GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1997

H **1**

HOUSE BILL 1070*

Short Title: Local Option Homestead Relief. (Public)

Sponsors: Representatives Moore; Black, Bonner, Clary, Davis, Dedmon, Earle, Gardner, Goodwin, Grady, Howard, Ives, Jarrell, Jeffus, Kiser, Mosley, Saunders, Sexton, Tallent, Wainwright, Warwick, Watson, and Womble.

Referred to: Ways and Means, if favorable, Finance.

April 21, 1997

A BILL TO BE ENTITLED

AN ACT TO AMEND THE CONSTITUTION OF NORTH CAROLINA TO AUTHORIZE THE GENERAL ASSEMBLY TO ENACT LEGISLATION ALLOWING EACH COUNTY TO (I) INCREASE THE AMOUNT OF THE PROPERTY TAX HOMESTEAD EXEMPTION FOR LOW-INCOME ELDERLY AND DISABLED INDIVIDUALS IN THAT COUNTY AND (II) RAISE THE DEFINITION OF "LOW-INCOME"SO THAT MORE ELDERLY AND DISABLED INDIVIDUALS CAN QUALIFY FOR THE EXEMPTION.

The General Assembly of North Carolina enacts:

Section 1. Section 2 of Article V of the North Carolina Constitution is amended by adding a new subdivision to read:

"<u>(8)</u> <u>Property tax homestead exclusion. If the General Assembly enacts legislation classifying and excluding from ad valorem taxation part of the value of the residence of each elderly or disabled individual whose income is below a maximum amount and who satisfies other conditions, the General Assembly may, notwithstanding subdivision (2) of this section, enact a general law uniformly applicable throughout the State authorizing each county to increase the portion of a classified residence's value that is excluded in</u>

that county and to increase the maximum income threshold to qualify for the exclusion in that county."

Section 2. G.S. 105-277.1 is amended by adding a new subsection to read:

"(a1) Local Option Increase. – The board of commissioners of a county may, by resolution, increase the amount of the exclusion provided in subsection (a) of this section, increase the maximum income threshold provided in subdivision (a)(2) of this section, or both. An increase adopted under this subsection shall apply uniformly within the county. The board of commissioners of a county may, by resolution, repeal or reduce an increase adopted under this subsection, but may not reduce the exclusion or the income threshold provided in subsection (a) of this section. A resolution changing the exclusion amount or the income threshold within a county pursuant to this subsection shall become effective no earlier than for the taxable year beginning July 1 following adoption of the resolution."

Section 3. G.S. 105-309(f) reads as rewritten:

"(f) The following information shall appear on each abstract or on an information sheet distributed with the abstract. If the county has increased the exclusion amount or the income threshold pursuant to G.S. 105-277.1(a1), the assessor shall substitute the applicable dollar amounts. The abstract or sheet must include the address and telephone number of the assessor below the notice required by this subsection. The notice shall read as follows:

'PROPERTY TAX RELIEF FOR ELDERLY AND PERMANENTLY DISABLED PERSONS.

North Carolina excludes from property taxes the first twenty thousand dollars ($20,000) in appraised value of a permanent residence owned and occupied by North Carolina residents aged 65 or older or totally and permanently disabled whose income does not exceed fifteen thousand dollars ($15,000). Income means the owner's adjusted gross income as determined for federal income tax purposes, plus all moneys received other than gifts or inheritances received from a spouse, lineal ancestor or lineal descendant.

If you received this exclusion in (assessor insert previous year), you do not need to apply again unless you have changed your permanent residence. If you received the exclusion in (assessor insert previous year) and your income in (assessor insert previous year) was above fifteen thousand dollars ($15,000), you must notify the assessor. If you received the exclusion in (assessor insert previous year) because you were totally and permanently disabled and you are no longer totally and permanently disabled, you must notify the assessor. If the person receiving the exclusion in (assessor insert previous year) has died, the person required by law to list the property must notify the assessor. Failure to make any of the notices required by this paragraph before April 15 will result in penalties and interest.

If you did not receive the exclusion in (assessor insert previous year) but are now eligible, you may obtain a copy of an application from the assessor. It must be filed by April 15.'"

Section 4. G.S. 105-328 reads as rewritten:

"§ 105-328. Listing, appraisal, and assessment of property subject to taxation by cities and towns situated in more than one county.

