

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2001

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HOUSE BILL 916

Short Title: Homestead Exemption Increase.

(Public)

Sponsors: Representatives Shubert; Morris, Hilton, and Warner.

Referred to: Rules, Calendar, and Operations of the House.

March 29, 2001

A BILL TO BE ENTITLED

AN ACT TO EXPAND THE PROPERTY TAX HOMESTEAD EXEMPTION AND
INDEX IT TO COST-OF-LIVING ADJUSTMENTS.

The General Assembly of North Carolina enacts:

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

"§ 105-277.1. ~~Property classified for taxation at reduced valuation-tax homestead~~
exclusion.

(a) ~~Exclusion. – The following class of property~~ 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 shall be assessed for taxation~~
~~in accordance with this section. The first twenty thousand dollars (\$20,000) in appraised~~
~~value of a permanent residence owned and occupied by a qualifying owner~~ Section 2(2)
of Article V of the North Carolina Constitution and is taxable as provided in this
section. The amount of the appraised value of the residence equal to the exclusion
amount is excluded from taxation. A qualifying owner is an owner who meets ~~all~~ both
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 fifteen~~
~~thousand dollars (\$15,000).~~ the income eligibility limit.

(3) Is a North Carolina resident.

(a1) 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) Exclusion Amount. – Until July 1, 2003, the exclusion amount is twenty
thousand dollars (\$20,000). For taxable years beginning on or after July 1, 2003, the

1 exclusion amount is the amount for the preceding year increased or decreased by the
2 same percentage of this amount as the percentage by which the consumer price index
3 for housing increased or decreased for the preceding calendar year, rounded to the
4 nearest one hundred dollars (\$100.00). On or before April 1 of each year, the
5 Department of Revenue must determine the exclusion amount to be in effect for the
6 taxable year beginning the following July 1 and must notify the assessor of each county
7 of the amount to be in effect for that taxable year.

8 (a3) Income Eligibility Limit. – Until July 1, 2003, the income eligibility limit is
9 twenty thousand dollars (\$20,000). For taxable years beginning on or after July 1, 2003,
10 the income eligibility limit is the amount for the preceding year increased or decreased
11 by the same percentage of this amount as the percentage by which the consumer price
12 index for all items increased or decreased for the preceding calendar year, rounded to
13 the nearest one hundred dollars (\$100.00). On or before April 1 of each year, the
14 Department of Revenue must determine the income eligibility limit to be in effect for
15 the taxable year beginning the following July 1 and must notify the assessor of each
16 county of the amount to be in effect for that taxable year.

17 (b) Definitions. – When used in this section, the following definitions shall
18 apply:

19 (1) Code. – The Internal Revenue Code, as defined in G.S. 105-228.90.

20 (1a) Consumer price index. – The United States Consumer Price Index for
21 All Urban Consumers, as published by the Bureau of Labor Statistics,
22 United States Department of Labor.

23 (1c) Income. – Adjusted gross income, as defined in section 62 of the Code,
24 plus all other moneys received from every source other than gifts or
25 inheritances received from a spouse, lineal ancestor, or lineal
26 descendant. For married applicants residing with their spouses, the
27 income of both spouses must be included, whether or not the property
28 is in both names.

29 ~~(1b)~~(2b) Owner. – A person who holds legal or equitable title, whether
30 individually, as a tenant by the entirety, a joint tenant, or a tenant in
31 common, or as the holder of a life estate or an estate for the life of
32 another. A manufactured home jointly owned by husband and wife is
33 considered property held by the entirety.

34 (2) Repealed by Session Laws 1993, c. 360, s. 1.

35 (2a) Repealed by Session Laws 1985 (Reg. Sess., 1986), c. 982, s. 20.

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

40 ~~(4) Totally and permanently disabled. – A person is totally and~~
41 ~~permanently disabled if the person has a physical or mental~~
42 ~~impairment that substantially precludes him or her from obtaining~~
43 ~~gainful employment and appears reasonably certain to continue~~
44 ~~without substantial improvement throughout his or her life.~~

1 (c) Application. – An application for the exclusion provided by this section
2 should be filed during the regular listing period, but may be filed and must be accepted
3 at any time up to and through April 15 preceding the tax year for which the exclusion is
4 claimed. When property is owned by two or more persons other than husband and wife
5 and one or more of them qualifies for this exclusion, each owner shall apply separately
6 for his or her proportionate share of the exclusion.

7 (1) ~~Elderly Applicants. — Persons 65 years of age or older may apply for~~
8 ~~this exclusion by entering the appropriate information on a form made~~
9 ~~available by the assessor under G.S. 105-282.1.~~

10 (2) ~~Disabled Applicants. — Persons who are totally and permanently~~
11 ~~disabled may apply for this exclusion by (i) entering the appropriate~~
12 ~~information on a form made available by the assessor under G.S.~~
13 ~~105-282.1 and (ii) furnishing acceptable proof of their disability. The~~
14 ~~proof shall be in the form of a certificate from a physician licensed to~~
15 ~~practice medicine in North Carolina or from a governmental agency~~
16 ~~authorized to determine qualification for disability benefits. After a~~
17 ~~disabled applicant has qualified for this classification, he or she shall~~
18 ~~not be required to furnish an additional certificate unless the~~
19 ~~applicant's disability is reduced to the extent that the applicant could~~
20 ~~no longer be certified for the taxation at reduced valuation.~~

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

31 **SECTION 2.** G.S. 105-309(f) reads as rewritten:

32 "(f) ~~The following information shall~~ notice set out below must appear on each
33 abstract or on an information sheet distributed with the abstract. The abstract or sheet
34 must include the address and telephone number of the assessor below the ~~notice~~
35 ~~required by this subsection. The notice shall read as follows:~~ notice.

