

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1997

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SENATE BILL 421

House Committee Substitute Favorable 8/24/98

House Committee Substitute #2 Favorable 10/15/98

Short Title: Homestead Property Tax Relief.

(Public)

Sponsors:

Referred to:

March 18, 1997

A BILL TO BE ENTITLED

1
2 AN ACT TO INCREASE THE PROPERTY TAX HOMESTEAD EXEMPTION
3 INCOME THRESHOLD TO TWENTY THOUSAND DOLLARS WITH FIFTY
4 PERCENT REIMBURSEMENT TO LOCAL GOVERNMENTS FOR THE
5 RESULTING REVENUE LOSS, AND TO AMEND THE CONSTITUTION OF
6 NORTH CAROLINA, IF APPROVED BY THE VOTERS IN THE 2000 GENERAL
7 ELECTION, TO AUTHORIZE THE GENERAL ASSEMBLY TO ENACT
8 LEGISLATION ALLOWING EACH COUNTY TO (I) INCREASE THE AMOUNT
9 OF THE PROPERTY TAX HOMESTEAD EXEMPTION FOR LOW-INCOME
10 ELDERLY AND DISABLED INDIVIDUALS IN THAT COUNTY AND (II)
11 RAISE THE DEFINITION OF "LOW-INCOME" SO THAT MORE ELDERLY
12 AND DISABLED INDIVIDUALS CAN QUALIFY FOR THE EXEMPTION.

13 The General Assembly of North Carolina enacts:

14 Section 1. (a) G.S. 105-277.1(a)(2) reads as rewritten:

15 "(2) Has an income for the preceding calendar year of not more than ~~fifteen~~
16 ~~thousand dollars (\$15,000)~~ twenty thousand dollars (\$20,000)."

17 (b) G.S. 105-309(f) reads as rewritten:

1 (f) The following information shall appear on each abstract or on an information
2 sheet distributed with the abstract. The abstract or sheet must include the address and
3 telephone number of the assessor below the notice required by this subsection. The notice
4 shall read as follows:

5
6 **'PROPERTY TAX RELIEF FOR ELDERLY AND**
7 **PERMANENTLY DISABLED PERSONS.**
8

9 North Carolina excludes from property taxes the first twenty thousand dollars
10 (\$20,000) in appraised value of a permanent residence owned and occupied by North
11 Carolina residents aged 65 or older or totally and permanently disabled whose income
12 does not exceed ~~fifteen thousand dollars (\$15,000)~~, twenty thousand dollars (\$20,000).
13 Income means the owner's adjusted gross income as determined for federal income tax
14 purposes, plus all moneys received other than gifts or inheritances received from a
15 spouse, lineal ancestor or lineal descendant.

16 If you received this exclusion in (assessor insert previous year), you do not need to
17 apply again unless you have changed your permanent residence. If you received the
18 exclusion in (assessor insert previous year) and your income in (assessor insert previous
19 year) was above ~~fifteen thousand dollars (\$15,000)~~, twenty thousand dollars (\$20,000), you
20 must notify the assessor. If you received the exclusion in (assessor insert previous year)
21 because you were totally and permanently disabled and you are no longer totally and
22 permanently disabled, you must notify the assessor. If the person receiving the exclusion
23 in (assessor insert previous year) has died, the person required by law to list the property
24 must notify the assessor. Failure to make any of the notices required by this paragraph
25 before April 15 will result in penalties and interest.

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

29 (c) This section becomes effective for taxes imposed for taxable years
30 beginning on or after July 1, 1999.

31 Section 2. Section 2 of Article V of the North Carolina Constitution is
32 amended by adding a new subsection to read:

33 "(8) Property tax homestead exclusion. If the General Assembly enacts legislation
34 classifying and excluding from ad valorem taxation part of the value of the residence of
35 each elderly or disabled individual whose income is below a maximum amount and who
36 satisfies other conditions, the General Assembly may, notwithstanding subsection (2) of
37 this section, enact a general law uniformly applicable throughout the State authorizing
38 each county to increase the portion of a classified residence's value that is excluded in
39 that county and to increase the maximum income threshold to qualify for the exclusion in
40 that county."

