

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2025**

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HOUSE BILL 728

Short Title: Shared Investment in Our Heroes Act. (Public)

Sponsors: Representative F. Jackson.

For a complete list of sponsors, refer to the North Carolina General Assembly web site.

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

April 3, 2025

A BILL TO BE ENTITLED

AN ACT TO GRADUALLY INCREASE THE EXEMPTION AMOUNT UNDER THE DISABLED VETERAN PROPERTY TAX HOMESTEAD EXCLUSION, TO ALLOW DISABLED VETERANS TO PREQUALIFY FOR THE DISABLED VETERAN PROPERTY TAX HOMESTEAD EXCLUSION, TO EXCLUDE THE PRIMARY MOTOR VEHICLE OWNED BY A ONE HUNDRED PERCENT DISABLED VETERAN FROM THE PROPERTY TAX, AND TO REIMBURSE LOCAL GOVERNMENTS FOR A PERCENTAGE OF THEIR RESULTING REVENUE LOSS.

Whereas, North Carolina strives to be the most veteran-friendly state in the nation; and

Whereas, North Carolina recognizes the sacrifices of its veterans who have become 100% permanently and totally disabled due to service-connected conditions; and

Whereas, homeownership and reliable transportation are critical to the well-being of disabled veterans, this act seeks to provide immediate financial relief through property tax exemptions; and

Whereas, to ensure local governments remain financially stable, this act establishes a hold harmless model to reimburse local governments up to 50% of revenue losses resulting from the implementation of this act, ensuring a shared investment between the State and local governments in honoring our disabled veterans; Now, therefore, The General Assembly of North Carolina enacts:

PART I. DISABLED VETERAN PROPERTY TAX HOMESTEAD EXCLUSION

SECTION 1.(a) For taxes imposed for taxable years beginning on or after July 1, 2025, G.S. 105-277.1C reads as rewritten:

"§ 105-277.1C. Disabled veteran property tax homestead exclusion.

(a) Classification. – A permanent residence owned and occupied by a qualifying owner is designated a special class of property under Article V, Section 2(2) of the North Carolina Constitution and is taxable in accordance with this section. The first ~~forty-five~~ seventy-five thousand dollars ~~(\$45,000)~~ (\$75,000) of appraised value of the residence is excluded from taxation. A qualifying owner who receives an exclusion under this section may not receive other property tax relief.

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

- (1) Disabled veteran. – A veteran of any branch of the Armed Forces of the United States whose character of service at separation was honorable or under honorable conditions and who satisfies one of the following requirements:



