

**GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2005**

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**SENATE BILL 1630**

Short Title: Raise Homestead Limits.

(Public)

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Sponsors: Senators Nesbitt; Apodaca and Atwater.

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Referred to: Finance.

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May 18, 2006

A BILL TO BE ENTITLED  
AN ACT TO RAISE THE INCOME ELIGIBILITY AND EXCLUSION AMOUNTS  
FOR THE PROPERTY TAX HOMESTEAD EXCLUSION.

The General Assembly of North Carolina enacts:

**SECTION 1.** G.S. 105-277.1 reads as rewritten:

**"§ 105-277.1. 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 thousand dollars (\$20,000)~~the fixed exclusion amount or fifty percent (50%) of the appraised value of the residence. Until July 1, 2008, the fixed exclusion amount is twenty-five thousand dollars (\$25,000). For taxable years beginning on or after July 1, 2008, the fixed exclusion amount is the fixed exclusion amount for the preceding year, adjusted by the same percentage of this amount as the percentage of any cost-of-living adjustment made to the benefits under Titles II and XVI of the Social Security Act for the preceding calendar year, rounded to the nearest one hundred dollars (\$100.00). On or before July 1 of each year, the Department of Revenue must determine the fixed exclusion amount to be in effect for the taxable year beginning the following July 1 and must notify the assessor of each county of the amount to be in effect for that taxable year. 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 the income eligibility limit.
- (3) Is a North Carolina resident.

...

1 (a2) Income Eligibility Limit. – Until July 1, ~~2003,2008~~, the income eligibility  
2 limit is ~~eighteen-twenty-five thousand dollars (\$18,000)-(\$25,000)~~. For taxable years  
3 beginning on or after July 1, ~~2003,2008~~, the income eligibility limit is the amount for  
4 the preceding year, adjusted by the same percentage of this amount as the percentage of  
5 any cost-of-living adjustment made to the benefits under Titles II and XVI of the Social  
6 Security Act for the preceding calendar year, rounded to the nearest one hundred dollars  
7 (\$100.00). On or before July 1 of each year, the Department of Revenue must determine  
8 the income eligibility amount to be in effect for the taxable year beginning the following  
9 July 1 and must notify the assessor of each county of the amount to be in effect for that  
10 taxable year.

11 ..."

12 **SECTION 2.** There is appropriated from the General Fund to the  
13 Department of Revenue the sum of one hundred thousand dollars (\$100,000) for the  
14 2006-2007 fiscal year to lend assistance to the counties in implementing the changes  
15 provided for in this act.

16 **SECTION 3.** Section 1 of this act is effective for taxes imposed for taxable  
17 years beginning on or after July 1, 2007. The remainder of this act becomes effective  
18 July 1, 2006.