GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1999

H **1**

HOUSE BILL 89

Short Title: Homestead Tax Reduction. (Public)

Sponsors: Representatives Allred, Owens (Primary Sponsors); Alexander, Arnold, Brown, Cansler, Capps, Cole, Culp, Davis, Decker, Fox, Gillespie, Gulley, Hiatt, Hill, Hurley, McComas, Melton, Miller, Moore, Morris, Nesbitt, Preston, Rayfield, Russell, Sexton, Sherrill, Smith, Starnes, Wainwright, Walend, Warner, Warren, Warwick, and G. Wilson.

Referred to: Finance.

February 16, 1999

A BILL TO BE ENTITLED

AN ACT TO REDUCE PROPERTY TAXES ON HOMESTEAD PROPERTY, TO ALLOW MORE INDIVIDUALS TO QUALIFY FOR THE HOMESTEAD TAX REDUCTION, AND TO REIMBURSE LOCAL GOVERNMENTS FOR HALF OF THE REVENUE LOSS DUE TO THE HOMESTEAD TAX REDUCTION.

The General Assembly of North Carolina enacts:

Section 1. G.S. 105-277.1(a) reads as rewritten:

"(a) Exclusion. – The following class of property is designated a special class of property under ~~Article V, Sec. 2(2) of the North Carolina Constitution and shall~~ Section 2(2) of Article V of the North Carolina Constitution and must be assessed for taxation in accordance with this section. The first ~~twenty thousand dollars ($20,000)~~ twenty-five thousand dollars ($25,000) in appraised value of a permanent residence owned and occupied by a qualifying owner is excluded from taxation. A qualifying owner is an owner who meets all 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).~~ twenty-five thousand dollars ($25,000).

(3) Is a North Carolina resident.

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."

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

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

'PROPERTY TAX RELIEF FOR ELDERLY AND PERMANENTLY DISABLED PERSONS.

North Carolina excludes from property taxes the first ~~twenty thousand dollars ($20,000)~~ twenty-five thousand dollars ($25,000) in appraised value of a permanent residence owned and occupied by North Carolina residents aged 65 or older or totally and permanently disabled whose income does not exceed ~~fifteen thousand dollars ($15,000).~~ twenty-five thousand dollars ($25,000). Income means the owner's adjusted gross income as determined for federal income tax purposes, plus all moneys received other than gifts or inheritances received from a spouse, lineal ancestor or lineal descendant.

If you received this exclusion in (assessor insert previous year), you do not need to apply again unless you have changed your permanent residence. If you received the exclusion in (assessor insert previous year) and your income in (assessor insert previous year) was above ~~fifteen thousand dollars ($15,000),~~ twenty-five thousand dollars ($25,000), you must notify the assessor. If you received the exclusion in (assessor insert previous year) because you were totally and permanently disabled and you are no longer totally and permanently disabled, you must notify the assessor. If the person receiving the exclusion in (assessor insert previous year) has died, the person required by law to list the property must notify the assessor. Failure to make any of the notices required by this paragraph before April 15 will result in penalties and interest.

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

Section 3. G.S. 105-277.1A reads as rewritten:

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

(a) On September ~~1, 1990,~~ 1 of each year, the tax collector of each county and the tax collector of each city ~~shall furnish to~~ must provide the Secretary of Revenue a list containing the name and address of each person who has qualified in that year for the

~~exemption~~ property tax homestead exclusion provided in G.S. ~~105-277.1. The list shall also contain~~ 105-277.1, and containing 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~~ Each list must be accompanied by an affidavit attesting to ~~the accuracy of the list and shall all~~ its accuracy and be on a form prescribed by the Secretary of Revenue.

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

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

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

(d) Before May ~~31, 1991,~~ 31 of each year, the Secretary of Revenue ~~shall~~ must distribute to the county or city fifty percent (50%) of the total for the entire list provided pursuant to subsection (a) of this section of the product obtained by multiplying the tax exemption for each taxpayer 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 1991 the amount it was entitled to receive in 1991.~~

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

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

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

Section 4. Section 3 of this act becomes effective July 1, 1999. The remainder of this act is effective for taxes imposed for taxable years beginning on or after July 1,

1999. Notwithstanding the provisions of G.S. 105-277.1(c), an application for the benefit provided in this act for the 1999-2000 tax year is timely if it is filed on or before September 1, 1999.