

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2007

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HOUSE BILL 1917
Committee Substitute Favorable 6/7/07

Short Title: Senior Homestead Tax Relief.

(Public)

Sponsors:

Referred to:

May 3, 2007

A BILL TO BE ENTITLED

1 AN ACT TO FREEZE THE APPRAISED VALUE OF THE PERMANENT
2 RESIDENCE OF CERTAIN SENIORS AND TO AMEND THE CONSTITUTION
3 TO PERMIT A LIMITATION ON THE INCREASE IN THE APPRAISED
4 VALUE OF CERTAIN RESIDENCES.
5

6 The General Assembly of North Carolina enacts:

7 **SECTION 1.** Section 2 of Article V of the North Carolina Constitution is
8 amended by adding a new subsection to read:

9 "(8) Notwithstanding subsections (2) and (5) of this section, the General
10 Assembly may both enact general laws uniformly applicable throughout the State
11 requiring that during a general reappraisal a county may not increase the growth in the
12 assessed value of a permanent residence by more than an amount specified in the law
13 and enact general laws uniformly applicable throughout the State requiring that during a
14 general reappraisal a county may vary the increase of the growth in the assessed value
15 of a permanent residence on the basis of whether the owner has occupied the property as
16 a permanent residence for at least five years."

17 **SECTION 2.** The amendment set out in Section 1 of this act shall be
18 submitted to the qualified voters of the State at a general election to be held in
19 November 2007. The qualified election shall be conducted under the laws then
20 governing elections in the State. Ballots, voting systems, or both may be used in
21 accordance with Chapter 163 of the General Statutes. The question to be used in the
22 voting systems and ballots shall be:

"[]FOR []AGAINST

24 Constitutional amendment authorizing the General Assembly to limit the
25 growth in the assessed value of a permanent residence owned and occupied by a
26 qualifying owner."

27 **SECTION 3.** If the majority of the votes cast on the question are in favor of
28 the amendment set out in Section 1 of this act, the State Board of Elections shall certify
29 that amendment to the Secretary of State. The amendment becomes effective upon this

1 certification. The Secretary of State shall enroll the amendment so certified among the
2 permanent records of that office.

3 **SECTION 4.** G.S. 105-283 reads as rewritten:

4 **"§ 105-283. Uniform appraisal standards.**

5 ~~All~~ Except as provided in G.S. 105-277.1B, all property, real and personal, shall as
6 far as practicable be appraised or valued at its true value in money. When used in this
7 Subchapter, the words "true value" shall be interpreted as meaning market value, that is,
8 the price estimated in terms of money at which the property would change hands
9 between a willing and financially able buyer and a willing seller, neither being under
10 any compulsion to buy or to sell and both having reasonable knowledge of all the uses
11 to which the property is adapted and for which it is capable of being used. For the
12 purposes of this section, the acquisition of an interest in land by an entity having the
13 power of eminent domain with respect to the interest acquired shall not be considered
14 competent evidence of the true value in money of comparable land."

15 **SECTION 5.** Article 12 of Chapter 105 of the General Statutes is amended
16 by adding a new section to read:

17 **"§ 105-277.1B. Senior homestead tax relief.**

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

21 (b) Definitions. – The definitions provided in G.S. 105-277.1 apply to this
22 section.

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

27 (1) The owner is at least 70 years of age.

28 (2) The owner has occupied the property as a permanent residence for at
29 least five years.

30 (3) The owner is a North Carolina resident.

31 (d) Limitation. – Except as provided in subsection (e) of this section, the
32 appraised value of the permanent residence of a qualifying owner shall not increase at
33 the time of subsequent general reappraisals conducted pursuant to G.S. 105-286 after
34 July 1, 2008.

35 (e) Exceptions. – The county shall reappraise the permanent residence of a
36 qualifying owner at its true value in a year in which any of the following conditions are
37 met:

38 (1) There is a physical change in the land or to improvements on the land
39 other than a change listed in G.S. 105-287(b). A residence reappraised
40 at its true value under this subdivision shall be subject to subsection
41 (d) of this section at the time of subsequent reappraisals conducted
42 pursuant to G.S. 105-286.

43 (2) Except as provided in subsection (f) of this section, the qualifying
44 owner no longer occupies the residence as a permanent residence.

1 (f) Temporary Absence. – An otherwise qualifying owner does not lose the
2 benefit of this tax relief because of a temporary absence from his or her permanent
3 residence for reasons of health, or because of an extended absence while confined to a
4 rest home or nursing home, so long as the residence is unoccupied or occupied by the
5 owner's spouse or other dependent.

