GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1993

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SENATE BILL 440*

Short Title: Raise Homestead Exemption. (Public)

Sponsors: Senators Albertson; Warren, Hoyle, Parnell, Perdue, Conder, Jordan, Forrester, Hunt, Speed, Martin of Guilford, Smith, Martin of Pitt, Odom, Cochrane, Tally, Carpenter, and Codington.

Referred to: Finance.

March 2, 1993

A BILL TO BE ENTITLED

AN ACT TO INCREASE THE PROPERTY TAX HOMESTEAD EXEMPTION AMOUNT AND THE INCOME ELIGIBILITY THRESHOLD AND TO PROVIDE THAT SOCIAL SECURITY BENEFITS AND DISABILITY BENEFITS ARE NOT COUNTED IN DETERMINING THE TAXPAYER'S ELIGIBILITY FOR THE HOMESTEAD 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.**

(a) 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 as follows. The first ~~twelve thousand dollars ($12,000)~~ fifteen thousand dollars ($15,000) in assessed value of real property, or a mobile home, owned by a North Carolina resident and occupied by the owner as his permanent residence shall not be assessed for taxation if, as of January 1 of the year for which the benefit of this section is claimed:

(1) The owner is either 65 years of age or older or is totally and permanently disabled; and

(2) The owner's disposable income for the preceding calendar year did not exceed ~~eleven thousand dollars ($11,000);~~ fifteen thousand dollars ($15,000); and

(3) The owner makes the required application.

For married applicants residing with their spouses, the disposable income of both spouses must be included, whether or not the property is in both names.

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

(1) An 'owner' of property means a person who holds legal or equitable title to the property, either individually or as a tenant by the entirety, a joint tenant, a tenant in common, a life estate or an estate for the life of another. Property owned and occupied by husband and wife as tenants by the entirety shall be entitled to the full benefit of this classification notwithstanding that only one of them meets the age or disability requirements herein provided. If the residence is a mobile home and is jointly owned by husband and wife, it shall be treated as property held by the entirety. When property is owned by two or more persons other than husband and wife and one or more of such owners qualifies for this classification, each qualifying owner shall be entitled to the full amount of the exclusion not to exceed his or her proportionate share of the valuation of the property. No part of an exclusion available to one co-owner may be claimed by any other co-owner and in no event shall the total exclusion allowed to a qualifying residence (including the household personal property therein) exceed ~~twelve thousand dollars ($12,000).~~ fifteen thousand dollars ($15,000).

(2) 'Disposable income' means adjusted gross income as defined ~~for North Carolina income tax purposes in G.S. 105-141.3~~ in section 62 of the Code plus all other moneys received from every source but not including:

a. ~~other than gifts~~ Gifts or inheritances received from a spouse, lineal ancestors, or lineal descendants.

b. Benefits received under Title II of the Social Security Act.

c. Benefits received on account of total and permanent disability.

(2a) Repealed by Session Laws 1985 (Reg. Sess., 1986), c. 1982, s. 20.

(3) 'Permanent residence' means legal residence. It includes the dwelling, the dwelling site, not to exceed one acre, and related improvements. The dwelling may be a single family residence, a unit in a multi-family residential complex or a mobile home. Notwithstanding the occupancy requirements of this classification, an otherwise qualified applicant shall not lose the benefit of the 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 applicant's spouse or other dependent.

(4) A 'totally and permanently disabled person' means one who has a physical or mental impairment which substantially precludes him from obtaining gainful employment and such impairment appears reasonably certain to continue without substantial improvement throughout his lifetime.

(c) Application. – Applications for the exclusions provided by this section are to be filed during the regular listing period, ~~but,~~ but shall be accepted at any time up to and through April 15 of the calendar year for which they are to be effective. When property is owned by two or more persons other than husband and wife and one or more of them qualifies for this exclusion, each such owner shall apply separately for his or her proportionate share of the exclusion.

(1) Elderly Applicants. – Persons 65 years of age or older may apply for this exclusion by entering the appropriate information on a form made available by the assessor under G.S. 105-282.1.

(2) Disabled Applicants. – Persons who are totally and permanently disabled may apply for this exclusion by (i) entering the appropriate information on a form made available by the assessor under G.S. 105-282.1 and (ii) furnishing acceptable proof of their disability. Such proof shall be in the form of a certificate from a physician licensed to practice medicine in North Carolina or from a governmental agency authorized to determine qualification for disability benefits. After a disabled applicant has qualified for this classification, he or she shall not be required to furnish an additional certificate unless the applicant's disability is reduced to the extent that the applicant could no longer be certified for the taxation at reduced valuation."

Sec. 2. G.S. 105-309(f) reads as rewritten:

"(f) The following information shall appear on each abstract, or on an information sheet distributed with the abstract. (The abstract or sheet must include the address and telephone number of the assessor below the notice required by this subsection):

'PROPERTY TAX RELIEF FOR ELDERLY AND PERMANENTLY DISABLED PERSONS.

North Carolina excludes from property taxes the first ~~twelve thousand dollars ($12,000)~~ fifteen thousand dollars ($15,000) in assessed value of certain property owned by North Carolina residents aged 65 or older or totally and permanently disabled whose disposable income does not exceed ~~eleven thousand dollars ($11,000).~~ fifteen thousand dollars ($15,000). The exclusion covers real property, or a mobile home, occupied by the owner as his permanent residence. Disposable income includes all moneys received other than social security benefits, disability benefits due to total and permanent disability, and gifts or inheritances received from a spouse, lineal ancestors, or lineal descendants.

If you received this exclusion in (assessor insert previous year), you do not need to apply again unless you have changed your permanent residence. If you received the exclusion in (assessor insert previous year) and your disposable income in (assessor insert previous year) was above ~~eleven thousand dollars ($11,000)~~ fifteen thousand dollars ($15,000), you must notify the assessor. If you received the exclusion in (assessor insert previous year) because you were totally and permanently disabled and you are no longer totally and permanently disabled, you must notify the assessor. If the person receiving the exemption in (assessor insert previous year) has died, the person required by law to list the property must notify the assessor. Failure to make any of the notices required by this paragraph before April 15 will result in penalties and interest.

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

Sec. 3. This act is effective for taxes collected for taxable years beginning on or after July 1, 1993. Notwithstanding the provisions of G.S. 105-282.1(a), an application for the benefit provided in this act for the 1993-94 tax year shall be considered timely if it is filed on or before September 1, 1993.