HOMESTEAD EXEMPTIONS IN ALABAMA

Alabama law allows four types of homestead property tax exemptions. Any homestead exemption must be requested by written application filed with the Alabama Revenue Commissioner annually by December 31. A homestead exemption only applies to a single-family residence owned and occupied as the applicant's primary residence on the first day of the tax year (October 1).

Some of the homestead exemptions have a maximum amount of the exemption expressed in assessed value. Assessed value in Alabama for residential property is 10 percent of appraised value. The state of Alabama imposes a property tax of 6.5 mills—3 mills for schools, 1 mill for soldiers, and 2.5 mills for the state general fund. The homestead exemption is allowed only against the state mill rate and the county mill rate. The exemption does not apply against school district property taxes or countywide school property tax levies.

The four Alabama homestead exemption programs are briefly described as follows:

1. Regular homestead exemption is available to any Alabama resident who owns and occupies a single-family residence occupied as a primary residence and used for no other purposes. The amount of the exemption is $4,000 in assessed value against state taxes, and the taxing district may allow an exemption of up to $2,000 in assessed value against county taxes.

2. Homestead exemption 2 is for persons over age 65 whose adjusted gross income is less than $12,000 on the most recent state tax return. The amount of the exemption is $5,000 in assessed value against state taxes and county taxes. Individuals who are permanently blind are also entitled to this exemption.

3. Homestead exemption 3 is an exemption from all property taxes for persons over age 65 who have a taxable income of $7,500 or less on their most recent federal income tax return. This exemption is also available for individuals who are permanently and totally disabled, regardless of income.

4. Homestead exemption 4 is for persons over age 65, regardless of income. This exemption is for the total assessed value against state taxes and up to $2,000 of assessed value against county taxes.