

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1991

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SENATE BILL 152

Short Title: Index Homestead Exemption.

(Public)

Sponsors: Senators Speed, Cochrane, Richardson, Carpenter; Ballance, Carter, Forrester, Hunt, Murphy, Parnell, Perdue, Sands, Smith, Tally, and Warren.

Referred to: Finance.

February 21, 1991

A BILL TO BE ENTITLED

AN ACT TO INDEX THE AMOUNT OF THE PROPERTY TAX HOMESTEAD EXEMPTION AND THE AMOUNT OF THE INCOME LIMIT FOR ELIGIBILITY FOR THE EXEMPTION.

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.

(a) ~~The following class of property~~ Real property or a manufactured home owned and occupied by a qualifying owner as the owner's permanent residence is designated a special class of property under Article V, Sec. 2(2) of the North Carolina Constitution and shall be assessed for taxation as follows. is taxable in accordance with this section. The amount of the appraised value of a permanent residence that equals the index amount for the county in which the residence is located is excluded from taxation.

The index amount is fifteen thousand dollars (\$15,000) for each county until the county's first horizontal adjustment or reappraisal of real property that is effective on or after July 1, 1992. Upon the effective date of a county's first horizontal adjustment or reappraisal effective on or after July 1, 1992, the index amount for that county is the amount in effect before the effective date of the horizontal adjustment or reappraisal plus or minus a percentage of this amount that equals the average percentage increase or decrease in the appraised value of real property in the county resulting from the horizontal adjustment or reappraisal, rounded to the nearest one hundred dollars (\$100.00). The index amount effective upon a county's horizontal adjustment or

1 reappraisal remains the county's index amount until the county's next horizontal
2 adjustment of residential property or revaluation.

3 The Department of Revenue shall determine the percentage increase or decrease in
4 real property values resulting from a horizontal adjustment or reappraisal from sales
5 assessment ratio studies made under G.S. 105-289(h), shall calculate a new index
6 amount to be in effect in a county when a horizontal adjustment or reappraisal becomes
7 effective in the county, and shall notify the assessor of the county of the new amount by
8 April 15 of the year in which the amount becomes effective.

9 ~~The first twelve thousand dollars (\$12,000) in assessed value of real property, or a~~
10 ~~mobile home, owned by a North Carolina resident and occupied by the owner as his~~
11 ~~permanent residence shall not be assessed for taxation if, as of January 1 of the year for~~
12 ~~which the benefit of this section is claimed:~~

- 13 (1) ~~The owner is either 65 years of age or older or is totally and~~
14 ~~permanently disabled; and~~
15 (2) ~~The owner's disposable income for the preceding calendar year did not~~
16 ~~exceed eleven thousand dollars (\$11,000); and~~
17 (3) ~~The owner makes the required application.~~

18 ~~For married applicants residing with their spouses, the disposable income of both~~
19 ~~spouses must be included, whether or not the property is in both names.~~

20 (a1) A 'qualifying owner' is an owner who, as of January 1 of the taxable year for
21 which the benefit of this section is claimed:

- 22 (1) Was a North Carolina resident;
23 (2) Was at least 65 years old or totally and permanently disabled; and
24 (3) Had an aggregate household income for the immediately preceding
25 calendar year of not more than the income eligibility amount.

26 The income eligibility limit is the same for every county. Until July 1, 1992, the
27 limit is eleven thousand dollars (\$11,000). For taxable years beginning on or after July
28 1, 1992, the limit is the amount for the preceding year increased by the same percentage
29 of this amount as the percentage by which the federal government increased the benefits
30 under Titles II and XVI of the Social Security Act during the calendar year preceding
31 the year in which the determination of a new income limit is made, rounded to the
32 nearest one hundred dollars (\$100.00). On or before September 1 of each year, the
33 Department of Revenue shall determine the income eligibility amount to be in effect for
34 the taxable year beginning the following July 1 and shall notify the assessor of each
35 county of the amount to be in effect for that taxable year.

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

- 38 (1) 'Aggregate household income' means the total disposable
39 income of all the persons who maintain a permanent residence in the
40 same household.
41 (2) 'Disposable income' means gross income, as defined in G.S. 105-
42 134.1(5), plus all interest on tax exempt bonds.
43 (2a) An 'owner' of property means a person who holds legal or equitable
44 title to the property, either individually or whether individually, as a

1 tenant by the entirety, a joint tenant, or a tenant in common, or as the
 2 holder of a life estate or an estate for the life of another. Property
 3 owned and occupied by husband and wife as tenants by the entirety
 4 shall be entitled to the full benefit of this classification notwithstanding
 5 that only one of them meets the age or disability requirements ~~herein~~
 6 ~~provided of this section.~~ If the residence is a ~~mobile-manufactured~~ home
 7 and is jointly owned by husband and wife, it shall be treated as
 8 property held by the entirety. When property is owned by two or more
 9 persons other than husband and wife and one or more of ~~such the~~
 10 owners qualifies for this classification, each qualifying owner shall be
 11 entitled to the full amount of the exclusion not to exceed his or her
 12 proportionate share of the valuation of the property. No part of an
 13 exclusion available to one co-owner may be claimed by any other co-
 14 owner and in no event shall the total exclusion allowed to a qualifying
 15 residence ~~(including the household personal property therein) exceed~~
 16 ~~twelve thousand dollars (\$12,000).~~ exceed the index amount.

