GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2017

H **4**

HOUSE BILL 2
Committee Substitute Favorable 3/8/17
Committee Substitute #2 Favorable 3/28/17
Fourth Edition Engrossed 3/29/17

Short Title: Provide Certain Property Tax Relief. (Public)

Sponsors:

Referred to:

January 26, 2017

A BILL TO BE ENTITLED

AN ACT TO INCREASE THE DISABLED VETERAN PROPERTY TAX HOMESTEAD EXCLUSION, TO REIMBURSE LOCAL GOVERNMENTS FOR THEIR RESULTING REVENUE LOSS, AND TO PROVIDE A PROPERTY TAX HOMESTEAD EXCLUSION FOR THE SURVIVING SPOUSE OF QUALIFYING EMERGENCY PERSONNEL.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 105-277.1C reads as rewritten:

"**§ 105-277.1C. Disabled veteran property tax homestead exclusion.**

(a) Classification. – A permanent residence owned and occupied by a qualifying owner is designated a special class of property under Article V, Section 2(2) of the North Carolina Constitution and is taxable in accordance with this section. The first ~~forty-five thousand dollars ($45,000)~~ one hundred thousand dollars ($100,000) of appraised value of the residence is excluded from taxation. A qualifying owner who receives an exclusion under this section may not receive other property tax relief.

(b) Definitions. – The following definitions apply in this section:

…

(2a) Hold harmless amount. – The assessed value over forty-five thousand dollars ($45,000) of a property excluded from taxation under subsection (a) of this section, multiplied by the applicable local tax rate.

…

(8) Total hold harmless amount. – The sum of the following:

a. The hold harmless amount for all property excluded from taxation under subsection (a) of this section in the county.

b. The hold harmless amount for all property excluded from taxation under subsection (a) of this section in the cities located in the county.

…

(g) Reimbursement. – On or before September 1 of each year, each county tax collector shall notify the Secretary of Revenue, in a manner prescribed by the Secretary, of the county's total hold harmless amount. A county that fails to notify the Secretary of Revenue of its total hold harmless amount by the due date is barred from receiving a reimbursement under this subsection for that taxable year. On or before December 31 of each year, the Secretary of Revenue shall distribute to each county its respective total hold harmless amount.

Any funds received by a county that are attributable to a city within the county must be distributed to that respective city. Any funds received by a county or city because the county or city was collecting taxes for another unit of government or special district must be credited to the funds of that other unit or district in accordance with regulations issued by the Local Government Commission.

In order to pay for the reimbursement under this section and the cost to the Department of Revenue of administering the reimbursement, the Secretary of Revenue shall draw from collections received under Part 2 of Article 4 of this Chapter an amount equal to the reimbursement and the cost of administration."

SECTION 2.(a) Article 12 of Subchapter II of Chapter 105 of the General Statutes is amended by adding a new section to read:

"**§ 105-277.1E. Surviving spouse property tax homestead exclusion.**

(a) Classification. – A permanent residence owned and occupied by a qualifying owner is designated a special class of property under Section 2(2) of Article V of the North Carolina Constitution and is taxable in accordance with this section. The appraised value of the residence is excluded from taxation. A qualifying owner who receives an exclusion under this section may not receive other property tax relief.

(b) Definitions. – The following definitions apply in this section:

(1) Emergency personnel officer. – Firefighting, search and rescue, or emergency medical services personnel, a firefighter of the North Carolina Forest Service as defined in G.S. 106-955, or any employee of any duly accredited State or local government agency possessing authority to enforce the criminal laws of the State who (i) is actively serving in a position with assigned primary duties and responsibilities for prevention and detection of crime or the general enforcement of the criminal laws of the State and (ii) possesses the power of arrest by virtue of an oath administered under the authority of the State.

(2) Permanent residence. – Defined in G.S. 105-277.1.

(3) Property tax relief. – Defined in G.S. 105-277.1.

(4) Qualifying owner. – An owner, as defined in G.S. 105-277.1, who is a North Carolina resident and is the surviving spouse who has not remarried of an emergency personnel officer who was killed in the line of duty.

(c) Temporary Absence. – An owner does not lose the benefit of this exclusion because of a temporary absence from his or her permanent residence for reasons of health or because of an extended absence while confined to a rest home or nursing home, so long as the residence is unoccupied or occupied by a dependent of the owner, other than a spouse.

(d) Other Multiple Owners. – This subsection applies to co-owners who are not husband and wife. Each co-owner of a permanent residence must apply separately for the exclusion allowed under this section.

When one or more co-owners of a permanent residence qualify for the exclusion allowed under this section and none of the co-owners qualifies for the exclusion allowed under G.S. 105-277.1, each co-owner is entitled to the full amount of the exclusion allowed under this section. The exclusion allowed to one co-owner may not exceed the co-owner's proportionate share of the valuation of the property, and the amount of the exclusion allowed to all the co-owners may not exceed the exclusion allowed under this section.

When one or more co-owners of a permanent residence qualify for the exclusion allowed under this section and one or more of the co-owners qualify for the exclusion allowed under G.S. 105-277.1, each co-owner who qualifies for the exclusion allowed under this section is entitled to the full amount of the exclusion. The exclusion allowed to one co-owner may not exceed the co-owner's proportionate share of the valuation of the property, and the amount of the exclusion allowed to all the co-owners may not exceed the greater of the exclusion allowed under this section and the exclusion allowed under G.S. 105-277.1.

(e) Application. – An application for the exclusion allowed under this section should be filed during the regular listing period but may be filed and must be accepted at any time up to and through June 1 preceding the tax year for which the exclusion is claimed. Persons may apply for this property tax relief by entering the appropriate information on a form made available by the assessor under G.S. 105-282.1."

SECTION 2.(b) G.S. 105-282.1(a) reads as rewritten:

"(a) Application. – Every owner of property claiming exemption or exclusion from property taxes under the provisions of this Subchapter has the burden of establishing that the property is entitled to it. If the property for which the exemption or exclusion is claimed is appraised by the Department of Revenue, the application shall be filed with the Department. Otherwise, the application shall be filed with the assessor of the county in which the property is situated. An application must contain a complete and accurate statement of the facts that entitle the property to the exemption or exclusion and must indicate the municipality, if any, in which the property is located. Each application filed with the Department of Revenue or an assessor shall be submitted on a form approved by the Department. Application forms shall be made available by the assessor and the Department, as appropriate.

Except as provided below, an owner claiming an exemption or exclusion from property taxes must file an application for the exemption or exclusion annually during the listing period.

…

(2) Single application required. – An owner of one or more of the following properties eligible for a property tax benefit must file an application for the benefit to receive it. Once the application has been approved, the owner does not need to file an application in subsequent years unless new or additional property is acquired or improvements are added or removed, necessitating a change in the valuation of the property, or there is a change in the use of the property or the qualifications or eligibility of the taxpayer necessitating a review of the benefit.

a. Property exempted from taxation under G.S. 105-278.3, 105-278.4, 105-278.5, 105-278.6, 105-278.7, or 105-278.8.

b. Special classes of property excluded from taxation under G.S. 105-275(3), (7), (8), (12), (17), (18), (19), (20), (21), (31e), (35), (36), (38), (39), (41), or (45) or under G.S. 105-277.1E or G.S. 131A-21.

c. Special classes of property classified for taxation at a reduced valuation under G.S. 105-277(h), 105-277.1, 105-277.1C, 105-277.10, 105-277.13, 105-277.14, 105-277.15, 105-277.17, or 105-278.

…."

SECTION 3. This act is effective for taxes imposed for taxable years beginning on or after July 1, 2017.