

1 HB25  
2 112894-1  
3 By Representative Mitchell  
4 RFD: Government Appropriations  
5 First Read: 12-JAN-10  
6 PFD: 09/23/2009

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8 SYNOPSIS: Currently, the homestead exemption granted  
9 property owners may not exceed \$4,000 in assessed  
10 value.

11 This bill would provide a method for annual  
12 adjustments in the homestead exemption in an amount  
13 based on the annual change in the gross national  
14 product.

15  
16 A BILL  
17 TO BE ENTITLED  
18 AN ACT

19  
20 To amend Section 40-9-19, Code of Alabama 1975,  
21 relating to the homestead exemption; to provide a method for  
22 annual adjustment based upon the annual gross national  
23 product.

24 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

25 Section 1. Section 40-9-19, Code of Alabama 1975, is  
26 amended to read as follows:

1           "§40-9-19.

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

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

24           "(b) For tax years beginning on and after October 1,  
25 1981, for residents of this state not over 65 years of age,  
26 homesteads, as defined by the Constitution and laws of

1 Alabama, are hereby exempted from all ad valorem property  
2 taxes levied, except countywide and school district ad valorem  
3 taxes levied for school purposes, by any county of this state.  
4 In no case shall such exemption herein made apply to more than  
5 one person, head of the family, nor shall the ~~said~~ exemption  
6 exceed ~~\$2,000~~ two thousand dollars (\$2,000) in assessed value,  
7 nor 160 acres in area for any resident of this state who is  
8 not over 65 years of age except as provided in subsection (c)  
9 of this section.

10 "(c) For tax years beginning on and after October 1,  
11 1981, the governing body of any county, municipality or other  
12 local taxing authority may at any time grant by resolution or  
13 ordinance an exemption from any levy of ad valorem property  
14 taxes levied by such county, municipality or other local  
15 taxing authority on homesteads, as defined by the Constitution  
16 and laws of Alabama, of residents of this state not over 65  
17 years of age. In no case shall such exemption herein allowed  
18 apply to more than one person, head of the family, nor shall  
19 ~~said~~ the exemption, when added to any other homestead  
20 exemption applicable to the same ad valorem tax levy, exceed  
21 ~~\$4,000~~ four thousand dollars (\$4,000) in assessed value, nor  
22 160 acres in area. Any homestead exemption granted pursuant to  
23 this subsection (c) may be adjusted, rescinded or reinstated  
24 at any time by resolution or ordinance of the governing body  
25 of the county, municipality or other local taxing authority  
26 granting such exemption. Any action authorized by this

1 subsection to be taken by a taxing authority, or the governing  
2 body thereof, shall, other than in the case of a municipality,  
3 be taken by resolution of the governing body of the county in  
4 which such taxing authority is located acting on behalf of  
5 such taxing authority; provided however, any action authorized  
6 by this subsection to be taken by a taxing authority, or the  
7 governing body thereof, which action shall affect countywide  
8 or district ad valorem taxes levied solely for the support of  
9 county or city school districts, shall be taken by resolutions  
10 of the governing bodies and boards of the school systems that  
11 are recipients of the proceeds of the ad valorem tax so  
12 affected by such action. The provisions of this subsection (c)  
13 shall in no way annul or reduce exemptions provided under  
14 subsections (a), (b) and (d) of this section.

15 "(d) For tax years beginning on and after October 1,  
16 1981, for residents of this state, over 65 years of age who  
17 have an annual adjusted gross income of less than ~~\$12,000~~  
18 twelve thousand dollars (\$12,000) as reflected on the most  
19 recent state income tax return or some other appropriate  
20 evidence, or who are retired due to permanent and total  
21 disability, regardless of age, or who are blind as defined in  
22 Section 1-1-3, regardless of age or whether such person is  
23 retired, homesteads, as defined in the Constitution and laws  
24 of Alabama, are hereby exempted from ad valorem property taxes  
25 levied by any county of this state, including such taxes  
26 levied for school districts. In no case shall such exemption

1 exceed ~~\$5,000~~ five thousand dollars (\$5,000) in assessed  
2 value, nor 160 acres in area. With respect to homesteads  
3 situated in more than one county, the exemption granted herein  
4 shall be prorated between the counties in which the homestead  
5 is situated in the proportion that the area of the homestead  
6 in each county bears to the total area of the homestead  
7 claimed for exemption.

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

18 "(e) The grant of every homestead exemption provided  
19 for under this section shall be adjusted annually by a  
20 calculation at the Department of Revenue based on the annual  
21 change in the gross national product.

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

1                   Section 2. This act shall become effective on  
2           October 1, 2009, following its passage and approval by the  
3           Governor, or its otherwise becoming law.