

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2025

H

1

HOUSE BILL 1179

Short Title: Senior Property Tax Relief Modernization Act. (Public)

Sponsors: Representatives Rubin, Ager, Cervania, and Carney (Primary Sponsors).
For a complete list of sponsors, refer to the North Carolina General Assembly web site.

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

May 4, 2026

A BILL TO BE ENTITLED
AN ACT TO MODIFY THE ELDERLY OR DISABLED PROPERTY TAX HOMESTEAD
EXCLUSION, TO EXPAND THE PROPERTY TAX HOMESTEAD CIRCUIT BREAKER
AND TO REIMBURSE LOCAL GOVERNMENTS FOR THEIR RESULTING REVENUE
LOSS, AND TO PROVIDE GRANT FUNDING TO THE NORTH CAROLINA
ASSOCIATION OF COUNTY COMMISSIONERS TO SUPPORT MORE FREQUENT
PROPERTY TAX REAPPRAISALS.

Whereas, property taxes fund essential local services, including public schools, public safety, and infrastructure; and

Whereas, rapidly rising home values have increased property tax burdens, particularly for seniors and disabled homeowners living on fixed or limited incomes; and

Whereas, current property tax relief programs contain a sharp income cutoff that denies all relief to homeowners just above the eligibility threshold, creating inequitable outcomes; and

Whereas, modernizing the homestead exemption to provide a gradual, income-based phaseout will expand access to relief while eliminating an unfair benefits "cliff"; and

Whereas, allowing eligible homeowners to combine the homestead exemption with the circuit breaker program will provide more complete and effective protection against unaffordable tax burdens for people on fixed or limited incomes; and

Whereas, addressing barriers faced by residents with heirs' property or shared ownership will ensure that relief reaches those who are responsible for maintaining and paying for their homes; and

Whereas, reimbursing local governments for the cost of expanded relief will preserve funding for essential local services; Now, therefore,

The General Assembly of North Carolina enacts:

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

"§ 105-277.1. Elderly or disabled property tax homestead exclusion.

(a) Exclusion. – 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 is taxable in accordance with this section. The amount of the appraised value of the residence equal to the exclusion amount is excluded from taxation. The exclusion amount is the greater of twenty five thousand dollars (\$25,000) or fifty percent (50%) of the appraised value of the residence. ~~An owner who receives an exclusion under this section may not receive other property tax relief.~~ Qualifying owners (i) with an income at or below fifty-five percent (55%) of State median income shall receive the full exclusion amount of property tax relief provided under



1 this section, (ii) with an income between fifty-five percent (55%) and eighty percent (80%) of
2 State median income, the exclusion begins at one hundred percent (100%) of the exclusion
3 amount of property tax relief provided under this section, and is reduced by three and thirty-three
4 hundredths percent (3.33%) for every one percent (1%) of income above the fifty-five percent
5 (55%) threshold, and (iii) with an income at or above eighty percent (80%) of State median
6 income, no property tax relief is allowed under this section.

7 A qualifying owner is an owner who meets all of the following requirements as of January 1
8 preceding the taxable year for which the benefit is claimed:

- 9 (1) Is at least 65 years of age or totally and permanently disabled.
- 10 (2) Has an income for the preceding calendar year of not more than the ~~income~~
11 eligibility limit. State median income.
- 12 (3) Is a North Carolina resident.

13 ...

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

23 (a3) Additional Relief. — An owner who receives an exclusion under this section may also
24 receive property tax relief under G.S. 105-277.1B provided that the owner meets the
25 requirements of that section.

26 ...

27 (b) Definitions. — The following definitions apply in this section:

28 ...

29 (3b) Resident senior. — A qualifying owner who (i) uses, as the owner's primary
30 residence, the permanent residence that qualifies for the property tax relief
31 provided by this section and (ii) can demonstrate primary, personal, and
32 sustained responsibility for the upkeep and continued maintenance of the
33 property.

34 (3c) State median income. — The most recent annual median household income for
35 the State as reported by the United States Census Bureau in the American
36 Community Survey 1-Year Estimates

37 ...

