

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1993

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HOUSE BILL 165

Short Title: Index Homestead Exemption.

(Public)

Sponsors: Representatives Redwine; Bowman, Brubaker, Gottovi, Grady, Hill, McLawhorn, Smith, Sutton, and Weatherly.

Referred to: Finance.

February 16, 1993

A BILL TO BE ENTITLED

AN ACT TO INDEX THE AMOUNT OF THE PROPERTY TAX HOMESTEAD EXEMPTION AND THE AMOUNT OF THE INCOME LIMIT FOR ELIGIBILITY FOR THE 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) Exclusion. —The following class of property—Real property or a manufactured home owned and occupied by a qualifying owner as the owner's permanent residence 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—is taxable in accordance with this section. The amount of the appraised value of a permanent residence that equals the index amount for the county in which the residence is located is excluded from taxation. To qualify for the benefit of this section, an owner must meet all of the following requirements as of January 1 preceding the taxable year for which the benefit is claimed:

- (1) Be a North Carolina resident.
- (2) Be at least 65 years old or totally and permanently disabled.
- (3) Have an income for the immediately preceding calendar year of not more than the income eligibility limit.

(a1) Amount Excluded. — The index amount is fifteen thousand dollars (\$15,000) for each county until the county's first horizontal adjustment or reappraisal of real property that is effective on or after January 1, 1994. Upon the effective date of a

1 county's first horizontal adjustment or reappraisal effective on or after January 1, 1994,
2 the index amount for that county is the previous year's amount plus or minus a
3 percentage of this amount that equals the average percentage increase or decrease in the
4 appraised value of real property in the county resulting from the horizontal adjustment
5 or reappraisal, rounded to the nearest one hundred dollars (\$100.00). The index amount
6 effective upon a county's horizontal adjustment or reappraisal remains the county's
7 index amount until the county's next horizontal adjustment of residential property or
8 reappraisal.

9 The Department of Revenue shall calculate a new index amount to be in effect in a
10 county when a horizontal adjustment or reappraisal becomes effective in the county, and
11 shall notify the assessor of the county by April 1 of the new amount to be in effect for
12 the taxable year beginning the following July 1. The Department shall use the sales
13 assessment ratio studies made under G.S. 105-289(h) to determine the percentage
14 increase or decrease in real property values resulting from a horizontal adjustment or
15 reappraisal.

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

- 20 (1) ~~The owner is either 65 years of age or older or is totally and~~
21 ~~permanently disabled; and~~
22 (2) ~~The owner's disposable income for the preceding calendar year did not~~
23 ~~exceed eleven thousand dollars (\$11,000); and~~
24 (3) ~~The owner makes the required application.~~

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

27 (a2) Income Limit. – The income eligibility limit is the same for every county.
28 Until January 1, 1994, the limit is eleven thousand dollars (\$11,000). For taxable years
29 beginning on or after January 1, 1994, the limit is the amount for the preceding year
30 increased by the same percentage of this amount as the percentage by which the federal
31 government increased the benefits under Titles II and XVI of the Social Security Act
32 during the calendar year preceding the year in which the determination of a new income
33 limit is made, rounded to the nearest one hundred dollars (\$100.00). On or before July
34 1 of each year, the Department of Revenue shall determine the income eligibility
35 amount to be in effect for the taxable year beginning the following January 1 and shall
36 notify the assessor of each county of the amount to be in effect for that taxable year.

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

- 39 (1) Code. – The Internal Revenue Code, as defined in G.S. 105-
40 134.1.
41 (1a) Income. – Adjusted gross income, as defined in section 62 of the Code,
42 plus all tax-exempt interest and dividends. For married applicants
43 residing with their spouses, the income of both spouses must be
44 included, whether or not the property is in both names.