41 Section 3. G.S. 105-277.1 is amended by adding a new subsection to read:

42 "(a1) Local Option Increase. – The board of commissioners of a county may, by
43 resolution, increase the amount of the exclusion provided in subsection (a) of this section,

1 increase the maximum income threshold provided in subdivision (a)(2) of this section, or
2 both. An increase adopted under this subsection shall apply uniformly within the county.
3 The board of commissioners of a county may, by resolution, repeal or reduce an increase
4 adopted under this subsection, but may not reduce the exclusion or the income threshold
5 provided in subsection (a) of this section. A resolution changing the exclusion amount or
6 the income threshold within a county pursuant to this subsection shall become effective
7 no earlier than for the taxable year beginning July 1 following adoption of the
8 resolution."

9 Section 4. G.S. 105-309(f), as amended by Section 1 of this act, reads as
10 rewritten:

11 "(f) The following information shall appear on each abstract or on an information
12 sheet distributed with the abstract. If the county has increased the exclusion amount or
13 the income threshold pursuant to G.S. 105-277.1(a1), the assessor shall substitute the
14 applicable dollar amounts. The abstract or sheet must include the address and telephone
15 number of the assessor below the notice required by this subsection. The notice shall read
16 as follows:

17
18 **'PROPERTY TAX RELIEF FOR ELDERLY AND**
19 **PERMANENTLY DISABLED PERSONS.**
20

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

28 If you received this exclusion in (assessor insert previous year), you do not need to
29 apply again unless you have changed your permanent residence. If you received the
30 exclusion in (assessor insert previous year) and your income in (assessor insert previous
31 year) was above twenty thousand dollars (\$20,000), you must notify the assessor. If you
32 received the exclusion in (assessor insert previous year) because you were totally and
33 permanently disabled and you are no longer totally and permanently disabled, you must
34 notify the assessor. If the person receiving the exclusion in (assessor insert previous year)
35 has died, the person required by law to list the property must notify the assessor. Failure
36 to make any of the notices required by this paragraph before April 15 will result in
37 penalties and interest.

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

41 Section 4.1. G.S. 105-277.1A is amended by adding two new subsections to
42 read:

1 "(a2) On December 1, 1999, the tax collector of each county and the tax collector of
2 each city shall furnish to the Secretary of Revenue a list containing the name and address
3 of each taxpayer who has qualified in that year for the exemption provided in G.S. 105-
4 277.1 and whose income was above fifteen thousand dollars (\$15,000). On the list, the
5 tax collector shall provide for each name the total amount of property exempted, the tax
6 rate the property is subject to, and the product obtained by multiplying the tax rate by the
7 amount of property. The list shall be accompanied by an affidavit attesting to the
8 accuracy of the list and shall be on a form prescribed by the Secretary of Revenue.

9 (d2) Before May 31, 2000, the Secretary of Revenue shall distribute to the county
10 or city fifty percent (50%) of the total for each list provided the preceding December 1
11 pursuant to subsection (a2) of this section of the product obtained by multiplying the
12 applicable tax rate times the amount listed for each taxpayer. Each year thereafter, on or
13 before May 31, the Secretary of Revenue shall pay to each county and city the amount it
14 received under this subsection in 2000."

15 Section 5. G.S. 105-328 reads as rewritten:

16 **"§ 105-328. Listing, appraisal, and assessment of property subject to taxation by**
17 **cities and towns situated in more than one county.**

18 (a) ~~For~~ Except as provided in subsection (a1) of this section, for purposes of
19 municipal taxation, all property subject to taxation by a city or town situated in two or
20 more counties may, by resolution of the governing body of the municipality, be listed,
21 appraised, and assessed as provided in G.S. 105-326 and 105-327 if, in such a case, in the
22 opinion of the governing body, the same appraisal and assessment standards will thereby
23 apply uniformly throughout the municipality. However, if, in such a case, the governing
24 body shall determine determines that adoption of the appraisals and assessments fixed by
25 the counties will not result in uniform appraisals and assessments throughout the
26 municipality, the governing body may, by horizontal adjustments, equalize the appraisal
27 and assessment values fixed by the counties in order to obtain the required uniformity.
28 Taxes levied by the city or town shall be levied uniformly on the assessments so
29 determined.

30 (a1) This section does not apply to assessments of property that differ in any of the
31 counties in which the city or town is located because of a local option adjustment in the
32 homestead exclusion under G.S. 105-277.1(a1).

