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GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2025

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SENATE BILL DRS45053-NIf-43A

Short Title:	Elderly Prop. Tax Appreciation Exclusion.	(Public)
Sponsors:	Senators Waddell and Chitlik (Primary Sponsors).	
Referred to:		

A BILL TO BE ENTITLED

AN ACT TO PROVIDE ADDITIONAL PROPERTY TAX RELIEF TO NORTH CAROLINA RESIDENTS WHO ARE SIXTY-FIVE YEARS OF AGE OR OLDER.

The General Assembly of North Carolina enacts:

SECTION 1. Article 12 of Subchapter II of Chapter 105 of the General Statutes is amended by adding a new section to read:

"**§ 105-277.1G. Elderly property tax appreciation exclusion.**

(a) Classification. – A permanent residence owned and occupied by a qualifying owner is designated a special class of property under Section 2(2) of Article V of the North Carolina Constitution and is taxable in accordance with this section. A permanent residence shall be assessed at the lower of its true value or its qualifying value.

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

(1) Owner. – Defined in G.S. 105-277.1.

(2) Permanent residence. – Defined in G.S. 105-277.1.

(3) Property tax relief. – Defined in G.S. 105-277.1.

(4) Qualifying owner. – An owner who meets all of the following requirements as of January 1 preceding the taxable year for which the benefit is claimed:

a. The owner is a North Carolina resident.

b. The owner has owned the property as a permanent residence for at least five consecutive years and has occupied the property as a permanent residence for at least five years.

c. The owner will be at least 65 years of age during a portion of the calendar year.

(5) Qualifying value. – The appraised value of a qualifying owner's permanent residence during the first year the owner's application for property tax relief is accepted pursuant to subsection (j) of this section.

(c) Tax Limitation. – A qualifying owner may defer the portion of the principal amount of tax that is imposed for the current tax year on any increase in appraised value of the owner's permanent residence over the qualifying value.

(d) Multiple Owners. – A permanent residence owned and occupied by husband and wife is entitled to the full benefit of the elderly property tax appreciation exclusion notwithstanding that only one of them meets the length of occupancy and ownership requirements and the age requirement of this section. When a permanent residence is owned and occupied by two or more persons other than husband and wife, no elderly property tax appreciation exclusion is allowed unless all of the owners qualify and elect to defer taxes under this section.

(e) Temporary Absence. – An otherwise qualifying owner does not lose the benefit of the elderly property tax appreciation exclusion because of a temporary absence from the permanent residence for reasons of health or because of an extended absence while confined to a rest home or nursing home, so long as the residence is unoccupied or occupied by the owner's spouse or other dependent.

(f) Deferred Taxes. – Taxes deferrable under subsection (c) of this section are a lien on the real property of the taxpayer as provided in G.S. 105-355(a) and must be carried forward in the records of each taxing unit as deferred taxes. The three most recent fiscal years of deferred taxes, if any, are due and payable in accordance with G.S. 105-277.1F when the property loses its eligibility for deferral as a result of a disqualifying event described in subsection (g) of this section. On or before September 1 of each year, the collector must send to the mailing address of a residence on which taxes have been deferred a notice stating the amount of deferred taxes and interest that would be due and payable upon the occurrence of a disqualifying event.

(g) Disqualifying Events. – Each of the following constitutes a disqualifying event:

(1) The owner transfers the residence. Transfer of the residence is not a disqualifying event if (i) the owner transfers the residence to a co-owner of the residence or, as part of a divorce proceeding, to the owner's spouse and (ii) that individual occupies or continues to occupy the property as a permanent residence.

(2) The owner dies. Death of the owner is not a disqualifying event if (i) the owner's share passes to a co-owner of the residence or to the owner's spouse and (ii) that individual occupies or continues to occupy the property as a permanent residence.

(3) The owner ceases to use the property as a permanent residence.

(h) Creditor Limitations. – A mortgagee or trustee that elects to pay any tax deferred by the owner of a residence subject to a mortgage or deed of trust does not acquire a right to foreclose as a result of the election. Except for requirements dictated by federal law or regulation, any provision in a mortgage, deed of trust, or other agreement that prohibits the owner from deferring taxes on property under this section is void.

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

(j) Application. – An application for property tax relief provided by this section should be filed during the regular listing period but may be filed and must be accepted at any time up to and through June 1 preceding the tax year for which the relief is claimed. Persons may apply for this property tax relief by entering the appropriate information on a form made available by the assessor under G.S. 105-282.1. No later than January 15 preceding the tax year for which the relief is eligible to be claimed, the assessor of the county in which the property is situated must provide notice to qualifying owners under this section of the property tax relief provided by this section."

SECTION 2. G.S. 105-277.1(b)(3a) reads as rewritten:

"(3a) Property tax relief. – The property tax homestead exclusion provided in this section, the property tax homestead circuit breaker provided in G.S. 105-277.1B, ~~or~~ the disabled veteran property tax homestead exclusion provided in ~~G.S. 105-277.1C.~~G.S. 105-277.1C, or the elderly property tax appreciation exclusion provided in G.S. 105-277.1G."

SECTION 3. G.S. 105-282.1(a)(2)c. reads as rewritten:

"c. Special classes of property classified for taxation at a reduced valuation under G.S. 105-277(h), 105-277.02, 105-277.1, 105-277.1C, 105-277.1G, 105-277.10, 105-277.13, 105-277.14, 105-277.15, 105-277.17, or 105-278."

SECTION 4. This act is effective for taxes imposed for taxable years beginning on or after July 1, 2026.