

HB397 INTRODUCED



1 HB397
2 11R14LL-1
3 By Representatives Crawford, Whitt, Underwood, Sorrells,
4 Marques, Brown, Smith, Rehm, Whorton, Robertson, Ingram
5 RFD: Ways and Means General Fund
6 First Read: 05-Feb-26



SYNOPSIS:

Under existing law, the homesteads of certain individuals whose annual income is below a fixed amount are exempt from ad valorem tax.

This bill would increase this annual income cap.

This bill would also extend this exemption to the unremarried widow or widower of those individuals.

A BILL
TO BE ENTITLED
AN ACT

Relating to ad valorem tax; to amend Sections 40-9-19, 40-9-19.1, and 40-9-21, Code of Alabama 1975, regarding homestead exemptions; to allow the unremarried widow or widower of certain individuals to claim the exemption; to increase the adjusted income cap; and to make nonsubstantive, technical revisions to update the existing code language to current style.

BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

Section 1. Sections 40-9-19, 40-9-19.1, and 40-9-21, Code of Alabama 1975, are amended to read as follows:

"§40-9-19

(a) (1) Homesteads, as defined by the Constitution and



HB397 INTRODUCED

laws of Alabama, are exempt from all state ad valorem taxes. ~~In no case shall the~~The exemption shall not apply to more than one ~~person~~individual or head of the family, nor shall the exemption exceed four thousand dollars (\$4,000) in assessed value or 160 acres in area for any resident of this state who is not over 65 years of age.

(2) The ~~homestead~~homesteads of ~~a resident~~residents of this state, shall be exempt from all state ad valorem taxes if the individual is:

a. Over~~over~~ 65 years of age;

b. Retired, ~~or who are retired~~ due to permanent and total disability, regardless of age;

c. Blind, ~~or who are blind~~ as defined in Section 1-1-3, regardless of age or whether the individual~~such person~~ is retired, or

d. The unremarried widow or widower of a decedent exempt pursuant to this subsection at his or her death~~shall be exempt from all state ad valorem taxes.~~ This paragraph shall only apply:

1. To the homestead claimed by the decedent at the time of his or her death;

2. If the name of the unremarried widow or widower is on the deed of the property; and

3. If the annual adjusted gross income of the unremarried widow or widower does not exceed one hundred fifty thousand dollars (\$150,000).

(3) The ~~state~~ Commissioner of Revenue may define and specify the condition or state of health that makes ~~a person~~



HB397 INTRODUCED

57 an individual "permanently and totally disabled" and may issue
58 certificates of disability to the ~~person~~individual as he or
59 she may find meets such specifications. Any ~~person~~individual
60 who is drawing any pension or annuity from the United States
61 Armed Forces~~armed services~~ or a company or governmental agency
62 as being permanently and totally disabled shall automatically
63 be granted a certificate of permanent and total disability by
64 the ~~state~~ Commissioner of Revenue.

65 (b) ~~For tax years beginning on and after October 1,~~
66 ~~1981, for~~ residents of this state not over 65 years of age,
67 homesteads, as defined by the Constitution and laws of
68 Alabama, are exempt from all ad valorem property taxes levied,
69 except countywide and school district ad valorem taxes levied
70 for school purposes, by any county of this state. ~~In no case~~
71 ~~shall the~~The exemption shall not apply to more than one
72 ~~person~~individual or head of the family, nor shall the
73 exemption exceed two thousand dollars (\$2,000) in assessed
74 value or 160 acres in area for any resident of this state who
75 is not over 65 years of age except as provided in subsection
76 (c).

77 (c) ~~For tax years beginning on and after October 1,~~
78 ~~1981, the~~The governing body of any county, municipality, or
79 other local taxing authority may ~~at any time~~ grant by
80 resolution or ordinance an exemption from any levy of ad
81 valorem property taxes levied by ~~such~~the county, municipality,
82 or other local taxing authority on homesteads, as defined by
83 the Constitution and laws of Alabama, of residents of this
84 state not over 65 years of age. In no case shall ~~such~~the