36
37 **'PROPERTY TAX RELIEF FOR ELDERLY AND**
38 **PERMANENTLY DISABLED PERSONS. HOMESTEAD EXCLUSION.**
39

40 North Carolina excludes from property taxes the first ~~twenty thousand dollars~~
41 ~~(\$20,000)~~ (assessor insert amount) in appraised value of a permanent residence owned
42 and occupied by North Carolina residents aged ~~65 or older or totally and permanently~~
43 ~~disabled~~ whose income does not exceed ~~fifteen thousand dollars (\$15,000).~~ (assessor
44 insert amount). Income means the owner's adjusted gross income as determined for

1 federal income tax purposes, plus all moneys received other than gifts or inheritances
2 received from a spouse, lineal ancestor or lineal descendant.

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

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

16 **SECTION 3.** G.S. 105-277.1A reads as rewritten:

17 **"§ 105-277.1A. ~~Property classified for taxation at reduced valuation; duties of tax~~**
18 **~~collectors; Homestead exclusion; reimbursement of localities for portion~~**
19 **~~of tax lost.~~**

20 (a) ~~On September 1, 1990, February 1 of each year,~~ the tax collector of each
21 county and the tax collector of each city ~~shall furnish to~~ must provide the Secretary of
22 Revenue a list containing the name and address of each person who ~~has~~ qualified in ~~that~~
23 the previous year for the ~~exemption property tax homestead exclusion~~ provided in G.S.
24 ~~105-277.1. The list shall also contain 105-277.1, and containing~~ for each name the total
25 amount of property exempted, the tax rate the property is subject to, and the product
26 obtained by multiplying those two numbers by each other. ~~The lists shall~~ Each list must
27 be accompanied by an affidavit attesting to ~~the accuracy of the list and shall all its~~
28 accuracy and be on a form prescribed by the Secretary of Revenue.

29 (a1) ~~On December 1, 1997, the tax collector of each county and the tax collector~~
30 ~~of each city shall furnish to the Secretary of Revenue two lists containing the name and~~
31 ~~address of each taxpayer who has qualified in that year for the exemption provided in~~
32 ~~G.S. 105-277.1. The first list shall include those taxpayers whose income was above~~
33 ~~eleven thousand dollars (\$11,000) and the second list shall include those taxpayers~~
34 ~~whose income was eleven thousand dollars (\$11,000) or less. On the first list, the tax~~
35 ~~collector shall provide for each name the total amount of property exempted and on the~~
36 ~~second list, the tax collector shall provide for each name the amount of property above~~
37 ~~fifteen thousand dollars (\$15,000) exempted. On both lists, the tax collector shall~~
38 ~~provide the tax rate the property is subject to and the product obtained by multiplying~~
39 ~~the tax rate by the amount of property. The lists shall be accompanied by an affidavit~~
40 ~~attesting to the accuracy of the list and shall be on a form prescribed by the Secretary of~~
41 ~~Revenue.~~

42 (b) Repealed by Session Laws 1996, Second Extra Session, c. 18, s. 15.1(c).

43 (c) The Secretary of Revenue may, for cause, grant an extension for the
44 submission of a list required by this section.

1 (d) Before May 31, ~~1991, 31 of each year,~~ the Secretary of Revenue shall ~~must~~
2 distribute to the county or city fifty percent (50%) of the total for the entire list provided
3 pursuant to subsection (a) of this section of the product obtained by multiplying the tax
4 exemption for each taxpayer times the applicable tax rate. ~~Each year thereafter, on or~~
5 ~~before May 31, the Secretary of Revenue shall pay to each county and city that was~~
6 ~~entitled to receive a distribution under this subsection in 1991 the amount it was entitled~~
7 ~~to receive in 1991.~~

8 ~~(d1) Before May 31, 1998, the Secretary of Revenue shall distribute to the county~~
9 ~~or city fifty percent (50%) of the total for both lists provided the preceding December 1~~
10 ~~pursuant to subsection (a1) of this section of the product obtained by multiplying the~~
11 ~~applicable tax rate times the amount listed for each taxpayer. Before May 31, 1999, the~~
12 ~~Secretary of Revenue shall pay to each county and city the amount it received under this~~
13 ~~subsection in 1998.~~

14 (e) Any funds received by any county or city pursuant to this section because the
15 county or city was collecting taxes for another unit of government or special district
16 shall ~~must~~ be credited to the funds of that other unit or district in accordance with
17 regulations issued by the Local Government Commission.

18 (f) In order to pay for the reimbursement under this section and the cost to the
19 Department of Revenue of administering the reimbursement, the Secretary of Revenue
20 shall ~~draw from~~ must draw from income tax collections received under Part 1 of Article
21 4 of this Chapter an amount equal to the reimbursement and the cost of administration."

22 **SECTION 4.** Section 3 of this act becomes effective July 1, 2002. The
23 remainder of this act is effective for taxes imposed for taxable years beginning on or
24 after July 1, 2002.