17 (2) ~~" Disposable income" means adjusted gross income as defined for~~
 18 ~~North Carolina income tax purposes in G.S. 105-141.3 plus all other~~
 19 ~~moneys received from every source other than gifts or inheritances~~
 20 ~~received from a spouse, lineal ancestors, or lineal descendants.~~

21 (2a) ~~Repealed by Session Laws 1985 (Reg. Sess., 1986), c. 982, s. 20.~~

22 (3) 'Permanent residence' means legal residence. It includes the
 23 dwelling, the dwelling site, not to exceed one acre, and related
 24 improvements. The dwelling may be a single family residence, a unit
 25 in a multi-family residential complex or a ~~mobile-manufactured~~
 26 home. Notwithstanding the occupancy requirements of this
 27 classification, an otherwise qualified applicant shall not lose the
 28 benefit of the exclusion because of a temporary absence from his or
 29 her permanent residence for reasons of health, or because of an
 30 extended absence while confined to a rest home or nursing home, so
 31 long as the residence is unoccupied or occupied by the applicant's
 32 spouse or other dependent.

33 (4) A 'totally and permanently disabled person' means one who has a
 34 physical or mental impairment ~~which that~~ substantially precludes him
 35 from obtaining gainful employment and ~~such impairment~~ appears
 36 reasonably certain to continue without substantial improvement
 37 throughout his lifetime.

38 (c) Application. ~~Applications for the exclusions provided by this section are to be~~
 39 ~~filed during the regular listing period, but, shall~~ An application for the exclusion provided
 40 by this section should be filed during the regular listing period, but may be filed and
 41 must be accepted at any time up to and through April 15 of the calendar preceding the tax
 42 year for which they are to be effective ~~the exclusion is claimed.~~ When property is owned
 43 by two or more persons other than husband and wife and one or more of them qualifies

1 for this exclusion, each ~~such~~ owner shall apply separately for his or her proportionate
2 share of the exclusion.

3 (1) Elderly Applicants. – Persons 65 years of age or older may apply for
4 this exclusion by entering the appropriate information on a form made
5 available by the assessor under G.S. 105-282.1.

6 (2) Disabled Applicants. – Persons who are totally and permanently
7 disabled may apply for this exclusion by (i) entering the appropriate
8 information on a form made available by the assessor under G.S. 105-
9 282.1 and (ii) furnishing acceptable proof of their disability. Such
10 proof shall be in the form of a certificate from a physician licensed to
11 practice medicine in North Carolina or from a governmental agency
12 authorized to determine qualification for disability benefits. After a
13 disabled applicant has qualified for this classification, he or she shall
14 not be required to furnish an additional certificate unless the
15 applicant's disability is reduced to the extent that the applicant could
16 no longer be certified for the taxation at reduced valuation."

17 Sec. 2. G.S. 105-309(f) reads as rewritten:

18 "(f) The following information shall appear on each abstract, or on an information
19 sheet distributed with the abstract. (The abstract or sheet must include the address and
20 telephone number of the assessor below the notice required by this subsection):

21 **‘PROPERTY TAX RELIEF FOR ELDERLY AND**
22 **PERMANENTLY DISABLED PERSONS.**

23 North Carolina excludes from property taxes ~~the first twelve thousand dollars (\$12,000)~~
24 (assessor insert amount, if amount known, or words "a portion", if amount not known)
25 of the ~~in-assessed~~ appraised value of certain property owned by North Carolina residents
26 aged 65 or older or totally and permanently disabled whose ~~disposable aggregate~~
27 household income does not exceed ~~eleven thousand dollars (\$11,000)~~(assessor insert
28 amount). The exclusion covers real property, or a ~~mobile-manufactured~~ home, occupied
29 by the owner as his permanent residence. ~~Disposable Aggregate household income~~
30 includes all moneys received by every member of the household, other than gifts or
31 inheritances received from a spouse, a lineal ancestor, ancestor, or a lineal descendant.
32 descendant.

33 If you received this exclusion in (assessor insert previous year), you do not need to
34 apply again unless you have changed your permanent residence. If you received the
35 exclusion in (assessor insert previous year) and your ~~disposable aggregate household~~
36 income in (assessor insert previous year) was above ~~eleven thousand dollars~~
37 (\$11,000)(assessor insert amount), you must notify the assessor. If you received the
38 exclusion in (assessor insert previous year) because you were totally and permanently
39 disabled and you are no longer totally and permanently disabled, you must notify the
40 assessor. If the person receiving the ~~exemption-exclusion~~ in (assessor insert previous
41 year) has died, the person required by law to list the property must notify the assessor.
42 Failure to make any of the notices required by this paragraph before April 15 will result
43 in penalties and interest.

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

4 Sec. 3. This act is effective for taxes imposed for taxable years beginning on
5 or after July 1, 1991.