

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1995

H

1

HOUSE BILL 1404

Short Title: Expand Homestead Exemption.

(Public)

Sponsors: Representatives Allred; Aldridge, Arnold, Baker, Beall, J. Brown, Buchanan, Cocklereece, Cummings, Davis, Decker, Hiatt, Justus, McComas, Nichols, Pate, Preston, Pulley, Rayfield, Russell, Sexton, Sharpe, Sherrill, Shubert, Tallent, Watson, Weatherly, and G. Wilson.

Referred to: Finance.

May 30, 1996

A BILL TO BE ENTITLED

1 AN ACT TO EXPAND THE PROPERTY TAX HOMESTEAD EXEMPTION FOR
2 LOW-INCOME ELDERLY AND DISABLED INDIVIDUALS AND TO
3 REIMBURSE COUNTIES AND CITIES FOR THE RESULTING REVENUE
4 LOSS.
5

6 The General Assembly of North Carolina enacts:

7 Section 1. G.S. 105-277.1 reads as rewritten:

8 **"§ 105-277.1. Property classified for taxation at reduced valuation.**

9 (a) Exclusion. – The following class of property is designated a special class of
10 property under Article V, Sec. 2(2) of the North Carolina Constitution and shall be
11 assessed for taxation in accordance with this section. The first ~~fifteen thousand dollars~~
12 ~~(\$15,000)~~ twenty-five thousand dollars (\$25,000) in appraised value of a permanent
13 residence owned and occupied by a qualifying owner is excluded from taxation. A
14 qualifying owner is an owner who meets all of the following requirements as of January 1
15 preceding the taxable year for which the benefit is claimed:

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

1 (2) Has an income for the preceding calendar year of not more than eleven
2 thousand dollars (\$11,000).

3 (3) Is a North Carolina resident.

4 An otherwise qualifying owner does not lose the benefit of this exclusion because of a
5 temporary absence from his or her permanent residence for reasons of health, or because
6 of an extended absence while confined to a rest home or nursing home, so long as the
7 residence is unoccupied or occupied by the owner's spouse or other dependent.

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

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

10 (1a) Income. – Adjusted gross income, as defined in section 62 of the Code,
11 plus all other moneys received from every source other than gifts or
12 inheritances received from a spouse, lineal ancestor, or lineal
13 descendant. For married applicants residing with their spouses, the
14 income of both spouses must be included, whether or not the property is
15 in both names.

16 (1b) Owner. – A person who holds legal or equitable title, whether
17 individually, as a tenant by the entirety, a joint tenant, or a tenant in
18 common, or as the holder of a life estate or an estate for the life of
19 another. A manufactured home jointly owned by husband and wife is
20 considered property held by the entirety.

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

22 (2a) Repealed by Session Laws 1985 (Reg. Sess., 1986), c. 982, s. 20.

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

27 (4) Totally and permanently disabled. – A person is totally and permanently
28 disabled if the person has a physical or mental impairment that
29 substantially precludes him or her from obtaining gainful employment
30 and appears reasonably certain to continue without substantial
31 improvement throughout his or her life.

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

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

41 (2) Disabled Applicants. – Persons who are totally and permanently
42 disabled may apply for this exclusion by (i) entering the appropriate
43 information on a form made available by the assessor under G.S. 105-

1 282.1 and (ii) furnishing acceptable proof of their disability. The proof
2 shall be in the form of a certificate from a physician licensed to practice
3 medicine in North Carolina or from a governmental agency authorized
4 to determine qualification for disability benefits. After a disabled
5 applicant has qualified for this classification, he or she shall not be
6 required to furnish an additional certificate unless the applicant's
7 disability is reduced to the extent that the applicant could no longer be
8 certified for the taxation at reduced valuation.

