

1 SB226  
2 181182-1  
3 By Senator Pittman  
4 RFD: Finance and Taxation General Fund  
5 First Read: 21-FEB-17

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8 SYNOPSIS: Currently, residents of this state who are  
9 retired due to permanent and total disability  
10 receive a full homestead exemption from all state  
11 ad valorem taxes.

12 This bill would allow for a homestead  
13 exemption not to exceed \$20,000 in assessed value  
14 from state ad valorem taxes for residents of this  
15 state who are retired due to permanent and total  
16 disability.

17  
18 A BILL  
19 TO BE ENTITLED  
20 AN ACT

21  
22 Relating to homestead exemptions from state ad  
23 valorem taxes; to reduce the amount of the homestead exemption  
24 from state ad valorem taxes for residents of this state who  
25 are retired due to permanent and total disability.

26 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

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

3           "§40-9-19.

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

15           "(b) Notwithstanding section (a) beginning in the  
16 tax year for which the ad valorem taxes shall become due and  
17 payable on October 1, 2019, the homesteads of residents of  
18 this state who are retired due to permanent and total  
19 disability, regardless of age, shall be exempt from state ad  
20 valorem taxes. In no case shall the exemption herein made  
21 apply to more than one person, head of household, nor shall  
22 the said exemption exceed \$20,000 of assessed value, nor 160  
23 acres in area.

24           "The state Commissioner of Revenue is hereby  
25 empowered to define and specify the condition or state of  
26 health that makes a person "permanently and totally disabled"  
27 and may issue certificates of disability to such person as he

1 may find meets such specifications. Any person who is drawing  
2 any pension or annuity from the armed services or a company or  
3 governmental agency as being permanently and totally disabled  
4 shall automatically be granted a certificate of permanent and  
5 total disability by the state Commissioner of Revenue.

6 "~~(b)~~ (c) For tax years beginning on and after October  
7 1, 1981, for residents of this state not over 65 years of age,  
8 homesteads, as defined by the Constitution and laws of  
9 Alabama, are hereby exempted from all ad valorem property  
10 taxes levied, except countywide and school district ad valorem  
11 taxes levied for school purposes, by any county of this state.  
12 In no case shall such exemption herein made apply to more than  
13 one person, head of the family, nor shall the said exemption  
14 exceed \$2,000 in assessed value, nor 160 acres in area for any  
15 resident of this state who is not over 65 years of age except  
16 as provided in subsection ~~(e)~~ (d) of this section.

17 "~~(e)~~ (d) For tax years beginning on and after October  
18 1, 1981, the governing body of any county, municipality or  
19 other local taxing authority may at any time grant by  
20 resolution or ordinance an exemption from any levy of ad  
21 valorem property taxes levied by such county, municipality or  
22 other local taxing authority on homesteads, as defined by the  
23 Constitution and laws of Alabama, of residents of this state  
24 not over 65 years of age. In no case shall such exemption  
25 herein allowed apply to more than one person, head of the  
26 family, nor shall said exemption, when added to any other  
27 homestead exemption applicable to the same ad valorem tax

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

21 "~~(d)~~(e) For tax years beginning on and after October  
22 1, 1981, for residents of this state, over 65 years of age who  
23 have an annual adjusted gross income of less than \$12,000 as  
24 reflected on the most recent state income tax return or some  
25 other appropriate evidence, or who are retired due to  
26 permanent and total disability, regardless of age, or who are  
27 blind as defined in Section 1-1-3, regardless of age or

1 whether such person is retired, homesteads, as defined in the  
2 Constitution and laws of Alabama, are hereby exempted from ad  
3 valorem property taxes levied by any county of this state,  
4 including such taxes levied for school districts. In no case  
5 shall such exemption exceed \$5,000 in assessed value, nor 160  
6 acres in area. With respect to homesteads situated in more  
7 than one county, the exemption granted herein shall be  
8 prorated between the counties in which the homestead is  
9 situated in the proportion that the area of the homestead in  
10 each county bears to the total area of the homestead claimed  
11 for exemption.

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

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

26 ~~(f)~~ (g) Any homestead exemption under this section or  
27 Section 40-9-21 shall not be affected during any period the

1 homestead is being repaired after being damaged by a natural  
2 disaster such as a tornado or hurricane.

3 "§40-9-21.

4 "(a) In addition to the persons and property exempt  
5 from ad valorem taxation as prescribed in Section 40-9-1, the  
6 following shall also be exempt from ad valorem taxation: The  
7 principal residence and 160 acres adjacent thereto of any  
8 person who is permanently and totally disabled or who is 65  
9 years of age or older having a net annual taxable income of  
10 twelve thousand dollars (\$12,000) or less, as shown on such  
11 person's and spouse's latest United States income tax return  
12 or some other appropriate evidence acceptable to the  
13 department. In the event that such person and spouse are not  
14 required to file a United States income tax return, then an  
15 affidavit indicating that the net taxable income of such  
16 person and spouse for the preceding taxable year was twelve  
17 thousand dollars (\$12,000) or less shall be sufficient proof.  
18 Proof of age shall be furnished when the exemption provided  
19 herein is claimed. On and after May 22, 2013, if a permanently  
20 and totally disabled person does not qualify for the exemption  
21 under this section, and has not previously submitted written  
22 certification of such permanent and total disability by any  
23 two physicians licensed to practice in this state, he or she  
24 may submit as proof of permanent and total disability  
25 affidavits from two physicians licensed to practice in this  
26 state, provided that at least one of these physicians is  
27 actively providing treatment directly related to the permanent

1 and total disability of the person seeking the exemption;  
2 provided, however, this requirement shall not apply to any  
3 person receiving the exemption on May 22, 2013. As provided  
4 under this section, any person who is drawing any pension or  
5 annuity from the armed services or a company or governmental  
6 agency because he or she is permanently and totally disabled  
7 shall automatically be granted a certificate of permanent and  
8 total disability by the department. In order to qualify for  
9 exemption under this section, the property must be a  
10 single-family home owned and occupied during the tax year as  
11 the principal residence of the person qualifying under this  
12 section.

13 "(b) Notwithstanding subsection (a) beginning in the  
14 tax year for which the ad valorem taxes shall become due and  
15 payable on October 1, 2019, in no case shall the exemption  
16 exceed \$20,000 of assessed value for the principal residence  
17 and 160 acres adjacent thereto of any person who is  
18 permanently and totally disabled.

19 "(b) (c) The department shall by rule establish the  
20 criteria and proof required for an exemption in this section  
21 based upon a person being "permanently and totally disabled"  
22 and shall issue certificates of disability to any person that  
23 meets such criteria and provides the required proof. The rule  
24 shall provide that any person who is drawing any pension or  
25 annuity from the armed services, a private company, or any  
26 governmental agency because he or she is permanently and



1       totally disabled shall automatically be granted a certificate  
2       of permanent and total disability by the department."

3               Section 2. This act shall become effective shall  
4       become effective immediately following its passage and  
5       approval by the Governor, or it otherwise becoming law for the  
6       tax year for which the ad valorem taxes shall become due and  
7       payable on October 1, 2019, and each tax year thereafter.