

SB130 INTRODUCED



1 SB130
2 G3UALCC-1
3 By Senators Elliott, Jones, Kelley, Bell
4 RFD: Finance and Taxation General Fund
5 First Read: 13-Jan-26

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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 permanent and total
9 disability, are exempt from state ad valorem taxes.

10 Also under existing law, these disabled
11 individuals are granted a certificate of permanent and
12 total disability by the Commissioner of Revenue as
13 evidence of this exemption.

14 This bill would require a tax assessing official
15 to issue a tentative certificate of permanent and total
16 disability to a disabled veteran with a 100 percent
17 disability rating upon the submission of certain
18 information.

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

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26 A BILL
27 TO BE ENTITLED
28 AN ACT



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Relating to the Department of Revenue; to provide for certain disabled veterans to be issued tentative certificates of exemption from homestead ad valorem taxes upon submitting certain information; 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 tax assessing official shall issue a veteran who has received a 100 percent disability rating from the United States Department of Veterans Affairs and who may claim an exemption under Section 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 receiving 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 applicable.

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.

(2) The purchase agreement for the homestead.



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(3) Documentation from the United States Department of Veterans Affairs, or its successor agency, indicating that the veteran has a 100 percent disability rating.

(c) A tax assessing official 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 from which a veteran is exempt.

Section 2. This act shall become effective on October 1, 2026.