

## 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



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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                   permanent and total disability rating, are exempt from  
10                  all state ad valorem 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 County Property Tax  
16                  Commissioners to issue tentative certificates of  
17                  permanent and total disability to disabled veterans  
18                  with a 100 percent permanent and total disability  
19                  rating upon the submission of certain 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

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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 County Property Tax Commissioner shall issue a  
43 veteran with a 100 percent disability rating from the United  
44 State Department of Veterans Affairs who may claim an  
45 exemption under Sections 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 submitting 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 any.

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 County Property Tax Commissioner shall issue a  
63 tentative certificate of permanent and total disability within  
64 20 days of receiving all of the information required pursuant  
65 to 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 the amount of ad valorem taxes that a  
79 veteran is exempt from.

80                   Section 2. This act shall become effective on June 1,  
81                   2025.