GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2019

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SENATE BILL DRS45264-MCf-60

Short Title:	Expand Property Tax Homestead Exclusion.	(Public)
Sponsors:	Senators Mohammed, Foushee, and Chaudhuri (Primary Sponsors).	
Referred to:		

A BILL TO BE ENTITLED

AN ACT TO EXPAND THE HOMESTEAD EXEMPTION AND CIRCUIT BREAKER.

The General Assembly of North Carolina enacts:

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

"**§ 105-277.1. Elderly or disabled property tax homestead exclusion.**

(a) Exclusion. – A permanent residence owned and occupied by a qualifying owner is designated a special class of property under Article V, Sec. 2(2) of the North Carolina Constitution and is taxable in accordance with this section. The amount of the appraised value of the residence equal to the exclusion amount is excluded from taxation. ~~The exclusion amount is the greater of twenty five thousand dollars ($25,000) or fifty percent (50%) of the appraised value of the residence.~~ An owner who receives an exclusion under this section may not receive other property tax relief. If the owner has retired from State or federal government employment with at least 20 years of creditable service and the owner is a qualifying owner, as defined in subsection (a1) of this section, the exclusion amount is the first sixty thousand dollars ($60,000) of appraised value of the residence plus any remaining appraised value of the residence that would result in the tax liability for the residence being greater than one thousand dollars ($1,000). For any other qualifying owner, as defined in subsection (a1) of this section, the exclusion amount is the greater of the following:

(1) Twenty-five thousand dollars ($25,000).

(2) An amount equal to the following:

a. If there has not been a general reappraisal pursuant to G.S. 105-286 since the time the applicant became eligible for the exclusion allowed under this section, fifty percent (50%) of the appraised value of the residence.

b. If there has been a general reappraisal pursuant to G.S. 105-286 since the time the applicant became eligible for the exclusion allowed under this section, an amount equal to the sum of the following:

1. The difference between the appraised value of the residence and the appraised value of the residence determined pursuant to G.S. 105-286 as of January 1 of the year of eligibility, cumulatively adjusted according to the annual Consumer Price Index until the year of the last general reappraisal conducted pursuant to G.S. 105-286.

2. Fifty percent (50%) of the appraised value of the residence determined pursuant to G.S. 105-286 as of January 1 of the year of eligibility, cumulatively adjusted according to the

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annual Consumer Price Index until the year of the last general reappraisal conducted pursuant to G.S. 105-286.

(a1) Qualifying Owner. – A qualifying owner is an owner who meets all of the following requirements as of January 1 preceding the taxable year for which the benefit is claimed:

(1) Is at least 65 years of age or totally and permanently disabled.

(2) Has an income for the preceding calendar year of not more than the income eligibility limit.

(3) Is a North Carolina resident.

~~(a1)~~(a2) Temporary Absence. – An otherwise qualifying 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 the owner's spouse or other dependent.

~~(a2)~~(a3) Income Eligibility Limit. – For the taxable year beginning on July 1, ~~2008,~~ 2020, the income eligibility limit is ~~twenty-five thousand dollars ($25,000).~~ thirty-five thousand dollars ($35,000), except that the limit is seventy thousand dollars ($70,000) for married applicants residing with their spouses. For taxable years beginning on or after July 1, ~~2009,~~ 2021, the income eligibility limit is the amount for the preceding year, adjusted by the same percentage of this amount as the percentage of any cost-of-living adjustment made to the benefits under Titles II and XVI of the Social Security Act for the preceding calendar year, rounded to the nearest one hundred dollars ($100.00). On or before July 1 of each year, the Department of Revenue must determine the income eligibility amount to be in effect for the taxable year beginning the following July 1 and must notify the assessor of each county of the amount to be in effect for that taxable year.

…."

SECTION 2. G.S. 105-277.1B reads as rewritten:

"**§ 105-277.1B. Property tax homestead circuit breaker.**

…

(c) Income Eligibility Limit. – The income eligibility limit provided in ~~G.S. 105-277.1(a2)~~ G.S. 105-277.1(a3) applies to this section.

…

(e) Multiple Owners. – A permanent residence owned and occupied by ~~husband and wife~~ multiple qualifying owners is entitled to the full benefit of the property tax homestead circuit breaker notwithstanding that only one of them meets the length of occupancy and ownership requirements and the age or disability requirement of this section. ~~When a permanent residence is owned and occupied by two or more persons other than husband and wife, no property tax homestead circuit breaker is allowed unless all of the owners qualify and elect to defer taxes under this section.~~

…."

SECTION 3. 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 4. This act is effective for taxes imposed for taxable years beginning on or after July 1, 2020.