(a) ~~For~~ Except as provided in subsection (a1) of this section, for purposes of municipal taxation, all property subject to taxation by a city or town situated in two or more counties may, by resolution of the governing body of the municipality, be listed, appraised, and assessed as provided in G.S. 105-326 and 105-327 if, in such a case, in the opinion of the governing body, the same appraisal and assessment standards will thereby apply uniformly throughout the municipality. However, if, in such a case, the governing body ~~shall determine~~ determines that adoption of the appraisals and assessments fixed by the counties will not result in uniform appraisals and assessments throughout the municipality, the governing body may, by horizontal adjustments, equalize the appraisal and assessment values fixed by the counties in order to obtain the required uniformity. Taxes levied by the city or town shall be levied uniformly on the assessments so determined.

(a1) This section does not apply to assessments of property that differ in any of the counties in which the city or town is located because of a local option adjustment in the homestead exclusion under G.S. 105-277.1(a1).

(b) Should the governing body of a city or town situated in two or more counties not adopt the procedure provided in subsection (a), above, all property subject to taxation by the municipality shall be listed, appraised, and assessed as provided in subdivisions (b)(1) through (b)(6), below.

(1) The governing body of the city or town shall appoint a municipal assessor on or before the first Monday in July in each odd-numbered year. The governing body may remove the municipal assessor from office during his term for good cause after giving him notice in writing and an opportunity to appear and be heard at a public session of the appointing body. Whenever a vacancy occurs in the office, the governing body shall appoint a qualified person to serve as municipal assessor for the period of the unexpired term. Persons holding the position of municipal assessor on July 1, 1971, shall be deemed qualified to fill the position. A person appointed as a municipal assessor shall meet the qualifications and requirements set for a county assessor under G.S. 105-294.

(2) With the approval of the governing body, a municipal assessor may employ listers, appraisers, and clerical assistants necessary to carry out the listing, appraisal, assessing, and billing functions required by law.

(3) A municipal assessor and the persons employed by him have the same powers and duties as their county equivalents with respect to property subject to taxation by a city or town.

(4) The governing body shall, with respect to property subject to city or town taxation, be vested with the powers and duties vested by this Subchapter in boards of county commissioners and boards of equalization and review. Appeals may be taken from the municipal board of equalization and review or governing body to the Property Tax Commission in the manner provided in this Subchapter for appeals from county boards of equalization and review and boards of county commissioners.

(5) All expenses incident to the listing, appraisal, and assessment of property for the purpose of city or town taxation shall be borne by the municipality for whose benefit the work is undertaken.

(6) The intent of this subsection (b) is to provide cities and towns that are situated in two or more counties with machinery for listing, appraising, and assessing property for municipal taxation equivalent to that established by this Subchapter for counties. The powers to be exercised by, the duties imposed on, and the possible penalties against municipal governing bodies, boards of equalization and review, assessors, and persons employed by an assessor shall be the same as those provided in this Subchapter by, on, or against county boards of commissioners, boards of equalization and review, assessors, and persons employed by an assessor."

Section 5. The amendment set out in Section 1 of this act shall be submitted to the qualified voters of the State at the general election in November 1998. The election shall be conducted under the laws then governing elections in the State. Ballots, voting systems, or both may be used in accordance with Chapter 163 of the General Statutes. The question to be used in the voting systems and ballots shall be:

"[ ] FOR [ ] AGAINST

Constitutional amendment authorizing the General Assembly to allow counties to (1) increase the property tax exemption for a residence owned by a low-income elderly or disabled person and (2) raise the definition of ‘low-income' so more elderly and disabled persons can qualify for the exemption."

Section 6. If a majority of the votes cast on the question are in favor of the amendment set out in Section 1 of this act, the State Board of Elections shall certify the amendment to the Secretary of State. The amendment becomes effective upon this certification. The Secretary of State shall enroll the amendment so certified among the permanent records of that office.

Section 7. Sections 2, 3, and 4 of this act become effective only if the constitutional amendment proposed by Section 1 of this act is approved as provided in Sections 5 and 6 of this act. If the constitutional amendment is approved, Sections 2, 3, and 4 of this act become effective when the State Board of Elections certifies the amendment to the Secretary of State.

Section 8. This act is effective when it becomes law.