HB397 INTRODUCED

exemption allowed in this section apply to more than one ~~person~~individual or head of the family, nor shall the exemption, when added to any other homestead exemption applicable to the same ad valorem tax levy, exceed four thousand dollars (\$4,000) in assessed value or 160 acres in area. Any homestead exemption granted pursuant to this subsection ~~(e)~~ may be adjusted, rescinded, or reinstated at any time by resolution or ordinance of the governing body of the county, municipality, or other local taxing authority granting such exemption. Any action authorized by this subsection to be taken by a taxing authority, or the governing body thereof, other than in the case of a municipality, shall be taken by resolution of the governing body of the county in which ~~such~~the taxing authority is located acting on behalf of ~~such~~the taxing authority; provided, however, any action authorized by this subsection to be taken by a taxing authority, or the governing body thereof, which action shall affect countywide or district ad valorem taxes levied solely for the support of county or city school districts, shall be taken by resolutions of the governing bodies and boards of the school systems that are recipients of the proceeds of the ad valorem tax ~~so~~ affected by ~~such~~the action. This subsection shall ~~in no way~~not annul or reduce exemptions provided under subsections (a), (b), and (d).

(d) ~~(1) For tax years beginning on and after October 1, 1981, for~~Homesteads, as defined in the Constitution and laws of Alabama, of residents of this state are exempt from ad valorem property taxes levied by any county of this state,



HB397 INTRODUCED

including ad valorem taxes levied for school districts, if the individual is:

a. ~~over~~Over 65 years of age ~~who have~~and has an annual adjusted gross income of ~~less than \$12,000~~sixteen thousand dollars (\$16,000) or less, as reflected on the most recent state income tax return or some other appropriate evidence~~;~~;

b. ~~or who are retired~~Retired due to permanent and total disability, regardless of age~~;~~;

c. ~~or who are blind~~Blind as defined in Section 1-1-3, regardless of age or whether ~~such person~~the individual is retired~~;~~ or

d. The unremarried widow or widower of a decedent exempt pursuant to this subsection at his or her death
~~homesteads, as defined in the Constitution and laws of Alabama, are exempt from ad valorem property taxes levied by any county of this state, including such taxes levied for school districts.~~ This paragraph shall only apply:

1. To the homestead claimed by the decedent at the time of his or her death;

2. If the name of the unremarried widow or widower is on the deed of the property; and

3. If the annual adjusted gross income of the unremarried widow or widower does not exceed one hundred fifty thousand dollars (\$150,000).

(2) In no case shall the exemption exceed five thousand dollars (\$5,000) in assessed value or 160 acres in area. With respect to homesteads situated in more than one county, the exemption shall be prorated between the counties in which the



HB397 INTRODUCED

homestead is situated in the proportion that the area of the homestead in each county bears to the total area of the homestead claimed for exemption.

(3) The Department of Revenue, by rule, may define and specify the condition or state of health that makes ~~a person~~ an individual "permanently and totally disabled" and may issue certificates of disability to any ~~person~~ individual that meets ~~such~~ the specifications. Any ~~person~~ individual who is drawing any pension or annuity from the ~~armed-services~~ United States Armed Forces, a private company, or any governmental agency because he or she is permanently and totally disabled shall automatically be granted a certificate of permanent and total disability by the Department of Revenue.

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

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

"§40-9-19.1

(a) (1) The governing body of any municipality ~~may~~, upon the request of the board of education of ~~such~~ the municipality, may grant, by resolution, an exemption in whole or in part from the increased portion of any ad valorem property tax which has been increased pursuant to the procedures specified in ~~paragraph~~ subdivision (f) of ~~Amendment No. 373~~ Section 217



HB397 INTRODUCED

~~te~~of the Constitution of Alabama of ~~1901~~2022 for public school purposes, on ~~the homesteads~~homestead of ~~residents~~a resident of ~~such~~the municipality who is:

a. ~~over~~Over 65 years of age;;~~r~~

b. ~~or who are retired~~Retired due to permanent and total disability, regardless of age;;~~r~~

c. ~~or who are blind~~Blind, as defined in Section 1-1-3, regardless of age or whether ~~such person~~the individual is retired~~;~~ or

d. The unremarried widow or widower of a decedent exempt pursuant to this section at his or her death. This paragraph shall only apply:

1. To the homestead claimed by the decedent at the time of his or her death;

2. If the name of the unremarried widow or widower is on the deed of the property; and

3. If the annual adjusted income of the unremarried widow or widower does not exceed one hundred fifty thousand dollars (\$150,000).

