

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2023

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HOUSE BILL 37

Short Title: Expand Disabled Veteran Property Tax Excl. (Public)

Sponsors: Representatives Everitt, John, and Crawford (Primary Sponsors).

For a complete list of sponsors, refer to the North Carolina General Assembly web site.

Referred to: Rules, Calendar, and Operations of the House

February 1, 2023

A BILL TO BE ENTITLED

AN ACT TO EXPAND THE DISABLED VETERAN PROPERTY TAX HOMESTEAD EXCLUSION BY EXCLUDING FROM TAXATION THE ENTIRE APPRAISED VALUE OF THE PRIMARY RESIDENCE AND TO REIMBURSE LOCAL GOVERNMENTS FOR THEIR RESULTING REVENUE LOSS.

The General Assembly of North Carolina enacts:

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

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

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

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

- (1) Disabled veteran. – A veteran of any branch of the Armed Forces of the United States whose character of service at separation was honorable or under honorable conditions and who satisfies one of the following requirements:
 - a. As of January 1 preceding the taxable year for which the exclusion allowed by this section is claimed, the veteran had received benefits under 38 U.S.C. § 2101.
 - b. The veteran has received a certification by the United States Department of Veterans Affairs or another federal agency indicating that, as of January 1 preceding the taxable year for which the exclusion allowed by this section is claimed, he or she has a service-connected, permanent, and total disability.
 - c. The veteran is deceased and the United States Department of Veterans Affairs or another federal agency has certified that, as of January 1 preceding the taxable year for which the exclusion allowed by this section is claimed, the veteran's death was the result of a service-connected condition.

(2) Repealed by Session Laws 2009-445, s. 22(c), effective for taxes imposed for taxable years beginning on or after July 1, 2009.

(2a) Hold harmless amount. – The appraised value of a property excluded from taxation under subsection (a) of this section multiplied by the applicable local tax rate.



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- 1 (3) Permanent residence. – Defined in G.S. 105-277.1.
2 (4) Property tax relief. – Defined in G.S. 105-277.1.
3 (4a) Qualifying owner. – An owner, as defined in G.S. 105-277.1, who is a North
4 Carolina resident and one of the following:
5 a. A disabled veteran.
6 b. The surviving spouse of a disabled veteran who has not remarried.
7 (5), (6) Repealed by Session Laws 2009-445, s. 22(c), effective for taxes imposed for
8 taxable years beginning on or after July 1, 2009.
9 (7) Service-connected. – Defined in 38 U.S.C. § 101.
10 (8) Total hold harmless amount. – The sum of the following:
11 a. The hold harmless amount for all property excluded from taxation
12 under subsection (a) of this section in the county.
13 b. The hold harmless amount for all property excluded from taxation
14 under subsection (a) of this section in the cities located in the county.
15 ...
16 (g) Reimbursement. – On or before September 1 of each year, each county tax collector
17 shall notify the Secretary of Revenue, in a manner prescribed by the Secretary, of the county's
18 total hold harmless amount. A county that fails to notify the Secretary of Revenue of its total hold
19 harmless amount by the due date is barred from receiving a reimbursement under this subsection
20 for that taxable year. On or before December 31 of each year, the Secretary of Revenue shall
21 distribute to each county its respective total hold harmless amount.
22 Any funds received by a county that are attributable to a city within the county must be
23 distributed to that respective city. Any funds received by a county or city because the county or
24 city was collecting taxes for another unit of government or special district must be credited to the
25 funds of that other unit or district in accordance with regulations issued by the Local Government
26 Commission.
27 In order to pay for the reimbursement under this section and the cost to the Department of
28 Revenue of administering the reimbursement, the Secretary of Revenue shall draw from
29 collections received under Part 2 of Article 4 of this Chapter an amount equal to the
30 reimbursement and the cost of administration."
31 **SECTION 2.** This act is effective for taxes imposed for taxable years beginning on
32 or after July 1, 2024.