9 (d) Multiple Ownership. – A permanent residence owned and occupied by
10 husband and wife as tenants by the entirety is entitled to the full benefit of this exclusion
11 notwithstanding that only one of them meets the age or disability requirements of this
12 section. When a permanent residence is owned and occupied by two or more persons
13 other than husband and wife and one or more of the owners qualifies for this exclusion,
14 each qualifying owner is entitled to the full amount of the exclusion not to exceed his or
15 her proportionate share of the valuation of the property. No part of an exclusion available
16 to one co-owner may be claimed by any other co-owner and in no event may the total
17 exclusion allowed for a permanent residence exceed ~~fifteen thousand dollars (\$15,000)~~ the
18 exclusion amount provided in this section."

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

20 "(f) The following information shall appear on each abstract or on an information
21 sheet distributed with the abstract. The abstract or sheet must include the address and
22 telephone number of the assessor below the notice required by this subsection. The
23 notice shall read as follows:

24
25 **'PROPERTY TAX RELIEF FOR ELDERLY AND**
26 **PERMANENTLY DISABLED PERSONS.**
27

28 North Carolina excludes from property taxes the first ~~fifteen thousand dollars (\$15,000)~~
29 twenty-five thousand dollars (\$25,000) in appraised value of a permanent residence
30 owned and occupied by North Carolina residents aged 65 or older or totally and
31 permanently disabled whose income does not exceed eleven thousand dollars (\$11,000).
32 Income means the owner's adjusted gross income as determined for federal income tax
33 purposes, plus all moneys received other than gifts or inheritances received from a
34 spouse, lineal ancestor or lineal descendant.

35 If you received this exclusion in (assessor insert previous year), you do not need to
36 apply again unless you have changed your permanent residence. If you received the
37 exclusion in (assessor insert previous year) and your income in (assessor insert previous
38 year) was above eleven thousand dollars (\$11,000), you must notify the assessor. If you
39 received the exclusion in (assessor insert previous year) because you were totally and
40 permanently disabled and you are no longer totally and permanently disabled, you must
41 notify the assessor. If the person receiving the exclusion in (assessor insert previous year)
42 has died, the person required by law to list the property must notify the assessor. Failure

1 to make any of the notices required by this paragraph before April 15 will result in
2 penalties and interest.

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

6 Sec. 3. G.S. 105-277.1(a), as amended by Section 1 of this act, reads as
7 rewritten:

8 "(a) Exclusion. – The following class of property is designated a special class of
9 property under Article V, Sec. 2(2) of the North Carolina Constitution and shall be
10 assessed for taxation in accordance with this section. The first twenty-five thousand
11 dollars (\$25,000) in appraised value of a permanent residence owned and occupied by a
12 qualifying owner is excluded from taxation. A qualifying owner is an owner who meets
13 all of the following requirements as of January 1 preceding the taxable year for which the
14 benefit is claimed:

- 15 (1) Is at least 65 years of age or totally and permanently disabled.
16 (2) Has an income for the preceding calendar year of not more than ~~eleven~~
17 ~~thousand dollars (\$11,000)~~ fifteen thousand dollars (\$15,000).
18 (3) Is a North Carolina resident.

19 An otherwise qualifying owner does not lose the benefit of this exclusion because of a
20 temporary absence from his or her permanent residence for reasons of health, or because
21 of an extended absence while confined to a rest home or nursing home, so long as the
22 residence is unoccupied or occupied by the owner's spouse or other dependent."

23 Sec. 4. G.S. 105-309(f), as amended by Section 2 of this act, reads as
24 rewritten:

25 "(f) The following information shall appear on each abstract or on an information
26 sheet distributed with the abstract. The abstract or sheet must include the address and
27 telephone number of the assessor below the notice required by this subsection. The
28 notice shall read as follows:

29

30 **'PROPERTY TAX RELIEF FOR ELDERLY AND**
31 **PERMANENTLY DISABLED PERSONS.**

32

33 North Carolina excludes from property taxes the first twenty-five thousand dollars
34 (\$25,000) in appraised value of a permanent residence owned and occupied by North
35 Carolina residents aged 65 or older or totally and permanently disabled whose income
36 does not exceed ~~eleven thousand dollars (\$11,000)~~ fifteen thousand dollars (\$15,000).
37 Income means the owner's adjusted gross income as determined for federal income tax
38 purposes, plus all moneys received other than gifts or inheritances received from a
39 spouse, lineal ancestor or lineal descendant.

