

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2001

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SENATE BILL 298

Short Title: Expand Homestead Exemption.

(Public)

Sponsors: Senators Kinnaird; Gulley, Lucas, Martin of Guilford, Miller, and Shaw
of Cumberland.

Referred to: Finance.

March 5, 2001

A BILL TO BE ENTITLED

AN ACT TO INCREASE THE HOMESTEAD EXEMPTION FROM PROPERTY
TAXES AND TO RAISE THE INCOME LIMIT FOR QUALIFYING FOR THE
EXEMPTION.

The General Assembly of North Carolina enacts:

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

"§ 105-277.1. ~~Property classified for taxation at reduced valuation.~~ tax homestead
exclusion.

(a) Exclusion. – The following class of property is designated a special class of
property under Article V, Sec. 2(2) of the North Carolina Constitution and shall be
assessed for taxation in accordance with this section. The first ~~twenty thousand dollars~~
~~(\$20,000)~~ twenty-five thousand dollars (\$25,000) in appraised value of a permanent
residence owned and occupied by a qualifying owner is excluded from taxation. 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
twenty-five thousand dollars (\$25,000). ~~fifteen thousand dollars~~
~~(\$15,000).~~

(3) Is a North Carolina resident.

(a1) Temporary Absence. – An otherwise qualifying owner does not lose the
benefit of this exclusion because of a temporary absence from his or her 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.

(b) Definitions. – When used in this section, the following definitions shall
apply:

- 1 (1) Code. – The Internal Revenue Code, as defined in G.S. 105-228.90.
2 (1a) Income. – Adjusted gross income, as defined in section 62 of the Code,
3 plus all other moneys received from every source other than gifts or
4 inheritances received from a spouse, lineal ancestor, or lineal
5 descendant. For married applicants residing with their spouses, the
6 income of both spouses must be included, whether or not the property
7 is in both names.
8 (1b) Owner. – A person who holds legal or equitable title, whether
9 individually, as a tenant by the entirety, a joint tenant, or a tenant in
10 common, or as the holder of a life estate or an estate for the life of
11 another. A manufactured home jointly owned by husband and wife is
12 considered property held by the entirety.
13 (2) Repealed by Session Laws 1993, c. 360, s. 1.
14 (2a) Repealed by Session Laws 1985 (Reg. Sess., 1986), c. 982, s. 20.
15 (3) Permanent residence. – A person's legal residence. It includes the
16 dwelling, the dwelling site, not to exceed one acre, and related
17 improvements. The dwelling may be a single family residence, a unit
18 in a multi-family residential complex, or a manufactured home.
19 (4) Totally and permanently disabled. – A person is totally and
20 permanently disabled if the person has a physical or mental
21 impairment that substantially precludes him or her from obtaining
22 gainful employment and appears reasonably certain to continue
23 without substantial improvement throughout his or her life.
24 (c) Application. – An application for the exclusion provided by this section
25 should be filed during the regular listing period, but may be filed and must be accepted
26 at any time up to and through April 15 preceding the tax year for which the exclusion is
27 claimed. When property is owned by two or more persons other than husband and wife
28 and one or more of them qualifies for this exclusion, each owner shall apply separately
29 for his or her proportionate share of the exclusion.
30 (1) Elderly Applicants. – Persons 65 years of age or older may apply for
31 this exclusion by entering the appropriate information on a form made
32 available by the assessor under G.S. 105-282.1.
33 (2) Disabled Applicants. – Persons who are totally and permanently
34 disabled may apply for this exclusion by (i) entering the appropriate
35 information on a form made available by the assessor under G.S. 105-
36 282.1 and (ii) furnishing acceptable proof of their disability. The proof
37 shall be in the form of a certificate from a physician licensed to
38 practice medicine in North Carolina or from a governmental agency
39 authorized to determine qualification for disability benefits. After a
40 disabled applicant has qualified for this classification, he or she shall
41 not be required to furnish an additional certificate unless the
42 applicant's disability is reduced to the extent that the applicant could
43 no longer be certified for the taxation at reduced valuation.

1 (d) Multiple Ownership. – A permanent residence owned and occupied by
2 husband and wife as tenants by the entirety is entitled to the full benefit of this exclusion
3 notwithstanding that only one of them meets the age or disability requirements of this
4 section. When a permanent residence is owned and occupied by two or more persons
5 other than husband and wife and one or more of the owners qualifies for this exclusion,
6 each qualifying owner is entitled to the full amount of the exclusion not to exceed his or
7 her proportionate share of the valuation of the property. No part of an exclusion
8 available to one co-owner may be claimed by any other co-owner and in no event may
9 the total exclusion allowed for a permanent residence exceed the exclusion amount
10 provided in this section."

11 **SECTION 2.** G.S. 105-309(f) reads as rewritten:

12 "(f) ~~The following information shall~~ notice set out below must appear on each
13 abstract or on an information sheet distributed with the abstract. The abstract or sheet
14 must include the address and telephone number of the assessor below the ~~notice~~
15 ~~required by this subsection. The notice shall read as follows:~~ notice.

16
17 'PROPERTY TAX ~~RELIEF~~ HOMESTEAD EXCLUSION FOR ELDERLY AND OR
18 PERMANENTLY DISABLED PERSONS.

19
20 North Carolina excludes from property taxes the first ~~twenty thousand dollars~~
21 ~~(\$20,000)~~ twenty-five thousand dollars (\$25,000) in appraised value of a permanent
22 residence owned and occupied by North Carolina residents aged 65 or older or totally
23 and permanently disabled whose income does not exceed twenty-five thousand dollars
24 (\$25,000). ~~fifteen thousand dollars (\$15,000).~~ Income means the owner's adjusted gross
25 income as determined for federal income tax purposes, plus all moneys received other
26 than gifts or inheritances received from a spouse, lineal ancestor or lineal descendant.

27 If you received this exclusion in (assessor insert previous year), you do not need to
28 apply again unless you have changed your permanent residence. If you received the
29 exclusion in (assessor insert previous year) and your income in (assessor insert previous
30 year) was above ~~fifteen thousand dollars (\$15,000),~~ twenty-five thousand dollars
31 (\$25,000), you must notify the assessor. If you received the exclusion in (assessor insert
32 previous year) because you were totally and permanently disabled and you are no longer
33 totally and permanently disabled, you must notify the assessor. If the person receiving
34 the exclusion in (assessor insert previous year) has died, the person required by law to
35 list the property must notify the assessor. Failure to make any of the notices required by
36 this paragraph before April 15 will result in penalties and interest.

37 If you did not receive the exclusion in (assessor insert previous year) but are now
38 eligible, you may obtain a copy of an application from the assessor. It must be filed by
39 April 15."

40 **SECTION 3.** This act is effective for taxes imposed for taxable years
41 beginning on or after July 1, 2001. Notwithstanding the provisions of G.S. 105-
42 277.1(c), an application for the homestead property tax exclusion for the 2001-2002 tax
43 year is timely if it is filed on or before September 1, 2001.