33 (b) Should the governing body of a city or town situated in two or more counties
34 not adopt the procedure provided in subsection ~~(a), above,~~ (a) of this section, all property
35 subject to taxation by the municipality shall be listed, appraised, and assessed as provided
36 in subdivisions (b)(1) through (b)(6), below.

37 (1) The governing body of the city or town shall appoint a municipal
38 assessor on or before the first Monday in July in each odd-numbered
39 year. The governing body may remove the municipal assessor from
40 office during his term for good cause after giving him notice in writing
41 and an opportunity to appear and be heard at a public session of the
42 appointing body. Whenever a vacancy occurs in the office, the
43 governing body shall appoint a qualified person to serve as municipal

1 assessor for the period of the unexpired term. Persons holding the
2 position of municipal assessor on July 1, 1971, shall be deemed
3 qualified to fill the position. A person appointed as a municipal assessor
4 shall meet the qualifications and requirements set for a county assessor
5 under G.S. 105-294.

6 (2) With the approval of the governing body, a municipal assessor may
7 employ testers, appraisers, and clerical assistants necessary to carry out
8 the listing, appraisal, assessing, and billing functions required by law.

9 (3) A municipal assessor and the persons employed by him have the same
10 powers and duties as their county equivalents with respect to property
11 subject to taxation by a city or town.

12 (4) The governing body shall, with respect to property subject to city or
13 town taxation, be vested with the powers and duties vested by this
14 Subchapter in boards of county commissioners and boards of
15 equalization and review. Appeals may be taken from the municipal
16 board of equalization and review or governing body to the Property Tax
17 Commission in the manner provided in this Subchapter for appeals from
18 county boards of equalization and review and boards of county
19 commissioners.

20 (5) All expenses incident to the listing, appraisal, and assessment of
21 property for the purpose of city or town taxation shall be borne by the
22 municipality for whose benefit the work is undertaken.

23 (6) The intent of this subsection (b) is to provide cities and towns that are
24 situated in two or more counties with machinery for listing, appraising,
25 and assessing property for municipal taxation equivalent to that
26 established by this Subchapter for counties. The powers to be exercised
27 by, the duties imposed on, and the possible penalties against municipal
28 governing bodies, boards of equalization and review, assessors, and
29 persons employed by an assessor shall be the same as those provided in
30 this Subchapter by, on, or against county boards of commissioners,
31 boards of equalization and review, assessors, and persons employed by
32 an assessor."

33 Section 6. The amendment set out in Section 2 of this act shall be submitted to
34 the qualified voters of the State at the statewide general election to be held in 2000. The
35 election shall be conducted under the laws then governing elections in the State. Ballots,
36 voting systems, or both may be used in accordance with Chapter 163 of the General
37 Statutes. The question to be used in the voting systems and ballots shall be:

38 **"[] FOR [] AGAINST**

39 Constitutional amendment authorizing the General Assembly to allow counties
40 to (1) increase the property tax exemption for a residence owned by a low-income elderly
41 or disabled person and (2) raise the definition of 'low-income' so more elderly and
42 disabled persons can qualify for the exemption."

1 Section 7. If a majority of the votes cast on the question are in favor of the
2 amendment set out in Section 2 of this act, the State Board of Elections shall certify the
3 amendment to the Secretary of State. The amendment becomes effective upon this
4 certification. The Secretary of State shall enroll the amendment so certified among the
5 permanent records of that office.

6 Section 8. The catch line of G.S. 105-277.1 reads as rewritten:

7 **"§ 105-277.1. Property ~~classified for taxation at reduced valuation.~~ tax homestead**
8 **exclusion."**

9 Section 9. The catch line of G.S. 105-277.1A reads as rewritten:

10 **"§ 105-277.1A. Property ~~classified for taxation at reduced valuation; duties of tax~~**
11 **~~collectors; tax homestead exclusion; reimbursement of localities for portion~~**
12 **~~of tax lost.~~"**

13 Section 10. Sections 1 and 4.1 of this act become effective for taxes imposed
14 for taxable years beginning on or after July 1, 1999. Sections 3, 4, and 5 of this act
15 become effective only if the constitutional amendment proposed by Section 2 of this act
16 is approved as provided in Sections 6 and 7 of this act. If the constitutional amendment is
17 approved, Sections 3, 4, and 5 of this act become effective when the State Board of
18 Elections certifies the amendment to the Secretary of State. The remainder of this act is
19 effective when it becomes law.