

HB396 INTRODUCED



1 HB396
2 8A8R22H-1
3 By Representatives Paschal, Fidler, Starnes
4 RFD: Ways and Means General Fund
5 First Read: 05-Mar-25



SYNOPSIS:

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

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

This bill would require County Property Tax Commissioners to issue tentative certificates of permanent and total disability to disabled veterans with a 100 percent permanent and total disability rating upon the submission of certain information.

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

A BILL
TO BE ENTITLED



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AN ACT

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

BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

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

(b) A County Property Tax Commissioner shall issue a veteran with a 100 percent disability rating from the United State Department of Veterans Affairs who may claim an exemption under Sections 40-9-19 or 40-9-21, Code of Alabama 1975, for permanent and total disability, a tentative certificate of permanent and total disability prior to purchasing a homestead upon submitting all of the following:

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

a. The name of the disabled veteran and the name of his or her spouse, if any.

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

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



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(2) The purchase agreement for the homestead.

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

(c) A County Property Tax Commissioner shall issue a tentative certificate of permanent and total disability within 20 days of receiving all of the information required pursuant to subsection (b).

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

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

(f) The Department of Revenue shall establish the form of the tentative certificate of permanent and total disability which shall include the amount of ad valorem taxes that a veteran is exempt from.

Section 2. This act shall become effective on June 1, 2025.