- 1 a. As of January 1 preceding the taxable year for which the exclusion
2 allowed by this section is claimed, the veteran had received benefits
3 under 38 U.S.C. § 2101.
- 4 b. The veteran has received a certification by the United States
5 Department of Veterans Affairs or another federal agency indicating
6 that, as of January 1 preceding the taxable year for which the exclusion
7 allowed by this section is claimed, he or she has a service-connected,
8 permanent, and total disability.
- 9 c. The veteran is deceased and the United States Department of Veterans
10 Affairs or another federal agency has certified that, as of January 1
11 preceding the taxable year for which the exclusion allowed by this
12 section is claimed, the veteran's death was the result of a
13 service-connected condition.
- 14 (2) Repealed by Session Laws 2009-445, s. 22(c), effective for taxes imposed for
15 taxable years beginning on or after July 1, 2009.
- 16 (2a) Hold harmless amount. – The appraised value of a property excluded from
17 taxation under subsection (a) of this section multiplied by the applicable local
18 tax rate.
- 19 (3) Permanent residence. – Defined in G.S. 105-277.1.
- 20 (4) Property tax relief. – Defined in G.S. 105-277.1.
- 21 (4a) Qualifying owner. – An owner, as defined in G.S. 105-277.1, who is a North
22 Carolina resident and one of the following:
- 23 a. A disabled veteran.
- 24 b. The surviving spouse of a disabled veteran who has not remarried.
- 25 (5), (6) Repealed by Session Laws 2009-445, s. 22(c), effective for taxes imposed for
26 taxable years beginning on or after July 1, 2009.
- 27 (7) Service-connected. – Defined in 38 U.S.C. § 101.
- 28 (8) Total hold harmless amount. – The sum of the following:
- 29 a. The hold harmless amount for all property excluded from taxation
30 under subsection (a) of this section in the county multiplied by fifty
31 percent (50%).
- 32 b. The hold harmless amount for all property excluded from taxation
33 under subsection (a) of this section in the cities located in the county
34 multiplied by fifty percent (50%).
- 35 ...
- 36 (f) Application. – An application for the exclusion allowed under this section should be
37 filed during the regular listing period but may be filed and must be accepted at any time up to
38 and through June 1 preceding the tax year for which the exclusion is claimed. An applicant for
39 an exclusion under this section must establish eligibility for the exclusion by providing a copy of
40 the veteran's disability certification or evidence of benefits received under 38 U.S.C. § 2101. An
41 assessor may accept the prequalification notice under subsection (h) of this section to establish
42 eligibility for the exclusion provided in this section in lieu of a veteran's disability certification
43 or evidence of benefits received under 38 U.S.C. § 2101.
- 44 (g) Reimbursement. – On or before September 1 of each year, each county tax collector
45 shall notify the Secretary of Revenue, in a manner prescribed by the Secretary, of the county's
46 total hold harmless amount. A county that fails to notify the Secretary of Revenue of its total hold
47 harmless amount by the due date is barred from receiving a reimbursement under this subsection
48 for that taxable year. On or before December 31 of each year, the Secretary of Revenue shall
49 distribute to each county its respective total hold harmless amount; provided, however, that if the
50 hold harmless amount for any city or county exceeds one percent (1%) of its total general fund

1 revenue for the most recent fiscal year, the Secretary of Revenue shall also reimburse that city or
2 county for all amounts exceeding that threshold.

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

8 In order to pay for the reimbursement under this section and the cost to the Department of
9 Revenue of administering the reimbursement, the Secretary of Revenue shall draw from
10 collections received under Part 2 of Article 4 of this Chapter an amount equal to the
11 reimbursement and the cost of administration.

12 (h) Prequalification. – A disabled veteran or the surviving spouse of a disabled veteran
13 who has not remarried may apply for prequalification of the property tax relief provided by this
14 section notwithstanding that the disabled veteran or the surviving spouse of a disabled veteran
15 who has not remarried is not an owner of a permanent residence at the time that the application
16 for prequalification is submitted. It is the intent of the General Assembly to allow taxpayers and
17 lenders to determine, in advance of the purchase of a primary residence, the availability of the
18 tax benefit provided by this section in order to facilitate omitting exempted amounts from
19 determinations of payment calculations. An application for prequalification under this subsection
20 may be filed at any time, must be submitted on a form approved by the Department, and must be
21 accompanied by a copy of the veteran's disability certification or evidence of benefits received
22 under 38 U.S.C. § 2101. Application forms under this subsection must be made available by the
23 assessor. Upon receipt of an application under this subsection, the assessor of the county in which
24 the application is filed must notify the applicant of the applicant's qualification for eligibility for
25 property tax relief under this section within 30 days. Upon purchasing a permanent residence, an
26 applicant who has received prequalification under this subsection must apply for the property tax
27 relief provided by this section as required under subsection (f) of this section."

28 **SECTION 1.(b)** For taxes imposed for taxable years beginning on or after July 1,
29 2026, G.S. 105-277.1C(a), as amended by subsection (a) of this section, reads as rewritten:

30 "(a) Classification. – A permanent residence owned and occupied by a qualifying owner
31 is designated a special class of property under Article V, Section 2(2) of the North Carolina
32 Constitution and is taxable in accordance with this section. The first ~~seventy-five~~ one hundred
33 twenty-five thousand dollars ~~(\$75,000)~~ (\$125,000) of appraised value of the residence is
34 excluded from taxation. A qualifying owner who receives an exclusion under this section may
35 not receive other property tax relief."

