

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2025

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SENATE BILL DRS45116-Nif-22B

Short Title: Disabled Veterans Tax Relief Bill. (Public)

Sponsors: Senators Brinson and B. Newton (Primary Sponsors).

Referred to:

1 A BILL TO BE ENTITLED
2 AN ACT TO MODIFY THE DISABLED VETERAN PROPERTY TAX HOMESTEAD
3 EXCLUSION TO EXCLUDE FROM TAXATION THE PERCENTAGE OF APPRAISED
4 VALUE OF A PRIMARY RESIDENCE OWNED BY A DISABLED VETERAN THAT IS
5 EQUAL TO THE VETERAN'S DISABILITY RATING.

6 The General Assembly of North Carolina enacts:

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

8 "**§ 105-277.1C. Disabled veteran property tax homestead exclusion.**

9 (a) Classification. – A permanent residence owned and occupied by a qualifying owner
10 is designated a special class of property under Article V, Section 2(2) of the North Carolina
11 Constitution and is taxable in accordance with this section. ~~The first forty-five thousand dollars~~
12 ~~(\$45,000) of appraised value of the residence is excluded from taxation.~~ A qualifying owner who
13 receives an exclusion under this section may not receive other property tax relief. The amount
14 excluded from taxation is as follows:

15 (1) Disabled veteran exclusion. – For a disabled veteran, the exclusion amount is
16 the product of (i) the appraised value of the residence and (ii) the percentage
17 of the qualifying owner's disability rating, as determined by the United States
18 Department of Veterans Affairs.

19 (2) Surviving spouse exclusion. – For the surviving spouse of a disabled veteran,
20 the exclusion amount is equal to the greater of (i) the amount excluded under
21 subdivision (1) of this subsection as of the date of the disabled veteran's death
22 or (ii) the first forty-five thousand dollars (\$45,000) of appraised value of the
23 permanent residence, provided that the applicant establishes eligibility for
24 such exclusion by providing certification from the United States Department
25 of Veterans Affairs that, as of January 1 preceding the taxable year for which
26 the exclusion is claimed, the veteran's death was the result of a
27 service-connected condition.

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

29 (1) Disabled veteran. – A veteran of any branch of the Armed Forces of the United
30 States whose character of service at separation was honorable or under
31 honorable conditions and who ~~satisfies one of the following requirements:~~ has
32 received a certification by the United States Department of Veterans Affairs
33 indicating that, as of January 1 preceding the taxable year for which the
34 exclusion allowed by this section is claimed, the veteran has been assigned a
35 disability rating of fifty percent (50%) or greater for a service-connected
36 condition.



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- 1 a. ~~As of January 1 preceding the taxable year for which the exclusion~~
2 ~~allowed by this section is claimed, the veteran had received benefits~~
3 ~~under 38 U.S.C. § 2101.~~
4 b. ~~The veteran has received a certification by the United States~~
5 ~~Department of Veterans Affairs or another federal agency indicating~~
6 ~~that, as of January 1 preceding the taxable year for which the exclusion~~
7 ~~allowed by this section is claimed, he or she has a service-connected,~~
8 ~~permanent, and total disability.~~
9 c. ~~The veteran is deceased and the United States Department of Veterans~~
10 ~~Affairs or another federal agency has certified that, as of January 1~~
11 ~~preceding the taxable year for which the exclusion allowed by this~~
12 ~~section is claimed, the veteran's death was the result of a~~
13 ~~service-connected condition.~~

14 ...

15 (e) Other Multiple Owners. – This subsection applies to co-owners who are not husband
16 and wife. Each co-owner of a permanent residence must apply separately for the exclusion
17 allowed under this section.

18 When one or more co-owners of a permanent residence qualify for the exclusion allowed
19 under this section and none of the co-owners qualifies for the exclusion allowed under
20 G.S. 105-277.1, each co-owner is entitled to the full amount of the exclusion allowed under this
21 section. The exclusion allowed to one co-owner may not exceed the co-owner's proportionate
22 share of the valuation of the property, ~~and the amount of the exclusion allowed to all the~~
23 ~~co-owners may not exceed the exclusion allowed under this section.~~ property.

24 When one or more co-owners of a permanent residence qualify for the exclusion allowed
25 under this section and one or more of the co-owners qualify for the exclusion allowed under
26 G.S. 105-277.1, each co-owner who qualifies for the exclusion allowed under this section is
27 entitled to the full amount of the exclusion. The exclusion allowed to one co-owner may not
28 exceed the co-owner's proportionate share of the valuation of the property, and the amount of the
29 exclusion allowed to all the co-owners may not exceed the greater of the exclusion allowed under
30 this section and the exclusion allowed under G.S. 105-277.1.

31 (f) Application. – An application for the exclusion allowed under this section should be
32 filed during the regular listing period, but may be filed and must be accepted at any time up to
33 and through June 1 preceding the tax year for which the exclusion is claimed. An applicant for
34 an exclusion under this section must establish eligibility for the exclusion by providing a copy of
35 the veteran's disability ~~certification or evidence of benefits received under 38 U.S.C. §~~
36 ~~2101.~~ certification."

37 **SECTION 2.** This act is effective for taxes imposed for taxable years beginning on
38 or after July 1, 2025.