GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2005

H **D**

HOUSE DRH30099-SV-7 (3/10)

Short Title:	Property Tax Exclusion Disabled Veterans.	(Public)
Sponsors:	Representatives Pate, McGee, Sutton, and Underhill (Primary Sponsors).	
Referred to:		

A BILL TO BE ENTITLED

AN ACT TO PROVIDE A PROPERTY TAX EXCLUSION FOR HONORABLY DISCHARGED DISABLED VETERANS AND THEIR SURVIVING SPOUSES, AND TO REIMBURSE LOCAL GOVERNMENTS FOR THE RESULTING REVENUE LOSS.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 105-275(21) is repealed.

SECTION 2. Article 12 of Chapter 105 is amended by adding a new section to read:

"**<u>§ 105-277.1B. Property tax homestead exclusion for disabled veterans and for surviving spouses of disabled veterans; election of benefit; application.</u>**

<u>(a) Exclusion. – 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 amount of the appraised value of the residence equal to the exclusion amount is excluded from taxation. The exclusion amount is the greater of forty-eight thousand dollars ($48,000) or fifty percent (50%) of the appraised value of the residence.</u>

<u>If the qualifying owner predeceases his or her spouse and if, upon the death of the qualifying owner, the spouse holds legal or beneficial title to the homestead and permanently resides on the homestead, the exclusion from taxation provided by this section carries over to the benefit of the surviving spouse until he or she remarries. If the spouse sells the property, an exemption not to exceed the amount granted from the most recent ad valorem tax roll may be transferred to his or her new residence, as long as it is used as his or her primary residence and he or she does not remarry.</u>

<u>(1) 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</u>

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.

(2) Multiple ownership. – A permanent residence owned and occupied by husband and wife as tenants by the entirety is entitled to the full benefit of this exclusion notwithstanding that only one of them meets the age or disability requirements of this section. When a permanent residence is owned and occupied by two or more persons other than husband and wife and one or more of the owners qualifies for this exclusion, each qualifying owner is entitled to the full amount of the exclusion not to exceed his or her proportionate share of the valuation of the property. No part of an exclusion available to one co-owner may be claimed by any other co-owner, and in no event may the total exclusion allowed for a permanent residence exceed the exclusion amount provided in this section.

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

(1) Owner. – A person who holds legal or equitable title, whether individually, as a tenant by the entirety, a joint tenant, or a tenant in common, or as the holder of a life estate or an estate for the life of another. A manufactured home jointly owned by husband and wife is considered property held by the entirety.

(2) Permanent residence. – A person's legal residence. It includes the dwelling, the dwelling site, not to exceed one acre, and related improvements. The dwelling may be a single-family residence, a unit in a multifamily residential complex, or a manufactured home.

(3) Qualifying owner. – An owner who is an honorably discharged veteran of any branch of the Armed Forces of the United States who, as of January 1 preceding the taxable year for which the exclusion is claimed, is a North Carolina resident and who meets either one of the following criteria:

(a) Has been certified by the United States Government or the United States Department of Veterans Affairs, or its predecessor, with a permanent total disability that is service-connected.

(b) Receives benefits under 38 U.S.C. § 2101.

(c) Election. – An owner who qualifies for a property tax homestead exclusion under this section and under G.S. 105-277.1 may elect to receive the greater of the two exclusions but not both.

(d) Application. –

(1) Time for filing. – An application for the exclusion provided by this section should be filed during the regular listing period, but may be filed and must be accepted at anytime up to and through June 1 preceding the tax year for which the exclusion is claimed.

(2) Separate applications for multiple ownership. – When property is owned by two or more persons other than husband and wife and one or more of them qualifies for this exclusion, each owner must apply separately for his or her proportionate share of the exclusion.

(3) Proof of disability or receipt of federal housing assistance. – Persons applying for this exclusion shall (i) enter the appropriate information on a form made available by the assessor under G.S. 105-282.1 and (ii) furnish acceptable proof of qualification. The proof must be in the form of a letter or other document from the United States Government or the United States Department of Veterans Affairs certifying that the applicant is an honorably discharged veteran who either has a service-connected total and permanent disability or who is receiving benefits under 38 U.S.C. § 2101."

SECTION 3. Article 12 of Chapter 105 is amended by adding a new section to read:

"**§ 105-277.1C. Property classified for taxation at reduced valuation; duties of tax collectors; reimbursement of localities for tax lost.**

(a) Tax Collectors to Furnish List of Qualifying Taxpayers. – On December 1, 2005, the tax collector of each county and the tax collector of each city shall furnish to the Secretary of Revenue a list containing the name and address of each taxpayer who has qualified in that year for the exclusion provided in G.S. 105-277.1B. The list shall also contain for each name the total amount of property exempted, the tax rate the property is subject to, and the product obtained by multiplying those two numbers by each other. The lists shall be accompanied by an affidavit attesting to the accuracy of the list and shall all be on a form prescribed by the Secretary of Revenue.

(b) Extension. – The Secretary of Revenue may, for cause, grant an extension for the submission of a list required by this section.

(c) Reimbursement to Counties and Cities. – Before May 31, 2006, the Secretary of Revenue shall distribute to each county and city with taxpayers who qualified for the exclusion provided in G.S. 105-277.1B one hundred percent (100%) of the total lost revenue. The lost revenue is determined by multiplying the tax exclusion for each taxpayer on the list in subsection (a) of this section, times the applicable tax rate. Each year thereafter, on or before May 31, the Secretary of Revenue shall pay to each county and city that was entitled to receive a distribution under this subsection in 2006.

(d) Funds Collected for Other Units of Local Government. – Any funds received by any county or city under this section because the county or city was collecting taxes for another unit of government or special district shall be credited to the funds of that other unit or district in accordance with rules issued by the Local Government Commission.

(e) Funding for Reimbursement. – In order to pay for the reimbursement under this section, there is annually appropriated to each county and city with taxpayers who qualified for the exclusion provided in G.S. 105-277.1B an amount equal to the reimbursement amount. In order to pay for the cost to the Department of Revenue of administering reimbursement, there is annually appropriated to the Department of Revenue the cost of administration.

SECTION 4. G.S. 105-282.1(a)(2)c. reads as rewritten:

"c. Special classes of property classified for taxation at a reduced valuation under G.S. 105-277(h), 105-277.1, 105-277.1B, 105-277.10, 105-277.13, 105-278."

SECTION 5. This act is effective for taxes imposed for taxable years beginning on or after July 1, 2005. Notwithstanding the provisions of G.S. 105-282.1(a), an application for the benefit provided in this act for the 2005-2006 tax year shall be considered timely if it is filed on or before September 1, 2005.