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

11 (h) Multiple Ownership. – When a permanent residence is owned and occupied
12 by two or more persons other than husband and wife, no property tax relief is allowed
13 under this section unless all of the owners qualify."

14 **SECTION 6.** G.S. 150-282.1(a)(2) reads as rewritten:

15 "(2) Single application required. – An owner of one or more of the
16 following properties eligible ~~to be exempted or excluded from~~
17 ~~taxation~~ for a property tax benefit must file an application for
18 ~~exemption or exclusion~~ the benefit to receive it. Once the application
19 has been approved, the owner does not need to file an application in
20 subsequent years unless new or additional property is acquired or
21 improvements are added or removed, necessitating a change in the
22 valuation of the property, or there is a change in the use of the property
23 or the qualifications or eligibility of the taxpayer necessitating a
24 review of the ~~exemption or exclusion~~ benefit.

- 25 a. Property exempted from taxation under G.S. 105-278.3,
26 105-278.4, 105-278.5, 105-278.6, 105-278.7, or 105-278.8.
- 27 b. Special classes of property excluded from taxation under
28 G.S. 105-275(3), (7), (8), (12), (17), (18), (19), (20), (21), (35),
29 (36), (38), (39), or (41) or under G.S. 131A-21.
- 30 c. Special classes of property classified for taxation at a reduced
31 valuation under G.S. 105-277(h), 105-277.1, 105-277.10,
32 105-277.13, 105-278.
- 33 d. Property owned by a nonprofit homeowners' association but
34 where the value of the property is included in the appraisals of
35 property owned by members of the association under
36 G.S. 105-277.8.
- 37 e. Special classes of property eligible for tax relief under
38 G.S. 105-277.1B."

39 **SECTION 7.** G.S. 105-309(f) reads as rewritten:

40 "(f) ~~The notice set out below must appear~~ assessor must print a homestead tax
41 relief notice on each abstract or on an information sheet distributed with the abstract.
42 The abstract or sheet must include the address and telephone number of the assessor
43 below the ~~notice~~ notice required by this section. The notice must be in the form required
44 by the Department of Revenue designed to notify the taxpayer of his or her rights and

1 responsibilities under the homestead property tax exclusion provided in G.S. 105-277.1
2 and the senior homestead tax relief provided in G.S. 105-277.1B.

3
4 ~~PROPERTY TAX HOMESTEAD EXCLUSION FOR ELDERLY OR~~
5 ~~PERMANENTLY DISABLED PERSONS.~~

6
7 ~~North Carolina excludes from property taxes a portion of the appraised value of a~~
8 ~~permanent residence owned and occupied by North Carolina residents aged 65 or older~~
9 ~~or totally and permanently disabled whose income does not exceed (assessor insert~~
10 ~~amount). The amount of the appraised value of the residence that may be excluded from~~
11 ~~taxation is the greater of twenty thousand dollars (\$20,000) or fifty percent (50%) of the~~
12 ~~appraised value of the residence. Income means the owner's adjusted gross income as~~
13 ~~determined for federal income tax purposes, plus all moneys received other than gifts or~~
14 ~~inheritances received from a spouse, lineal ancestor or lineal descendant.~~

15 ~~If you received this exclusion in (assessor insert previous year), you do not need to~~
16 ~~apply again unless you have changed your permanent residence. If you received the~~
17 ~~exclusion in (assessor insert previous year) and your income in (assessor insert previous~~
18 ~~year) was above (assessor insert amount), you must notify the assessor. If you received~~
19 ~~the exclusion in (assessor insert previous year) because you were totally and~~
20 ~~permanently disabled and you are no longer totally and permanently disabled, you must~~
21 ~~notify the assessor. If the person receiving the exclusion in (assessor insert previous~~
22 ~~year) has died, the person required by law to list the property must notify the assessor.~~
23 ~~Failure to make any of the notices required by this paragraph before June 1 will result in~~
24 ~~penalties and interest.~~

25 ~~If you did not receive the exclusion in (assessor insert previous year) but are now~~
26 ~~eligible, you may obtain a copy of an application from the assessor. It must be filed by~~
27 ~~June 1."~~

28 **SECTION 8.** Sections 4 through 7 of this act become effective only if the
29 constitutional amendment proposed by Section 1 of this act is approved as provided in
30 Sections 2 and 3 of this act. If the constitutional amendment is approved, Sections 4
31 through 7 of this act become effective for taxes imposed for taxable years beginning on
32 or after July 1, 2008. The remainder of this act is effective when it becomes law.