

1 SB176
2 144974-1
3 By Senator Dial
4 RFD: Finance and Taxation General Fund
5 First Read: 12-FEB-13

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8 SYNOPSIS: Under existing law, a person who is retired
9 due to permanent and total disability or over 65
10 years of age is entitled to certain exemptions from
11 ad valorem taxes provided he or she meets the
12 income criteria and procedures set out in law.

13 This bill would delete the requirement that
14 a permanently and totally disabled person be
15 retired to qualify for the exemptions.

16
17 A BILL
18 TO BE ENTITLED
19 AN ACT

20
21 To amend Sections 40-9-19 and 40-9-21, Code of
22 Alabama 1975, as amended by Act 2012-313, 2012 Regular
23 Session, relating to exemptions from ad valorem taxes; to
24 delete the requirement that a permanently and totally disabled
25 person be retired to qualify for the exemptions.

26 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

1 Section 1. Sections 40-9-19 and 40-9-21 of the Code
2 of Alabama 1975, as amended by Act 2012-313, 2012 Regular
3 Session, are amended to read as follows:

4 "§40-9-19.

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

17 "(2) The Department of Revenue shall by rule
18 establish the criteria and proof required for an exemption
19 based upon a person being "permanently and totally disabled"
20 and shall issue certificates of disability to any person who
21 meets such criteria and provides the required proof. Any
22 person who is drawing any pension or annuity from the armed
23 services or a company or governmental agency as being
24 permanently and totally disabled shall automatically be
25 granted a certificate of permanent and total disability by the
26 department.

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

12 "(c) For tax years beginning on and after October 1,
13 1981, the governing body of any county, municipality or other
14 local taxing authority may at any time grant by resolution or
15 ordinance an exemption from any levy of ad valorem property
16 taxes levied by such county, municipality or other local
17 taxing authority on homesteads, as defined by the Constitution
18 and laws of Alabama, of residents of this state not over 65
19 years of age. In no case shall such exemption herein allowed
20 apply to more than one person, head of the family, nor shall
21 said exemption, when added to any other homestead exemption
22 applicable to the same ad valorem tax levy, exceed \$4,000 in
23 assessed value, nor 160 acres in area. Any homestead exemption
24 granted pursuant to this subsection (c) may be adjusted,
25 rescinded, or reinstated at any time by resolution or
26 ordinance of the governing body of the county, municipality or
27 other local taxing authority granting such exemption. Any

1 action authorized by this subsection to be taken by a taxing
2 authority, or the governing body thereof, shall, other than in
3 the case of a municipality, be taken by resolution of the
4 governing body of the county in which such taxing authority is
5 located acting on behalf of such taxing authority; provided
6 however, any action authorized by this subsection to be taken
7 by a taxing authority, or the governing body thereof, which
8 action shall affect countywide or district ad valorem taxes
9 levied solely for the support of county or city school
10 districts, shall be taken by resolutions of the governing
11 bodies and boards of the school systems that are recipients of
12 the proceeds of the ad valorem tax so affected by such action.
13 The provisions of this subsection (c) shall in no way annul or
14 reduce exemptions provided under subsections (a), (b), and (d)
15 of this section.

16 "(d) For tax years beginning on and after October 1,
17 1981, homesteads, as defined in the Constitution of Alabama of
18 1901 and laws of Alabama, are hereby exempted from ad valorem
19 property taxes levied by any county of this state, including
20 such taxes levied for school districts, for residents of this
21 state who are blind as defined in Section 1-1-3, regardless of
22 age or whether such person is retired. In no case shall such
23 exemption exceed \$5,000 in assessed value, nor 160 acres in
24 area. With respect to homesteads situated in more than one
25 county, the exemption granted herein shall be prorated between
26 the counties in which the homestead is situated in the

1 proportion that the area of the homestead in each county bears
2 to the total area of the homestead claimed for exemption.

3 "(e) The grant of any homestead exemption provided
4 under the provisions of this section shall not be allowed if
5 such grant shall prevent the payment of any bonded
6 indebtedness secured by any tax to which the homestead
7 exemption would apply.

8 "(f) Any homestead exemption under this section or
9 Section 40-9-21 shall not be affected during any period the
10 homestead is being repaired after being damaged by a natural
11 disaster such as a tornado or hurricane.

12 "§40-9-21.

13 "(a) In addition to the persons and property exempt
14 from ad valorem taxation as prescribed in Section 40-9-1, the
15 principal residence and 160 acres adjacent thereto shall be
16 exempt from ad valorem taxation for any resident of this state
17 who is ~~retired because he or she is~~ permanently and totally
18 disabled or who is 65 years of age or older, provided the net
19 annual taxable income for the person claiming the exemption
20 and that of his or her spouse is twelve thousand dollars
21 (\$12,000) or less, as shown on such person's and spouse's
22 latest United States income tax return or some other
23 appropriate evidence acceptable to the department. In the
24 event that such person and spouse are not required to file a
25 United States income tax return, then an affidavit indicating
26 that the net taxable income of such person and spouse for the
27 preceding taxable year was twelve thousand dollars (\$12,000)

1 or less shall be sufficient proof. Proof of age shall be
2 required for an exemption claimed by residents over the age of
3 65. Proof of total disability may be, but shall not be limited
4 to, the written certification of such total disability by any
5 two physicians licensed to practice in this state. Any person
6 who is drawing any pension or annuity from the armed services
7 or a company or governmental agency because he or she is
8 permanently and totally disabled shall automatically be
9 granted a certificate of permanent and total disability by the
10 department. In order to qualify for an exemption under this
11 section, such principal residence must be a single-family
12 residence owned and occupied by a person qualifying under this
13 section.

14 "(b) The department shall by rule establish the
15 criteria and proof required for an exemption based upon a
16 person being permanently and totally disabled and shall issue
17 certificates of disability to any person that meets such
18 criteria and provides the required proof. Any person who is
19 drawing any pension or annuity from the armed services, a
20 private company, or any governmental agency because he or she
21 is permanently and totally disabled shall automatically be
22 granted a certificate of permanent and total disability by the
23 department."

24 Section 2. The amendatory language found in this act
25 shall apply for tax years beginning on and after October 1,
26 2013.

1 Section 3. This act shall become effective on the
2 first day of the third month following its passage and
3 approval by the Governor, or its otherwise becoming law.