

HB77 INTRODUCED



1 HB77

2 ARHR4Q7-1

3 By Representatives Paschal, Fidler, Starnes, Stubbs, Smith,
4 Brown, Wadsworth, Whorton, Fincher, Bolton, Rehm, Lamb,
5 Givens, Underwood

6 RFD: Military and Veterans' Affairs

7 First Read: 13-Jan-26

8 PFD: 02-Dec-25



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4 SYNOPSIS:

5 Under existing law, the homesteads of residents
6 of this state who are over 65 years of age or who are
7 retired due to permanent and total disability,
8 including disabled veterans with a 100 percent
9 disability rating, are exempt from all state ad valorem
10 taxes.

11 Also under existing law, those individuals are
12 granted a certificate of permanent and total disability
13 by the Commissioner of Revenue as evidence of this
14 exemption.

15 This bill would require a tax assessing official
16 to issue tentative certificates of permanent and total
17 disability to disabled veterans with a 100 percent
18 disability rating upon the submission of certain
19 information.

20 This bill would also prohibit settlement agents
21 and loan closing officers from considering ad valorem
22 taxes for homesteads when calculating these veterans'
23 debt-to-income ratio upon receiving a tentative
24 certificate.

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 A BILL
 TO BE ENTITLED



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AN ACT

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31 Relating to the Department of Revenue; to provide for
32 certain disabled veterans to be issued tentative certificates
33 of exemption from homestead ad valorem taxes when applying for
34 home mortgage loans; and to prohibit settlement agents and
35 loan closing officers from considering homestead ad valorem
36 taxes when calculating the debt-to-income ratio of these
37 veterans upon receiving a certificate.

38 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

39 Section 1. (a) This act shall be known and may be cited
40 as the Disabled Veterans Property Tax Debt-To-Income Ratio
41 Exemption Act.

42 (b) A tax assessing official shall issue a veteran who
43 has received a 100 percent disability rating from the United
44 States Department of Veterans Affairs and who may claim an
45 exemption under Section 40-9-19 or 40-9-21, Code of Alabama
46 1975, for permanent and total disability, a tentative
47 certificate of permanent and total disability prior to
48 purchasing a homestead upon receiving all of the following:

49 (1) An affidavit, on a form supplied by the Department
50 of Revenue, that includes all of the following information:

51 a. The name of the disabled veteran and the name of his
52 or her spouse, if applicable.

53 b. Whether the homestead will be jointly owned by the
54 disabled veteran and his or her spouse, if applicable.

55 c. An attestation by the veteran that the homestead is
56 to be occupied as the veteran's principal place of residence.

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57 (2) The purchase agreement for the homestead.

58 (3) Documentation from the United States Department of
59 Veterans Affairs, or its successor agency, indicating that the
60 veteran has a 100 percent service-connected, permanent, and
61 total disability.

62 (c) A tax assessing official shall issue a tentative
63 certificate of permanent and total disability within 20 days
64 of receiving all of the information required pursuant to
65 subsection (b).

66 (d) A tentative certificate of permanent and total
67 disability shall be considered a valid certificate of
68 permanent and total disability pursuant to Sections 40-9-19
69 and 40-9-21, Code of Alabama 1975, upon the purchase of a
70 homestead by a veteran.

71 (e) A settlement agent or loan closing officer may not
72 consider ad valorem taxes for a homestead when calculating the
73 debt-to-income ratio of a potential borrower who has provided
74 a tentative certificate of permanent and total disability to
75 the agent or officer.

76 (f) The Department of Revenue shall establish the form
77 of the tentative certificate of permanent and total disability
78 which shall include a section indicating that the disabled
79 veteran, with a 100 percent permanent and total disability
80 rating, is eligible for exemption from ad valorem taxes
81 pursuant to Section 40-9-19 or 40-9-21, Code of Alabama 1975,
82 on a homestead property.

83 Section 2. This act shall become effective on October
84 1, 2026.