

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2001**

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SENATE BILL 364

Short Title: Local Option Homestead Exemption.

(Public)

Sponsors: Senator Reeves.

Referred to: Judiciary I.

March 7, 2001

A BILL TO BE ENTITLED

1
2 AN ACT TO AMEND THE NORTH CAROLINA CONSTITUTION, IF APPROVED
3 BY THE VOTERS IN THE 2002 GENERAL ELECTION, TO AUTHORIZE THE
4 GENERAL ASSEMBLY TO ENACT LEGISLATION ALLOWING EACH
5 COUNTY TO (I) INCREASE THE AMOUNT OF THE PROPERTY TAX
6 HOMESTEAD EXEMPTION FOR LOW-INCOME ELDERLY AND DISABLED
7 INDIVIDUALS IN THAT COUNTY AND (II) RAISE THE DEFINITION OF
8 "LOW-INCOME" SO THAT MORE ELDERLY AND DISABLED
9 INDIVIDUALS CAN QUALIFY FOR THE EXEMPTION.

10 The General Assembly of North Carolina enacts:

11 **SECTION 1.** Section 2 of Article V of the North Carolina Constitution is
12 amended by adding a new subsection to read:

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

21 **SECTION 2.** G.S. 105-277.1 is amended by adding a new subsection to read:

22 "(a1) Local Option Increase. – The board of commissioners of a county may, by
23 resolution, increase the amount of the exclusion provided in subsection (a) of this
24 section, increase the maximum income threshold provided in subdivision (a)(2) of this
25 section, or both. An increase adopted under this subsection must apply uniformly within
26 the county. The board of commissioners of a county may, by resolution, repeal or
27 reduce an increase adopted under this subsection, but may not reduce the exclusion or
28 the income threshold provided in subsection (a) of this section. A resolution changing

1 the exclusion amount or the income threshold within a county pursuant to this
2 subsection must become effective no earlier than for the taxable year beginning July 1
3 following adoption of the resolution."

4 **SECTION 3.** G.S. 105-309(f) reads as rewritten:

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

11
12 **'PROPERTY TAX RELIEF FOR ELDERLY ~~AND~~ OR**
13 **PERMANENTLY DISABLED PERSONS.**
14

15 North Carolina excludes from property taxes the first twenty thousand dollars
16 (\$20,000) in appraised value of a permanent residence owned and occupied by North
17 Carolina residents aged 65 or older or totally and permanently disabled whose income
18 does not exceed fifteen thousand dollars (\$15,000). Income means the owner's adjusted
19 gross income as determined for federal income tax purposes, plus all moneys received
20 other than gifts or inheritances received from a spouse, lineal ancestor or lineal
21 descendant.

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

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

35 **SECTION 4.** G.S. 105-328 reads as rewritten:

36 **"§ 105-328. Listing, appraisal, and assessment of property subject to taxation by**
37 **cities and towns situated in more than one county.**

38 (a) ~~For~~ Except as provided in subsection (a1) of this section, for purposes of
39 municipal taxation, all property subject to taxation by a city or town situated in two or
40 more counties may, by resolution of the governing body of the municipality, be listed,
41 appraised, and assessed as provided in G.S. 105-326 and 105-327 if, in such a case, in
42 the opinion of the governing body, the same appraisal and assessment standards will
43 thereby apply uniformly throughout the municipality. However, if, in such a case, the
44 governing body shall determine determines that adoption of the appraisals and

1 assessments fixed by the counties will not result in uniform appraisals and assessments
2 throughout the municipality, the governing body may, by horizontal adjustments,
3 equalize the appraisal and assessment values fixed by the counties in order to obtain the
4 required uniformity. Taxes levied by the city or town shall be levied uniformly on the
5 assessments so determined.

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

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

13 (1) The governing body of the city or town shall appoint a municipal
14 assessor on or before the first Monday in July in each odd-numbered
15 year. The governing body may remove the municipal assessor from
16 office during his term for good cause after giving him notice in writing
17 and an opportunity to appear and be heard at a public session of the
18 appointing body. Whenever a vacancy occurs in the office, the
19 governing body shall appoint a qualified person to serve as municipal
20 assessor for the period of the unexpired term. Persons holding the
21 position of municipal assessor on July 1, 1971, shall be deemed
22 qualified to fill the position. A person appointed as a municipal
23 assessor shall meet the qualifications and requirements set for a county
24 assessor under G.S. 105-294.

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

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

31 (4) The governing body shall, with respect to property subject to city or
32 town taxation, be vested with the powers and duties vested by this
33 Subchapter in boards of county commissioners and boards of
34 equalization and review. Appeals may be taken from the municipal
35 board of equalization and review or governing body to the Property
36 Tax Commission in the manner provided in this Subchapter for
37 appeals from county boards of equalization and review and boards of
38 county commissioners.

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

42 (6) The intent of this subsection (b) is to provide cities and towns that are
43 situated in two or more counties with machinery for listing, appraising,
44 and assessing property for municipal taxation equivalent to that

1 established by this Subchapter for counties. The powers to be
2 exercised by, the duties imposed on, and the possible penalties against
3 municipal governing bodies, boards of equalization and review,
4 assessors, and persons employed by an assessor shall be the same as
5 those provided in this Subchapter by, on, or against county boards of
6 commissioners, boards of equalization and review, assessors, and
7 persons employed by an assessor."

8 **SECTION 5.** The catch line of G.S. 105-277.1 reads as rewritten:

9 "**§ 105-277.1. Property ~~classified for taxation at reduced valuation.~~ tax homestead**
10 **exclusion.**"

11 **SECTION 6.** The amendment set out in Section 1 of this act shall be
12 submitted to the qualified voters of the State at the statewide general election to be held
13 in 2002. The election shall be conducted under the laws then governing elections in the
14 State. Ballots, voting systems, or both may be used in accordance with Chapter 163 of
15 the General Statutes. The question to be used in the voting systems and ballots shall be:

16 "[] FOR [] AGAINST

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

21 **SECTION 7.** If a majority of the votes cast on the question are in favor of
22 the amendment set out in Section 1 of this act, the State Board of Elections shall certify
23 the amendment to the Secretary of State. The amendment becomes effective upon this
24 certification. The Secretary of State shall enroll the amendment so certified among the
25 permanent records of that office.

26 **SECTION 8.** Sections 2, 3, and 4 of this act become effective only if the
27 constitutional amendment proposed by Section 1 of this act is approved as provided in
28 Sections 6 and 7 of this act. If the constitutional amendment is approved, Sections 2, 3,
29 and 4 of this act become effective when the State Board of Elections certifies the
30 amendment to the Secretary of State. The remainder of this act is effective when it
31 becomes law.