36 **SECTION 1.(c)** For taxes imposed for taxable years beginning on or after July 1,
37 2027, G.S. 105-277.1C(a), as amended by subsection (b) of this section, reads as rewritten:

38 "(a) Classification. – A permanent residence owned and occupied by a qualifying owner
39 is designated a special class of property under Article V, Section 2(2) of the North Carolina
40 Constitution and is taxable in accordance with this section. The ~~first one hundred twenty-five~~
41 ~~thousand dollars~~ (\$125,000) ~~of amount of the appraised value of the residence equal to the~~
42 exclusion amount is excluded from taxation. The exclusion amount is the lesser of five hundred
43 thousand dollars (\$500,000) or one hundred percent (100%) of the appraised value of the
44 residence. A qualifying owner who receives an exclusion under this section may not receive other
45 property tax relief."

47 **PART II. DISABLED VETERAN MOTOR VEHICLE PROPERTY TAX EXEMPTION**

48 **SECTION 2.(a)** G.S. 105-275 reads as rewritten:

49 **"§ 105-275. Property classified and excluded from the tax base.**

50 The following classes of property are designated special classes under Article V, Sec. 2(2),
51 of the North Carolina Constitution and are excluded from tax:

1 ...
2 (5b) A motor vehicle (i) owned by a person who has a one hundred percent (100%)
3 disability rating certified by the United States Department of Veterans Affairs
4 and (ii) used by that person as their primary personal vehicle. The exclusion
5 provided by this subdivision shall not apply to vehicles used primarily for
6 business or commercial purposes.

7"

8 **SECTION 2.(b)** G.S. 105-330.4 is amended by adding a new subsection to read:

9 "(f) Hold Harmless Reimbursement. – On or before September 1 of each year, each county
10 tax collector shall notify the Secretary of Revenue, in a manner prescribed by the Secretary, of
11 the county's total hold harmless amount. A county that fails to notify the Secretary of Revenue
12 of its total hold harmless amount by the due date is barred from receiving a reimbursement under
13 this subsection for that taxable year. On or before December 31 of each year, the Secretary of
14 Revenue shall distribute to each county its respective total hold harmless amount; provided,
15 however, that if the hold harmless amount for any city or county exceeds one percent (1%) of its
16 total general fund revenue for the most recent fiscal year, the Secretary of Revenue shall also
17 reimburse that city or county for all amounts exceeding that threshold.

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

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

27 The following definitions apply in this subsection:

- 28 (1) Hold harmless amount. – The appraised value of property excluded from
29 taxation under G.S. 105-275(5b) multiplied by the applicable local tax rate.
30 (2) Total hold harmless amount. – The sum of the following:
31 a. The hold harmless amount for all property excluded from taxation
32 under G.S. 105-275(5b) in the county multiplied by fifty percent
33 (50%).
34 b. The hold harmless amount for all property excluded from taxation
35 under G.S. 105-275(5b) in cities located in the county multiplied by
36 fifty percent (50%)."

37 **SECTION 2.(c)** This section is effective when it becomes law and applies to motor
38 vehicles registered on or after that date and to applications for motor vehicle property tax
39 exemptions occurring on or after that date.

40 41 **PART III. VETERANS' ECONOMIC DEVELOPMENT INCENTIVE GRANT** 42 **PROGRAM**

43 **SECTION 3.** There is appropriated from the General Fund to the North Carolina
44 Department of Military and Veterans Affairs the sum of ten million dollars (\$10,000,000) in
45 nonrecurring funds for the 2025-2026 fiscal year to be used for purposes consistent with Section
46 3A of this act. Funds appropriated by this section shall not revert but shall remain available for
47 purposes consistent with Section 3A of this act until expended.