38 (e1) Resident Senior Carveout. — Notwithstanding any provision of this section to the
39 contrary, a permanent residence owned and occupied by a resident senior is entitled to the full
40 property tax relief provided by this section notwithstanding that the resident senior has a
41 proportional ownership interest in the property, provided that (i) no other non-spouse owner
42 permanently resides in the property with the resident senior and (ii) notice is provided to all other
43 co-owners of the property of the resident senior's election to defer under this subsection and no
44 co-owner objects thereto. If any co-owner objects to the resident senior receiving the full property
45 tax relief provided by this subsection, the proportional relief under subsection (e) of this section
46 shall apply to the primary residence."

47 **SECTION 1.(b)** G.S. 105-277.1B reads as rewritten:

48 "**§ 105-277.1B. Property tax homestead circuit breaker.**

49 (a) Classification. — A permanent residence owned and occupied by a qualifying owner
50 is designated a special class of property under Article V, Section 2(2) of the North Carolina
51 Constitution and is taxable in accordance with this section.

1 (b) Definitions. – The definitions provided in G.S. 105-277.1 and the following
2 definitions apply to this section.

3 (1) Hold harmless amount. – The tax deferred under subsection (f) of this section.

4 (2) Resident senior. – A qualifying owner who (i) uses, as the owner's primary
5 residence, the permanent residence that qualifies for the property tax relief
6 provided by this section and (ii) can demonstrate primary, personal, and
7 sustained responsibility for the upkeep and continued maintenance of the
8 property.

9 (3) Total hold harmless amount. – The sum of the following:

10 a. The hold harmless amount for all permanent residences in the county.

11 b. The hold harmless amount for all permanent residences in cities
12 located within the county.

13 (c) Income Eligibility Limit. – The income eligibility limit provided in
14 G.S. 105-277.1(a2) applies to this section. For the taxable year beginning on July 1, 2008, the
15 income eligibility limit is twenty-five thousand dollars (\$25,000). For taxable years beginning
16 on or after July 1, 2009, the income eligibility limit is the amount for the preceding year, adjusted
17 by the same percentage of this amount as the percentage of any cost-of-living adjustment made
18 to the benefits under Titles II and XVI of the Social Security Act for the preceding calendar year,
19 rounded to the nearest one hundred dollars (\$100.00). On or before July 1 of each year, the
20 Department of Revenue must determine the income eligibility amount to be in effect for the
21 taxable year beginning the following July 1 and must notify the assessor of each county of the
22 amount to be in effect for that taxable year.

23 (d) Qualifying Owner. – For the purpose of qualifying for the property tax homestead
24 circuit breaker under this section, a qualifying owner is an owner who meets all of the following
25 requirements as of January 1 preceding the taxable year for which the benefit is claimed:

26 (1) The owner has an income for the preceding calendar year of not more than
27 one hundred fifty percent (150%) of the income eligibility limit specified in
28 subsection (c) of this section.

29 (2) The owner has owned the property as a permanent residence for at least ~~five~~
30 three consecutive years and has occupied the property as a permanent
31 residence for at least ~~five~~ three years.

32 (3) The owner is at least 65 years of age or totally and permanently disabled.

33 (4) The owner is a North Carolina resident.

34 (e) Multiple Owners. – A permanent residence owned and occupied by husband and wife
35 is entitled to the full benefit of the property tax homestead circuit breaker notwithstanding that
36 only one of them meets the length of occupancy and ownership requirements and the age or
37 disability requirement of this section. ~~When~~ Subject to subsection (e1) of this section, when a
38 permanent residence is owned and occupied by two or more persons other than husband and wife,
39 ~~no~~ the benefit of the property tax homestead circuit breaker is (i) allowed ~~unless all of the owners~~
40 ~~qualify and elect to defer taxes under this section~~ to each qualifying owner in the amount equal
41 to that owner's proportional ownership interest in the property and (ii) not allowed to any
42 nonqualifying owner. Each owner shall be responsible for the property taxes attributable to the
43 owner's respective proportional ownership interest. Nothing in this subsection shall be construed
44 to (i) affect the obligation of any owner to pay property taxes as required by Subchapter II of this
45 Chapter or (ii) impair any owner's rights under G.S. 46A-27 or G.S. 105-363.

