

HB77 ENROLLED



1 HB77
2 ARHR4Q7-2
3 By Representatives Paschal, Fidler, Starnes, Stubbs, Smith,
4 Brown, Wadsworth, Whorton, Fincher, Bolton, Rehm, Lamb,
5 Givens, Underwood
6 RFD: Military and Veterans' Affairs
7 First Read: 13-Jan-26
8 PFD: 02-Dec-25



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1 Enrolled, An Act,

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

11 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

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

15 (b) A tax assessing official shall issue a veteran who
16 has received a 100 percent disability rating from the United
17 States Department of Veterans Affairs and who may claim an
18 exemption under Section 40-9-19 or 40-9-21, Code of Alabama
19 1975, for permanent and total disability, a tentative
20 certificate of permanent and total disability prior to
21 purchasing a homestead upon receiving all of the following:

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

24 a. The name of the disabled veteran and the name of his
25 or her spouse, if applicable.

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

28 c. An attestation by the veteran that the homestead is



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29 to be occupied as the veteran's principal place of residence.

30 (2) The purchase agreement for the homestead.

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

35 (c) A tax assessing official shall issue a tentative
36 certificate of permanent and total disability within 20 days
37 of receiving all of the information required pursuant to
38 subsection (b).

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

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

49 (f) The Department of Revenue shall establish the form
50 of the tentative certificate of permanent and total disability
51 which shall include a section indicating that the disabled
52 veteran, with a 100 percent permanent and total disability
53 rating, is eligible for exemption from ad valorem taxes
54 pursuant to Section 40-9-19 or 40-9-21, Code of Alabama 1975,
55 on a homestead property.

56 Section 2. This act shall become effective on October

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57 1, 2026.



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Speaker of the House of Representatives

President and Presiding Officer of the Senate

House of Representatives

I hereby certify that the within Act originated in and was passed by the House 20-Jan-26.

John Treadwell
Clerk

Senate **10-Mar-26**

Passed