48 **SECTION 3A.(a)** Veterans' Economic Development Incentive Grant Program
49 Established. – There is established the Veterans' Economic Development Incentive Grant
50 Program to be administered by the North Carolina Department of Military and Veterans Affairs.
51 The purpose of the program is to provide financial assistance in the form of grants to eligible

1 entities to promote affordable housing initiatives for veterans, infrastructure improvements for
2 veterans, and veteran employment programs, in accordance with this section.

3 **SECTION 3A.(b) Definitions.** – The following definitions apply in this section:

- 4 (1) Department. – The North Carolina Department of Military and Veterans
5 Affairs.
- 6 (2) Eligible entity. – Any of the following:
- 7 a. A nonprofit organization that (i) is organized and operated primarily
8 for the benefit and service of veterans and (ii) the Department
9 determines demonstrates a proven track record of adequately serving
10 the needs of veterans.
- 11 b. Local governments pursuing veteran-focused development initiatives,
12 as determined by the Department.
- 13 c. Nonprofit entities that collaborate with veterans' organizations to
14 provide employment opportunities or housing solutions to veterans, as
15 determined by the Department.
- 16 (3) Local government. – A city or county, as those terms are defined in
17 G.S. 160A-1 and G.S. 153A-1, respectively.
- 18 (4) Program. – The Veterans' Economic Development Incentive Grant Program
19 established by this section.
- 20 (5) Qualifying project. – A project by an eligible entity that (i) meets the
21 requirements of one or more qualifying purposes as defined in this subsection
22 and (ii) is a singular and self-contained project.
- 23 (6) Qualifying purposes. – Any of the following:
- 24 a. Affordable housing initiatives for veterans. – Programs that provide
25 down payment assistance to veterans, home repair funding to veterans,
26 or incentives for developers to create veteran-focused housing.
- 27 b. Infrastructure improvements. – Projects that improve accessibility for
28 disabled veterans in public facilities or community spaces.
- 29 c. Veteran employment programs. – Initiatives that offer workforce
30 training, job placement services, or entrepreneurship support tailored
31 to veterans.

32 **SECTION 3A.(c) Eligibility.** – An eligible entity is eligible for a grant under the
33 program.

34 **SECTION 3A.(d) Application; Verification.** – An eligible entity may apply for a
35 grant under the program. An applicant must apply to the Department on a form prescribed by the
36 Department and must include any supporting documentation required by the Department. The
37 Department may accept applications until the funds available under the program have been fully
38 awarded. The Department shall consult with applicants to substantiate applications prior to
39 awarding grants under the program.

40 **SECTION 3A.(e) Grant Amount.** – The total grant amount per qualifying project is
41 equal to one hundred thousand dollars (\$100,000).

42 **SECTION 3A.(f) Eligible Uses.** – Grants can be used for qualifying purposes as
43 defined in this section.

44 **SECTION 3A.(g) Grant Program Limit.** – The total of all funds granted under this
45 program may not exceed the amount allocated to the program under this act and under any future
46 act of the General Assembly. The Department must calculate the total amount of grants requested
47 from the applications filed under subsection (d) of this section. Grants shall be awarded on a first
48 come, first served basis.

49 **SECTION 3A.(h) Administrative Expenses.** – The Department may retain up to five
50 percent (5%) of the funds appropriated for the grant program established by this section for
51 administrative expenses.

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PART IV. REVIEW AND REPORTING

SECTION 4. No later than September 1 of each year, the Department of Revenue (Department), in consultation with the Department of Military and Veterans Affairs, shall provide a report to the Joint Legislative Economic Development and Global Engagement Oversight Committee and the Fiscal Research Division that consists of the following:

- (1) An assessment of the financial impact on local governments of the provisions of this act.
- (2) Data on the number of veterans benefitting from the homestead exclusion and motor vehicle tax exemption, as modified by this act.
- (3) An evaluation of whether the Veterans' Economic Development Incentive Fund has contributed to workforce development for veterans, infrastructure improvements for veterans, and affordable housing initiatives.

PART V. EFFECTIVE DATE

SECTION 5. Unless otherwise provided, this act is effective when it becomes law.