- 1 (1b) ~~An 'owner' of property means a~~ Owner. – A person who holds legal or
2 equitable title to the property, ~~either individually or whether~~
3 individually, as a tenant by the entirety, a joint tenant, or a tenant in
4 common, or as the holder of a life estate or an estate for the life of
5 another. Property owned and occupied by husband and wife as tenants
6 by the entirety ~~shall be~~ is entitled to the full benefit of this classification
7 notwithstanding that only one of them meets the age or disability
8 requirements ~~herein provided of this section.~~ If the residence is a mobile A
9 manufactured home and is jointly owned by husband and wife, it shall
10 be treated as wife is considered property held by the entirety. When
11 property is owned by two or more persons other than husband and wife
12 and one or more of ~~such~~ the owners qualifies for this classification,
13 each qualifying owner ~~shall be~~ is entitled to the full amount of the
14 exclusion not to exceed his or her proportionate share of the valuation
15 of the property. No part of an exclusion available to one co-owner may
16 be claimed by any other co-owner and in no event ~~shall~~ may the total
17 exclusion allowed to a qualifying residence ~~(including the household~~
18 ~~personal property therein)~~ exceed twelve thousand dollars (\$12,000).
19 exceed the index amount.
- 20 (2) ~~" Disposable income" means adjusted gross income as defined for~~
21 ~~North Carolina income tax purposes in G.S. 105-141.3 plus all other~~
22 ~~moneys received from every source other than gifts or inheritances~~
23 ~~received from a spouse, lineal ancestors, or lineal descendants.~~
- 24 (2a) Repealed by Session Laws 1985 (Reg. Sess., 1986), c. 982, s. 20.
- 25 (3) ~~'Permanent residence' means legal residence.~~ Permanent
26 residence. – A person's legal residence. It includes the dwelling, the
27 dwelling site, not to exceed one acre, and related improvements. The
28 dwelling may be a single family residence, a unit in a multi-family
29 residential complex or a ~~mobile~~ manufactured home.
30 Notwithstanding the occupancy requirements of this classification,
31 an otherwise qualified applicant ~~shall~~ does not lose the benefit of the
32 exclusion because of a temporary absence from his or her permanent
33 residence for reasons of health, or because of an extended absence
34 while confined to a rest home or nursing home, so long as the
35 residence is unoccupied or occupied by the applicant's spouse or
36 other dependent.
- 37 (4) ~~A 'totally and permanently disabled person' means one who~~ Totally and
38 permanently disabled. – A person is totally and permanently disabled
39 if the person has a physical or mental impairment which that
40 substantially precludes him or her from obtaining gainful employment
41 and such impairment appears reasonably certain to continue without
42 substantial improvement throughout his lifetime. or her life.
- 43 (c) Application. — ~~Applications for the exclusions provided by this section are to be~~
44 ~~filed during the regular listing period, but, shall~~ An application for the exclusion provided

1 by this section should be filed during the regular listing period, but may be filed and
2 must be accepted at any time up to and through April 15 ~~of the calendar~~ preceding the tax
3 year for which they are to be effective. the exclusion is claimed. When property is owned
4 by two or more persons other than husband and wife and one or more of them qualifies
5 for this exclusion, each ~~such~~ owner shall apply separately for his or her proportionate
6 share of the exclusion.

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

10 (2) Disabled Applicants. – Persons who are totally and permanently
11 disabled may apply for this exclusion by (i) entering the appropriate
12 information on a form made available by the assessor under G.S. 105-
13 282.1 and (ii) furnishing acceptable proof of their disability. Such
14 proof shall be in the form of a certificate from a physician licensed to
15 practice medicine in North Carolina or from a governmental agency
16 authorized to determine qualification for disability benefits. After a
17 disabled applicant has qualified for this classification, he or she shall
18 not be required to furnish an additional certificate unless the
19 applicant's disability is reduced to the extent that the applicant could
20 no longer be certified for the taxation at reduced valuation."

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

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

25 **'PROPERTY TAX RELIEF FOR ELDERLY AND**
26 **PERMANENTLY DISABLED PERSONS.**

27 North Carolina excludes from property taxes ~~the first twelve thousand dollars (\$12,000)~~
28 (assessor insert amount, if amount known, or words "a portion", if amount not known)
29 of the ~~in assessed~~ appraised value of certain property owned by North Carolina residents
30 aged 65 or older or totally and permanently disabled whose ~~disposable~~ income does not
31 exceed ~~eleven thousand dollars (\$11,000).~~ (assessor insert amount). The exclusion covers
32 real property, or a ~~mobile~~ manufactured home, occupied by the owner as his or her
33 permanent residence. ~~Disposable income includes all moneys received other than gifts or~~
34 ~~inheritances received from a spouse, lineal ancestors, or lineal descendants.~~ Income means
35 the owner's adjusted gross income as determined for federal income tax purposes, plus
36 all tax exempt interest and dividends. For married applicants residing with their
37 spouses, the income of both spouses must be included.

38 If you received this exclusion in (assessor insert previous year), you do not need to
39 apply again unless you have changed your permanent residence. If you received the
40 exclusion in (assessor insert previous year) and your ~~disposable~~ income in (assessor
41 insert previous year) was above ~~eleven thousand dollars (\$11,000).~~ (assessor insert
42 amount), you must notify the assessor. If you received the exclusion in (assessor insert
43 previous year) because you were totally and permanently disabled and you are no longer
44 totally and permanently disabled, you must notify the assessor. If the person receiving

1 the ~~exemption~~ exclusion in (assessor insert previous year) has died, the person required
2 by law to list the property must notify the assessor. Failure to make any of the notices
3 required by this paragraph before April 15 will result in penalties and interest.

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

7 Sec. 3. This act is effective for taxes imposed for taxable years beginning on
8 or after July 1, 1993.