

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2025

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SENATE BILL 671

Short Title: Helene Rev. Replace./Locals; Prop Tax Relief. (Public)

Sponsors: Senators Hise, Moffitt, and Daniel (Primary Sponsors).

Referred to: Rules and Operations of the Senate

March 26, 2025

A BILL TO BE ENTITLED
AN ACT TO ESTABLISH A GRANT PROGRAM TO PROVIDE GRANTS AS REVENUE
REPLACEMENT TO LOCAL GOVERNMENTS THAT EXPERIENCED REVENUE
LOSS FROM PROPERTY TAXES, SALES AND USE TAXES, AND WATER AND
SEWER RECEIPTS AS THE RESULT OF HURRICANE HELENE AND TO PROVIDE
INTEREST RELIEF ON PROPERTY TAXES FOR PROPERTY OWNERS WHO
SUSTAINED A CERTAIN LEVEL OF PROPERTY DAMAGE AS THE RESULT OF
HURRICANE HELENE.

The General Assembly of North Carolina enacts:

SECTION 1.(a) Program; Purpose; Use. – The Department of Revenue is authorized to create and administer the Helene Local Government Revenue Replacement Grant Program (Program). The purpose of the Program is to provide grants to local governments in western North Carolina that experienced revenue loss from property taxes, sales and use taxes, and water and sewer receipts as a result of Hurricane Helene. A local government that is awarded a grant under this section may use the funds for any public purpose.

SECTION 1.(b) Definitions. – The following definitions apply in this section:

- (1) Eligible applicant. – A local government that can show qualified revenue loss. Notwithstanding G.S. 105-472, a county is not eligible for a grant for sales and use tax revenue loss if it changes the method of distribution for the fiscal year beginning July 1, 2025.
- (2) Local government. – Either of the following:
 - a. A county that qualified for individual and public assistance under FEMA-4827-DR federal major disaster declaration as of September 28, 2024.
 - b. A municipality located, in part or in whole, in one of the counties described in sub-subdivision a. of this subdivision.
- (3) Non-Helene local governments. – All counties, and municipalities within those counties, exclusive of those counties that qualified for individual and public assistance under FEMA-4827-DR federal major disaster declaration as of September 28, 2024.
- (4) Property tax revenue loss. – The difference, if negative, between the estimated real property tax revenue from storm-damaged property based on the appraised value of the storm-damaged property as of January 1 multiplied by the property tax rate in effect for the taxable year beginning July 1, 2024, and the estimated real property tax revenue for taxable year beginning July 1, 2024, from storm-damaged property based on the appraised value of the



storm-damaged property as of January 1, 2024, multiplied by the property tax rate in effect for the taxable year beginning July 1, 2024. This term applies to property tax revenue losses for each taxable year, beginning on July 1, 2025, until the county's next scheduled reappraisal under G.S. 105-286 as of January 1, 2025.

(5) Qualified revenue loss. – The sum of all of the following:

- a. Property tax revenue loss.
- b. Sales and use tax revenue loss.
- c. Water and sewer fee revenue loss.

(6) Sales and use tax revenue loss. – The difference, if negative, between (i) the local government's total amount of sales and use tax distributions for a quarter, adjusted by the percentage change in total sales and use distributions to non-Helene local governments for the same quarter, and (ii) the local government's total amount of sales and use tax distributions for the same quarter of the prior year, except for the fourth quarter of 2025. For the fourth quarter of 2025, the difference, if negative, between (i) the local government's total amount of sales and use tax distributions for that quarter, adjusted by the percentage change in total sales and use distributions to non-Helene local governments for the same quarter, and (ii) the local government's total amount of sales and use tax distributions for the same quarter of 2023. This term applies to sales and use tax revenue losses beginning with the fourth quarter of 2024 and through the fourth quarter of 2025.

(7) Storm-damaged property. – Any real property that was revalued in accordance with G.S. 105-287 and was determined to have a decrease in value, as of January 1, 2025, due to the impact of Hurricane Helene.

(8) Water and sewer fee revenue loss. – To the extent the local government operates a water and sewer system, the difference, if negative, between (i) the water and sewer revenue collected for a quarter from customers that experienced a service disruption due to Hurricane Helene, and (ii) the revenue collected for the same quarter of the prior year from those same customers, except for the fourth quarter of 2025. For the fourth quarter of 2025, the difference, if negative, between that quarter and the same quarter of 2023. This term applies to water and sewer fee revenue losses beginning with the fourth quarter of 2024 and through the fourth quarter of 2025.

