally disabled" and may shall
11 issue certificates of disability to such any person as he may
12 find who meets such specifications criteria and provides the
13 required proof. Any person who is drawing any pension or
14 annuity from the armed services or a company or governmental
15 agency as being permanently and totally disabled shall
16 automatically be granted a certificate of permanent and total
17 disability by the ~~state Commissioner of Revenue~~ department.

18 "(b) For tax years beginning on and after October 1,
19 1981, for residents of this state not over 65 years of age,
20 homesteads, as defined by the Constitution and laws of
21 Alabama, are hereby exempted from all ad valorem property
22 taxes levied, except countywide and school district ad valorem
23 taxes levied for school purposes, by any county of this state.
24 In no case shall such exemption herein made apply to more than
25 one person, head of the family, nor shall the said exemption
26 exceed \$2,000 in assessed value, nor 160 acres in area for any

1 resident of this state who is not over 65 years of age except
2 as provided in subsection (c) ~~of this section~~.

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

1 districts, shall be taken by resolutions of the governing
2 bodies and boards of the school systems that are recipients of
3 the proceeds of the ad valorem tax so affected by such action.
4 The provisions of this subsection (c) shall in no way annul or
5 reduce exemptions provided under subsections (a), (b), and (d)
6 of this section.

7 "(d) For tax years beginning on and after October 1,
8 1981, ~~for residents of this state, over 65 years of age who~~
9 ~~have an annual adjusted gross income of less than \$12,000 as~~
10 ~~reflected on the most recent state income tax return or some~~
11 ~~other appropriate evidence, or who are retired due to~~
12 ~~permanent and total disability, regardless of age, or~~
13 homesteads, as defined in the Constitution of Alabama of 1901
14 and laws of Alabama, are hereby exempted from ad valorem
15 property taxes levied by any county of this state, including
16 such taxes levied for school districts, for residents of this
17 state who are blind as defined in Section 1-1-3, regardless of
18 age or whether such person is retired, ~~homesteads, as defined~~
19 ~~in the Constitution and laws of Alabama, are hereby exempted~~
20 ~~from ad valorem property taxes levied by any county of this~~
21 ~~state, including such taxes levied for school districts.~~ In no
22 case shall such exemption exceed \$5,000 in assessed value, nor
23 160 acres in area. With respect to homesteads situated in more
24 than one county, the exemption granted herein shall be
25 prorated between the counties in which the homestead is
26 situated in the proportion that the area of the homestead in

1 each county bears to the total area of the homestead claimed
2 for exemption.

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

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

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

21 "§40-9-21.

22 "(a) In addition to the persons and property exempt
23 from ad valorem taxation as prescribed in Section 40-9-1, ~~the~~
24 ~~following shall also be exempt from ad valorem taxation:~~ the
25 principal residence and 160 acres adjacent thereto ~~of~~ shall be
26 exempt from ad valorem taxation for any person resident of
27 this state who is retired because he or she is permanently and

1 totally disabled or who is 65 years of age or older ~~having a~~,
2 provided the net annual taxable income of \$7,500 for the
3 person claiming the exemption and that of his or her spouse is
4 twelve thousand dollars (\$12,000) or less, as shown on such
5 person's and spouse's latest United States income tax return
6 or some other appropriate evidence acceptable to the
7 department. In the event that such person and spouse are not
8 required to file a United States income tax return, then an
9 affidavit indicating that the net taxable income of such
10 person and spouse for the preceding taxable year was ~~\$7,500~~
11 twelve thousand dollars (\$12,000) or less shall be sufficient
12 proof. Proof of age shall be furnished when the required for
13 an exemption provided herein is claimed by residents over the
14 age of 65. Proof of total disability may be, but shall not be
15 limited to, the written certification of such total disability
16 by any two physicians licensed to practice in this state. Any
17 person who is drawing any pension or annuity from the armed
18 services or a company or governmental agency because he or she
19 is permanently and totally disabled shall automatically be
20 granted a certificate of permanent and total disability by the
21 department. In order to qualify for an exemption under this
22 section, such principal residence must be a single-family
23 residence owned and occupied by a person qualifying under this
24 section.

25 "(b) The department shall by regulation establish
26 the criteria and proof required for an exemption based upon a
27 person being "permanently and totally disabled" and shall

1 issue certificates of disability to any person that meets such
2 criteria and provides the required proof. Any person who is
3 drawing any pension or annuity from the armed services, a
4 private company, or any governmental agency because he or she
5 is permanently and totally disabled shall automatically be
6 granted a certificate of permanent and total disability by the
7 department.

8 "§40-9-21.1.

9 "Any law to the contrary notwithstanding, any person
10 who is permanently and totally disabled and who qualifies for
11 the homestead exemptions in Sections 40-9-19 and 40-9-21 shall
12 not be required to annually claim such exemptions after the
13 initial qualification, but may verify such condition each year
14 thereafter by mail on a form affidavit to be provided by the
15 tax assessor. Also, any person ~~over the age of 65~~ who
16 qualifies for the homestead exemptions under the income
17 limitations provided in ~~Sections 40-9-19 and~~ Section 40-9-21
18 shall after the initial qualification be allowed to verify
19 such eligibility each year by mail on a form affidavit to be
20 provided by the tax assessor."

21 Section 2. The amendatory language found in this act
22 shall apply for tax years beginning on and after October 1,
23 2012.

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

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House of Representatives

Read for the first time and re-
ferred to the House of Representa-
tives committee on County and Mu-
nicipal Government..... 07-FEB-12

Read for the second time and placed
on the calendar with 1 substitute
and..... 16-FEB-12

Read for the third time and passed
as amended..... 28-FEB-12

Yeas 100, Nays 0, Abstains 0

Greg Pappas
Clerk