40 If you received this exclusion in (assessor insert previous year), you do not need to
41 apply again unless you have changed your permanent residence. If you received the
42 exclusion in (assessor insert previous year) and your income in (assessor insert previous
43 year) was above ~~eleven thousand dollars (\$11,000)~~ fifteen thousand dollars (\$15,000), you

1 must notify the assessor. If you received the exclusion in (assessor insert previous year)
2 because you were totally and permanently disabled and you are no longer totally and
3 permanently disabled, you must notify the assessor. If the person receiving the exclusion
4 in (assessor insert previous year) has died, the person required by law to list the property
5 must notify the assessor. Failure to make any of the notices required by this paragraph
6 before April 15 will result in penalties and interest.

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

10 Sec. 5. G.S. 105-277.1A reads as rewritten:

11 "**§ 105-277.1A. Property classified for taxation at reduced valuation; duties of tax**
12 **collectors; reimbursement of localities for portion of tax lost.**

13 (a) On September 1, 1990, the tax collector of each county and the tax collector of
14 each city shall furnish to the Secretary of Revenue a list containing the name and address
15 of each person who has qualified in that year for the exemption provided in G.S. 105-
16 277.1. The list shall also contain for each name the total amount of property exempted,
17 the tax rate the property is subject to, and the product obtained by multiplying those two
18 numbers by each other. The lists shall be accompanied by an affidavit attesting to the
19 accuracy of the list and shall all be on a form prescribed by the Secretary of Revenue.

20 (a1) On December 1, 1996, the tax collector of each county and the tax collector of
21 each city shall furnish to the Secretary of Revenue a list containing the name and address
22 of each taxpayer who has qualified in that year for the exemption provided in G.S. 105-
23 277.1. On the list, the tax collector shall provide for each name the amount of property
24 above fifteen thousand dollars (\$15,000) exempted, the tax rate the property is subject to,
25 and the product obtained by multiplying the two. The list shall be accompanied by an
26 affidavit attesting to the accuracy of the list and shall be on a form prescribed by the
27 Secretary of Revenue.

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

40 ~~(b) In addition to the list required by subsection (a) of this section, the county or~~
41 ~~city may provide a supplemental list on December 1.~~

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

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

8 (d1) Before May 31, 1997, the Secretary of Revenue shall distribute to the county
9 or city the total for the list provided pursuant to subsection (a1) of this section of the
10 product obtained by multiplying the applicable tax rate times the amount listed for each
11 taxpayer. Before May 31, 1998, the Secretary of Revenue shall distribute to the county
12 or city the total for both lists provided pursuant to subsection (a1) of this section of the
13 product obtained by multiplying the applicable tax rate times the amount listed for each
14 taxpayer. Each year thereafter, on or before May 31, the Secretary of Revenue shall pay
15 to each county and city the amount it received under this subsection in 1998.

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

20 (f) In order to pay for the reimbursement under this section and the cost to the
21 Department of Revenue of administering the reimbursement, the Secretary of Revenue
22 shall draw from collections received under Division I of Article 4 of this Chapter an
23 amount equal to the reimbursement and the cost of administration."

24 Sec. 6. Sections 1 and 2 of this act are effective for taxes imposed for taxable
25 years beginning on or after July 1, 1996. Sections 2 and 3 of this act are effective for
26 taxes imposed for taxable years beginning on or after July 1, 1997. The remainder of this
27 act is effective upon ratification. Notwithstanding the provisions of G.S. 105-277.1(c), an
28 application for the benefit provided in Sections 1 and 2 of this act for the 1996-97 tax
29 year shall be considered timely if it is filed on or before October 1, 1996.