(2) Any homestead exemption granted pursuant to this section may be adjusted, rescinded~~,~~ or reinstated at any time upon the request of the board of education of ~~such~~the municipality by resolution of the governing body of ~~such~~the municipality. Any request made by a board of education regarding an exemption pursuant to this section shall be made by a resolution adopted by ~~such~~the board of education.

(b) The provisions of this section shall ~~in no way~~not annul or reduce exemptions provided under any other provisions



HB397 INTRODUCED

of the Constitution and laws of Alabama."

"§40-9-21

(a) (1) In addition to the ~~persons~~individuals and property exempt from ad valorem taxation as prescribed in Section 40-9-1, the following shall also be exempt from ad valorem taxation: The principal residence and 160 acres adjacent thereto of any ~~person~~individual who is:

a. ~~permanently~~Permanently and totally disabled;

b. ~~or who is~~Over 65 years of age ~~or older having and~~ has a net annual taxable income of ~~twelve thousand dollars~~ (\$12,000)sixteen thousand dollars (\$16,000) or less, as shown on ~~such person's~~the individual's and spouse's latest United States income tax return or some other appropriate evidence acceptable to the department ~~;~~ or

c. The unremarried widow or widower of the decedent exempt pursuant to this section at his or her death. This paragraph shall only apply:

1. To the homestead claimed by the decedent at the time of his or her death;

2. If the name of the unremarried widow or widower is on the deed of the property; and

3. If the annual adjusted gross income of the unremarried widow or widower does not exceed one hundred fifty thousand dollars (\$150,000).

(2)a. ~~In the event that such person and spouse are~~An individual that is not required to file a United States income tax return ~~, then~~ may file an affidavit indicating that the net taxable income of ~~such person~~the individual and spouse for the



HB397 INTRODUCED

preceding taxable year was ~~twelve~~sixteen thousand dollars
~~(\$12,000)~~(\$16,000) or less. This affidavit shall be sufficient
proof for paragraph (a)(1)b.

b. An individual shall furnish proof~~Proof~~ of age ~~shall~~
~~be furnished~~ when ~~the~~seeking an exemption under paragraph
~~provided herein is claimed~~(a)(1)b.

(3) ~~On and after May 22, 2013, if~~If a permanently and
totally disabled ~~person~~individual does not qualify for the
exemption under this section, and has not previously submitted
written certification of such permanent and total disability
by any two physicians licensed to practice in this state, he
or she may submit as proof of permanent and total disability
affidavits from two physicians licensed to practice in this
state, provided that at least one of these physicians is
actively providing treatment directly related to the permanent
and total disability of the ~~person~~individual seeking the
exemption; provided, however, this requirement shall not apply
to any ~~person~~individual receiving the exemption on May 22,
2013.

(4) As provided under this section, any
~~person~~individual who is drawing any pension or annuity from
the ~~armed services~~United States Armed Forces or a company or
governmental agency because he or she is permanently and
totally disabled shall automatically be granted a certificate
of permanent and total disability by the department.

(5) ~~In order to~~To qualify for exemption under this
section, the property must be a single-family home owned and
occupied during the tax year as the principal residence of the



HB397 INTRODUCED

253 ~~person~~individual qualifying under this section.

254 (b) The ~~department~~Department of Revenue, ~~shall~~ by rule,
255 shall establish the criteria and proof required for an
256 exemption in this section based upon ~~a person~~an individual
257 being "permanently and totally disabled" and shall issue
258 certificates of disability to any ~~person~~individual that meets
259 such criteria and provides the required proof. The rule shall
260 provide that any ~~person~~individual who is drawing any pension
261 or annuity from the ~~armed-services~~United States Armed Forces,
262 a private company, or any governmental agency because he or
263 she is permanently and totally disabled shall automatically be
264 granted a certificate of permanent and total disability by the
265 department."

266 Section 2. The provisions of this act apply to tax
267 years beginning on or after January 1, 2027.

268 Section 3. The Department of Revenue may adopt rules to
269 implement this act.

270 Section 4. This act shall become effective on June 1,
271 2026.