46 (e1) Resident Senior Carveout. – Notwithstanding any provision of this section to the
47 contrary, a permanent residence owned and occupied by a resident senior is entitled to the full
48 property tax relief provided by this section notwithstanding that the resident senior has a
49 proportional ownership interest in the property, provided that (i) no other non-spouse owner
50 permanently resides in the property with the resident senior and (ii) notice is provided to all other
51 co-owners of the property of the resident senior's election to defer under this subsection and no

1 co-owner objects thereto. If any co-owner objects to the resident senior receiving the full property
 2 tax relief provided by this subsection, the proportional relief under subsection (e) of this section
 3 shall apply to the primary residence.

4 (f) Tax Limitation. – A qualifying owner may defer the portion of the principal amount
 5 of tax that is imposed for the current tax year on his or her permanent residence and exceeds the
 6 percentage of the qualifying owner's income set out in the table in this subsection. If a permanent
 7 residence is subject to tax by more than one taxing unit and the total tax liability exceeds the tax
 8 limit imposed by this section, then both the taxes due under this section and the taxes deferred
 9 under this section must be apportioned among the taxing units based upon the ratio each taxing
 10 unit's tax rate bears to the total tax rate of all units.

11 Income Over	11 Income Up To	11 Percentage
12 -0-	12 Income Eligibility Limit	12 4.0%
13 Income Eligibility Limit	13 150% of Income Eligibility Limit	13 5.0%

14 (g) Temporary Absence. – An otherwise qualifying owner does not lose the benefit of
 15 this circuit breaker because of a temporary absence from his or her permanent residence for
 16 reasons of health, or because of an extended absence while confined to a rest home or nursing
 17 home, so long as the residence is unoccupied or occupied by the owner's spouse or other
 18 dependent.

19 (h) Deferred Taxes. – The difference between the taxes due under this section and the
 20 taxes that would have been payable in the absence of this section are a lien on the real property
 21 of the taxpayer as provided in G.S. 105-355(a). The difference in taxes must be carried forward
 22 in the records of each taxing unit as deferred taxes. The deferred taxes for the preceding three
 23 fiscal years are due and payable in accordance with G.S. 105-277.1F when the property loses its
 24 eligibility for deferral as a result of a disqualifying event described in subsection (i) of this
 25 section. On or before September 1 of each year, the collector must send to the mailing address of
 26 a residence on which taxes have been deferred a notice stating the amount of deferred taxes and
 27 interest that would be due and payable upon the occurrence of a disqualifying event.
 28 Notwithstanding any provision of law to the contrary, the interest rate on liens under this
 29 subsection shall be the lesser of (i) the rate established in G.S. 105-360 or (ii) the yield on 10-Year
 30 U.S. Treasury Notes as of the date the lien attaches.

- 31 (i) Disqualifying Events. – Each of the following constitutes a disqualifying event:
- 32 (1) The owner transfers the residence. Transfer of the residence is not a
 33 disqualifying event if (i) the owner transfers the residence to a co-owner of
 34 the residence or, as part of a divorce proceeding, to his or her spouse and (ii)
 35 that individual occupies or continues to occupy the property as his or her
 36 permanent residence.
 - 37 (2) The owner dies. Death of the owner is not a disqualifying event if (i) the
 38 owner's share passes to a co-owner of the residence or to his or her spouse and
 39 (ii) that individual occupies or continues to occupy the property as his or her
 40 permanent residence.
 - 41 (3) The owner ceases to use the property as a permanent residence.

42 (j) Gap in Deferral. – If an owner of a residence on which taxes have been deferred under
 43 this section is not eligible for continued deferral for a tax year, the deferred taxes are carried
 44 forward and are not due and payable until a disqualifying event occurs. If the owner of the
 45 residence qualifies for deferral after one or more years in which he or she did not qualify for
 46 deferral and a disqualifying event occurs, the years in which the owner did not qualify are
 47 disregarded in determining the preceding three years for which the deferred taxes are due and
 48 payable.

