

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2005

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HOUSE BILL 36

Short Title: Expand Homestead Tax Benefit Via Tax Credit. (Public)

Sponsors: Representatives Allred, Cole, McGee, Rayfield (Primary Sponsors);
Capps, Coates, Dockham, Frye, Grady, Hilton, Howard, Jones, LaRoque,
Lewis, Moore, Pate, Preston, and Stiller.

Referred to: Finance.

February 2, 2005

A BILL TO BE ENTITLED

AN ACT TO EXPAND THE HOMESTEAD EXCLUSION BY PROVIDING FOR AN
INCOME TAX CREDIT FOR PROPERTY TAXES PAID ON A PRIMARY
RESIDENCE BY ELDERLY AND DISABLED PERSONS WHOSE TAXABLE
INCOMES ARE NOT MORE THAN THIRTY THOUSAND DOLLARS AS
ADJUSTED ANNUALLY.

The General Assembly of North Carolina enacts:

SECTION 1. Part 2 of Article 4 of Chapter 105 of the General Statutes is amended by adding a new section to read:

"§ 105-151.29. Credit for property taxes paid on a primary residence by certain low-income individuals.

(a) Credit. – An individual who meets the eligibility requirements under subsection (b) of this section is allowed, as a credit against the tax imposed by this Part, an amount equal to fifty percent (50%) of the property taxes paid by the individual under Subchapter II of this Chapter on a permanent residence owned by the individual.

(b) Eligibility. – An individual is eligible for this credit only if the individual satisfies all of the following conditions:

(1) The individual is at least 65 years of age or totally and permanently disabled.

(2) For the 2005 taxable year, the individual has taxable income for the taxable year of not more than thirty thousand dollars (\$30,000). For the 2006 and subsequent taxable years, the income eligibility limit is the amount for the preceding year, adjusted by the same percentage of this amount as the percentage of any cost-of-living adjustment made to the benefits under Titles II and XVI of the Social Security Act for the preceding calendar year, rounded to the nearest one hundred dollars (\$100.00).

1 (3) The individual is a North Carolina resident.

2 (4) The individual is not eligible for the property tax homestead exclusion
3 under G.S. 105-277.1.

4 (c) Definitions. – The definitions of 'permanent residence' and 'totally and
5 permanently disabled' in G.S. 105-277.1 apply in this section.

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

15 (e) Credit Refundable. – If the credit allowed by this section exceeds the amount
16 of tax imposed by this Part for the taxable year reduced by the sum of all credits
17 allowable, the Secretary must refund the excess to the taxpayer. In computing the
18 amount of tax against which multiple credits are allowed, nonrefundable credits are
19 subtracted before refundable credits."

20 **SECTION 2.** This act is effective for taxable years beginning on or after
21 January 1, 2005.