SECTION 1.(c) Grant Amount; Application Process; Application Periods. – An eligible applicant may apply for a grant in the amount of the eligible applicant's qualified revenue loss for the applicable application period. To receive a grant, a local government must timely file an application with the Department of Revenue in accordance with the application periods described below on a form and in the method prescribed by the Department and must include any supporting documentation required by the Department. The Department may accept applications until the funds available under this program have been fully awarded. The application periods are as follows:

- (1) First application period. – The first application period is for a grant for qualified revenue loss that includes (i) property tax revenue loss for the taxable year beginning July 1, 2025, (ii) sales and use tax revenue loss for the fourth quarter of 2024, and (iii) water and sewer fee revenue loss for the fourth quarter of 2024. To apply for a grant for qualified revenue loss for this period, an eligible applicant must file an application within 60 days of the effective date of this section.
- (2) Second application period. – The second application period is for a grant for qualified revenue loss that includes (i) sales and use tax revenue loss for the

- 1 second quarter of 2025 and (ii) water and sewer fee revenue loss for the second
2 quarter of 2025. To apply for a grant for qualified revenue loss for this period,
3 an eligible applicant must file an application by August 31, 2025.
- 4 (3) Third application period. – The third application period is for a grant for
5 qualified revenue loss that includes (i) sales and use tax revenue loss for the
6 third quarter of 2025 and (ii) water and sewer fee revenue loss for the third
7 quarter of 2025. To apply for a grant for qualified revenue loss for this period,
8 an eligible applicant must file an application by November 30, 2025.
- 9 (4) Fourth application period. – The fourth application period for a grant is for
10 qualified revenue loss that includes (i) property tax revenue loss for the
11 taxable year beginning July 1, 2026, (ii) sales and use tax revenue loss for the
12 fourth quarter of 2025, and (iii) water and sewer fee revenue loss for the fourth
13 quarter of 2025. To apply for a grant for qualified revenue loss for this period,
14 an eligible applicant must file an application by February 28, 2026.
- 15 (5) Subsequent application period. – A subsequent application period is for a
16 grant for qualified revenue loss that includes property tax revenue loss for a
17 taxable year beginning on or after July 1, 2027. An eligible applicant must file
18 an application by the last day of February prior to the beginning of the taxable
19 year for which the grant is sought.

20 **SECTION 1.(d)** Allocation of Funds for the Helene Local Government Revenue
21 Replacement Grant Program. – There is appropriated from the General Fund to the Department
22 of Revenue the sum of forty million dollars (\$40,000,000) in nonrecurring funds for the
23 2025-2026 fiscal year to be allocated for the Helene Local Government Revenue Replacement
24 Grant Program and to be used as provided in this section. The Department of Revenue may use
25 up to eight hundred thousand dollars (\$800,000) of the funds allocated in this subsection for the
26 administration of this section, including the outreach described in subsection (e) of this section.
27 The Department shall remit any funds remaining after disposition of all timely filed applications
28 under this section to the Office of State Budget and Management which shall deposit the funds
29 into the General Fund. Amounts deposited into the Reserve under this section are receipts that
30 do not constitute an "appropriation made by law," as that phrase is used in Section 7(1) of Article
31 V of the North Carolina Constitution.

32 **SECTION 1.(e)** Outreach. – The Department of Revenue, in consultation with the
33 North Carolina Association of County Commissioners and the League of Municipalities, is
34 directed to inform and educate local governments that may be eligible to apply for the grants
35 provided by this section as soon as practicable to facilitate the awareness of access to the grants
36 provided by this section.

37 **SECTION 1.(f)** Report. – The Department must report annually by March 1 of each
38 year to the chairs of the House and Senate Appropriations Committee and the Fiscal Research
39 Division of the General Assembly the following information:

- 40 (1) The local governments that applied for and received grants under this section.
41 (2) The total amount of each grant awarded and the amount awarded for each type
42 of revenue loss covered by the grant.

43 **SECTION 2.(a)** Relief from Interest on Property Tax. – Real and personal property
44 that both (i) is located in the affected area, as defined in Section 1A.4 of S.L. 2024-57, and (ii)
45 sustained damage as a result of Hurricane Helene for which the property owner received
46 compensation in excess of forty-two thousand dollars (\$42,000) in the form of State or federal
47 disaster relief or insurance proceeds, or a combination thereof, is designated a special class of
48 property under Article V, Section 2(2) of the North Carolina Constitution and is eligible to have
49 interest accruing on the property administered in accordance with this section. Notwithstanding
50 G.S. 105-360, interest that (i) accrues for the period of January 7, 2025, through December 31,
51 2026, and (ii) is attributable to an underpayment of property tax on qualifying real or personal

1 property due on September 1, 2024, shall not be collected or, to the extent it is collected, shall be
2 carried forward as a credit against the property tax due the following year. This section does not
3 apply to classified motor vehicles.

4 **SECTION 2.(b)** Application for Relief. – A property owner claiming eligibility for
5 interest relief in accordance with this section must file an application with the assessor of the
6 county in which the property is situated. The application must contain a complete and accurate
7 statement of the facts that entitle the property to the interest relief and must include
8 documentation substantiating the minimum compensation required as payment or reimbursement
9 for property damage. Application forms must be made available by the assessor. A property
10 owner has the burden of establishing that the property is entitled to the relief provided under this
11 section. In order to be considered, an application must be filed no later than October 1, 2026.
12 Untimely applications shall not be considered.

13 **SECTION 3.** This act is effective when it becomes law.