

**GENERAL ASSEMBLY OF NORTH CAROLINA**  
**SESSION 2007**

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**HOUSE BILL 2112**

Short Title: Homestead Exemption/\$30K/Reimbursement. (Public)

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Sponsors: Representatives Allred; Avila, Barnhart, Blackwood, Brown, Church, Cleveland, Current, Dockham, Frye, Hilton, Hurley, Justice, McComas, Moore, Pate, Setzer, Steen, Stiller, Walend, and Walker.

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Referred to: Aging, if favorable, Finance.

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May 15, 2008

A BILL TO BE ENTITLED

1 AN ACT TO INCREASE THE INCOME ELIGIBILITY LIMIT FOR THE  
2 HOMESTEAD EXCLUSION TO THIRTY THOUSAND DOLLARS AND TO  
3 REPEAL CHANGES TO THE DEFINITION OF INCOME FOR PURPOSES OF  
4 THE HOMESTEAD EXCLUSION.  
5

6 The General Assembly of North Carolina enacts:

7 **SECTION 1.** G.S. 105-277.1(a2) reads as rewritten:

8 "(a2) Income Eligibility Limit. – Until July 1, ~~2008,2009~~, the income eligibility  
9 limit is ~~twenty five thousand dollars (\$25,000)~~ thirty thousand dollars (\$30,000). For  
10 taxable years beginning on or after July 1, ~~2008,2009~~, the income eligibility limit is the  
11 amount for the preceding year, adjusted by the same percentage of this amount as the  
12 percentage of any cost-of-living adjustment made to the benefits under Titles II and  
13 XVI of the Social Security Act for the preceding calendar year, rounded to the nearest  
14 one hundred dollars (\$100.00). On or before July 1 of each year, the Department of  
15 Revenue must determine the income eligibility amount to be in effect for the taxable  
16 year beginning the following July 1 and must notify the assessor of each county of the  
17 amount to be in effect for that taxable year."

18 **SECTION 2.** G.S. 105-277.1(b)(1a), as amended by Section 1.1 of S.L.  
19 2007-497, reads as rewritten:

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

21 ...

22 (1a) Income. – ~~All~~ Adjusted gross income, as defined in section 62 of the  
23 Code, plus all other moneys received from every source other than  
24 gifts or inheritances received from a spouse, lineal ancestor, or lineal  
25 descendant. For married applicants residing with their spouses, the  
26 income of both spouses must be included, whether or not the property  
27 is in both names.

...."

SECTION 3. 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 lost revenue.**

(a) On September 1, 2008, the tax collector of each county and the tax collector of each city shall furnish to the Secretary of Revenue two lists. The first list shall be entitled the "Exclusion Loss List." The Exclusion Loss List shall contain the name and address of each taxpayer who has qualified in that year for the exclusion provided in G.S. 105-277.1 and who has an income of more than twenty-five thousand dollars (\$25,000). On the Exclusion Loss List, the tax collector shall provide for each name the total amount of property excluded, the tax rate the property is subject to, and the product obtained by multiplying the tax rate by the amount of property. The second list shall be entitled the "Circuit Breaker Loss List." The Circuit Breaker Loss List shall contain the name and address of each taxpayer who has qualified or been disqualified in that year for the deferral provided in G.S. 105-277.1B and who has an income of more than thirty-seven thousand five hundred dollars (\$37,500). On the Circuit Breaker Loss List, the tax collector shall provide for the each name listed the amount of property tax deferred for the fiscal year by qualifying owners and the amount of deferred property tax that is due and payable for the fiscal year by owners who were disqualified and shall further provide, if applicable, the amount by which the total property taxes deferred for the fiscal year exceed the total deferred property taxes that are due and payable for the fiscal year. Each list 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) On February 1, 2009, the tax collector of each county and the tax collector of each city may furnish to the Secretary of Revenue a supplemental list for each list required under subsection (a) of this section with the same required information for all taxpayers who qualified under G.S. 105-277.1 or G.S. 105-277.1B by means of a late application, as permitted under G.S. 105-282.1(a1).

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

(d) Before May 31 of each calendar year following the year in which the lists required by subsection (a) of this section are provided, the Secretary of Revenue shall distribute to the county or city the sum of the following:

- (1) The sum for the Exclusion Loss List required by subsection (a) of this section obtained by adding the tax exemption for all listed taxpayers.
- (2) The excess, if applicable, for the Circuit Breaker Loss List computed pursuant to subsection (a) of this section.
- (3) The sum for the supplemental Exclusion Loss List permitted by subsection (b) of this section, if submitted, obtained by adding the tax exemption for all listed taxpayers.
- (4) The excess for the supplemental Circuit Breaker Loss List, if submitted, computed pursuant to subsection (a) of this section.

(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

1 shall be credited to the funds of that other unit or district in accordance with regulations  
2 issued by the Local Government Commission.

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

7 **SECTION 4.** Sections 1, 2, and 3 of this act are effective for taxable years  
8 beginning on or after July 1, 2008. The remainder of this act is effective when it  
9 becomes law.