49 (k) Repealed by Session Laws 2008-35, s. 1.2, effective July 1, 2008.

50 (l) Creditor Limitations. – A mortgagee or trustee that elects to pay any tax deferred by
 51 the owner of a residence subject to a mortgage or deed of trust does not acquire a right to foreclose

1 as a result of the election. Except for requirements dictated by federal law or regulation, any
2 provision in a mortgage, deed of trust, or other agreement that prohibits the owner from deferring
3 taxes on property under this section is void.

4 (m) Construction. – This section does not affect the attachment of a lien for personal
5 property taxes against a tax-deferred residence.

6 (n) Application. – An application for property tax relief provided by this section should
7 be filed during the regular listing period, but may be filed and must be accepted at any time up
8 to and through June 1 preceding the tax year for which the relief is claimed. Persons may apply
9 for this property tax relief by entering the appropriate information on a form made available by
10 the assessor under G.S. 105-282.1.

11 (o) Reimbursement. – On or before September 1 of each year, each county tax collector
12 shall notify the Secretary of Revenue, in a manner prescribed by the Secretary, of the county's
13 total hold harmless amount. A county that fails to notify the Secretary of Revenue of its total hold
14 harmless amount by the due date is barred from receiving a reimbursement under this subsection
15 for that taxable year. On or before December 31 of each year, the Secretary of Revenue shall
16 distribute to each county its respective total hold harmless amount.

17 Any funds received by a county that are attributable to a city within the county must be
18 distributed to that respective city. Any funds received by a county or city because the county or
19 city was collecting taxes for another unit of government or special district must be credited to the
20 funds of that other unit or district in accordance with regulations issued by the Local Government
21 Commission.

22 In order to pay for the reimbursement under this section and the cost to the Department of
23 Revenue of administering the reimbursement, the Secretary of Revenue shall draw from
24 collections received under Part 2 of Article 4 of this Chapter an amount equal to the
25 reimbursement and the cost of administration."

26 **SECTION 2.** There is appropriated from the General Fund to the North Carolina
27 Association of County Commissioners ("Association") the nonrecurring sum of twenty million
28 dollars (\$20,000,000) for the 2026-2027 fiscal year to be used by the Association to provide
29 grants to local governments for the purpose of transitioning those governments to shortened
30 reappraisal cycles and thereby ensure more frequent and accurate property valuations. Grant
31 funds provided under this section shall be used by local governments for one-time capital
32 investments in technological infrastructure that improve local capacity and efficiency in
33 conducting reappraisals, including the acquisition of specialized software, data migration, and
34 the implementation of digital systems. In awarding grants under this section, the Association
35 shall prioritize awarding grants to local governments operating on a reappraisal cycle of more
36 than four years. For purposes of this section, "local governments" means counties, cities, or towns
37 conducting reappraisals of property under Subchapter II of Chapter 105 of the General Statutes
38 as of the effective date of this section.

39 **SECTION 3.** There is appropriated from the General Fund to the Department of
40 Revenue ("Department") the sum of two hundred fifty thousand dollars (\$250,000) in
41 nonrecurring funds for the 2026-2027 fiscal year to be used by the Department to study how to
42 efficiently and effectively implement a system of automatic income eligibility verification for
43 applicants for property tax relief under G.S. 105-277.1, 105-277.1B, and 105-277.1C.

44 **SECTION 4.** There is appropriated from the General Fund to the Department of
45 Justice ("Department") the recurring sum of two million dollars (\$2,000,000) beginning with the
46 2026-2027 fiscal year to support eight full-time equivalent attorney positions at the Department
47 to assist local governments and the Department of Revenue with property tax appeals cases
48 arising under Chapter 105 of the General Statutes.

49 **SECTION 5.** Section 1 of this act is effective for taxes imposed for taxable years
50 beginning on or after July 1, 2027. Sections 2, 3, and 4 of this act become effective July 1, 2026.
51 The remainder of this act is effective when it becomes law.