

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2007

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HOUSE DRH80067-MC-37 (2/1)

Short Title: Property Tax Exclusion for Disabled Veterans. (Public)

Sponsors: Representatives McGee, Holliman, J. Harrell, and Pate (Primary Sponsors).

Referred to:

A BILL TO BE ENTITLED

AN ACT TO PROVIDE A PROPERTY TAX EXCLUSION FOR HONORABLY DISCHARGED DISABLED VETERANS AND THEIR SURVIVING SPOUSES, AND TO REIMBURSE LOCAL GOVERNMENTS FOR THE RESULTING REVENUE LOSS.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 105-275(21) is repealed.

SECTION 2. Article 12 of Chapter 105 of the General Statutes is amended by adding a new section to read:

"§ 105-277.1B. Property tax homestead exclusion for disabled veterans and for surviving spouses of disabled veterans; election of benefit; application.

(a) Exclusion. – 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 amount of the appraised value of the residence equal to the exclusion amount is excluded from taxation. The exclusion amount is the greater of forty-eight thousand dollars (\$48,000) or fifty percent (50%) of the appraised value of the residence.

If the qualifying owner predeceases his or her spouse and if, upon the death of the qualifying owner, the spouse holds legal or beneficial title to the homestead and permanently resides on the homestead, the exclusion from taxation provided by this section carries over to the benefit of the surviving spouse until he or she remarries. If the spouse sells the property, an exemption not to exceed the amount granted from the most recent ad valorem tax roll may be transferred to his or her new residence, as long as it is used as his or her primary residence and he or she does not remarry.

(1) Temporary absence. – An otherwise qualifying owner does not lose the benefit of this exclusion because of a temporary absence from his or

- 1 her permanent residence for reasons of health, or because of an
2 extended absence while confined to a rest home or nursing home, so
3 long as the residence is unoccupied or occupied by the owner's spouse
4 or other dependent.
- 5 (2) Multiple ownership. – A permanent residence owned and occupied by
6 husband and wife as tenants by the entirety is entitled to the full
7 benefit of this exclusion notwithstanding that only one of them meets
8 the age or disability requirements of this section. When a permanent
9 residence is owned and occupied by two or more persons other than
10 husband and wife and one or more of the owners qualifies for this
11 exclusion, each qualifying owner is entitled to the full amount of the
12 exclusion not to exceed his or her proportionate share of the valuation
13 of the property. No part of an exclusion available to one co-owner may
14 be claimed by any other co-owner, and in no event may the total
15 exclusion allowed for a permanent residence exceed the exclusion
16 amount provided in this section.
- 17 (b) Definitions. – The following definitions apply in this section:
- 18 (1) Owner. – A person who holds legal or equitable title, whether
19 individually, as a tenant by the entirety, a joint tenant, or a tenant in
20 common, or as the holder of a life estate or an estate for the life of
21 another. A manufactured home jointly owned by husband and wife is
22 considered property held by the entirety.
- 23 (2) Permanent residence. – A person's legal residence. It includes the
24 dwelling, the dwelling site, not to exceed one acre, and related
25 improvements. The dwelling may be a single-family residence, a unit
26 in a multifamily residential complex, or a manufactured home.
- 27 (3) Qualifying owner. – An owner who is an honorably discharged veteran
28 of any branch of the Armed Forces of the United States who, as of
29 January 1 preceding the taxable year for which the exclusion is
30 claimed, is a North Carolina resident and who meets either one of the
31 following criteria:
- 32 a. Has been certified by the United States Government or the
33 United States Department of Veterans Affairs, or its
34 predecessor, with a permanent total disability that is
35 service-connected.
- 36 b. Receives benefits under 38 U.S.C. § 2101.
- 37 (c) Election. – An owner who qualifies for a property tax homestead exclusion
38 under this section and under G.S. 105-277.1 may elect to receive the greater of the two
39 exclusions but not both.
- 40 (d) Application. –
- 41 (1) Time for filing. – An application for the exclusion provided by this
42 section should be filed during the regular listing period, but may be
43 filed and must be accepted at anytime up to and through June 1
44 preceding the tax year for which the exclusion is claimed.

- 1 (2) Separate applications for multiple ownership. – When property is
2 owned by two or more persons other than husband and wife and one or
3 more of them qualifies for this exclusion, each owner must apply
4 separately for his or her proportionate share of the exclusion.
- 5 (3) Proof of disability or receipt of federal housing assistance. – Persons
6 applying for this exclusion shall (i) enter the appropriate information
7 on a form made available by the assessor under G.S. 105-282.1 and (ii)
8 furnish acceptable proof of qualification. The proof must be in the
9 form of a letter or other document from the United States Government
10 or the United States Department of Veterans Affairs certifying that the
11 applicant is an honorably discharged veteran who either has a
12 service-connected total and permanent disability or who is receiving
13 benefits under 38 U.S.C. § 2101."

14 **SECTION 3.** Article 12 of Chapter 105 of the General Statutes is amended
15 by adding a new section to read:

16 **"§ 105-277.1C. Property classified for taxation at reduced valuation; duties of tax**
17 **collectors; reimbursement of localities for tax lost.**

18 (a) Tax Collectors to Furnish List of Qualifying Taxpayers. – On December 1,
19 2007, the tax collector of each county and the tax collector of each city shall furnish to
20 the Secretary of Revenue a list containing the name and address of each taxpayer who
21 has qualified in that year for the exclusion provided in G.S. 105-277.1B. The list shall
22 also contain for each name the total amount of property exempted, the tax rate the
23 property is subject to, and the product obtained by multiplying those two numbers by
24 each other. The lists shall be accompanied by an affidavit attesting to the accuracy of
25 the list and shall all be on a form prescribed by the Secretary of Revenue.

26 (b) Extension. – The Secretary of Revenue may, for cause, grant an extension for
27 the submission of a list required by this section.

28 (c) Reimbursement to Counties and Cities. – Before May 31, 2008, the Secretary
29 of Revenue shall distribute to each county and city with taxpayers who qualified for the
30 exclusion provided in G.S. 105-277.1B one hundred percent (100%) of the total lost
31 revenue. The lost revenue is determined by multiplying the tax exclusion for each
32 taxpayer on the list in subsection (a) of this section, times the applicable tax rate. Each
33 year thereafter, on or before May 31, the Secretary of Revenue shall pay the lost
34 revenue to each county and city that was entitled to receive a distribution under this
35 subsection in 2008.

36 (d) Funds Collected for Other Units of Local Government. – Any funds received
37 by any county or city under this section because the county or city was collecting taxes
38 for another unit of government or special district shall be credited to the funds of that
39 other unit or district in accordance with rules issued by the Local Government
40 Commission.

41 (e) Funding for Reimbursement. – In order to pay for the reimbursement under
42 this section, there is annually appropriated to each county and city with taxpayers who
43 qualified for the exclusion provided in G.S. 105-277.1B an amount equal to the
44 reimbursement amount. In order to pay for the cost to the Department of Revenue of

1 administering reimbursement, there is annually appropriated to the Department of
2 Revenue the cost of administration."

3 **SECTION 4.** G.S. 105-282.1(a)(2)c. reads as rewritten:

4 " c. Special classes of property classified for taxation at a reduced
5 valuation under G.S. 105-277(h), 105-277.1, 105-277.1B,
6 105-277.10, 105-277.13, 105-278."

7 **SECTION 5.** This act is effective for taxes imposed for taxable years
8 beginning on or after July 1, 2007. Notwithstanding the provisions of
9 G.S. 105-282.1(a), an application for the benefit provided in this act for the 2007-2008
10 tax year shall be considered timely if it is filed on or before September 1, 2007.