GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1993

H **2**

HOUSE BILL 105*
Committee Substitute Favorable 6/15/93

Short Title: Raise Homestead Exemption. (Public)

Sponsors:

Referred to:

February 10, 1993

A BILL TO BE ENTITLED

AN ACT TO INCREASE THE PROPERTY TAX HOMESTEAD EXEMPTION AMOUNT FROM TWELVE THOUSAND DOLLARS TO FIFTEEN THOUSAND DOLLARS AND TO MAKE TECHNICAL CHANGES TO THE HOMESTEAD EXEMPTION STATUTES.

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 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.~~ in accordance with this section. The first ~~twelve thousand dollars ($12,000)~~ fifteen thousand dollars ($15,000) in ~~assessed~~ appraised value of ~~real property, or a mobile home, owned by a North Carolina resident and occupied by the owner as his permanent residence shall not be assessed for taxation if, as of January 1 of the year for which the benefit of this section is claimed:~~ a permanent residence owned and occupied by a qualifying owner is excluded from taxation. A qualifying owner is an owner who meets all of the following requirements as of January 1 preceding the taxable year for which the benefit is claimed:

(1) ~~The owner is either~~ Is at least 65 years of age or ~~older or is~~ totally and permanently ~~disabled; and~~ disabled.

(2) ~~The owner's disposable~~ Has an income for the preceding calendar year ~~did not exceed~~ of not more than eleven thousand dollars ~~($11,000); and~~ ($11,000).

(3) ~~The owner makes the required application.~~ Is a North Carolina resident.

~~For married applicants residing with their spouses, the disposable income of both spouses must be included, whether or not the property is in both names.~~ An otherwise qualifying owner does not lose the benefit of this exclusion because of a temporary absence from his or her permanent residence for reasons of health, or because of an extended absence while confined to a rest home or nursing home, so long as the residence is unoccupied or occupied by the owner's spouse or other dependent.

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

(1) Code. – The Internal Revenue Code, as defined in G.S. 105-228.90.

(1a) Income. – Adjusted gross income, as defined in section 62 of the Code, plus all other moneys received from every source other than gifts or inheritances received from a spouse, lineal ancestor, or lineal descendant. For married applicants residing with their spouses, the income of both spouses must be included, whether or not the property is in both names.

(1b) Owner. – ~~An 'owner' of property means a~~ A person who holds legal or equitable ~~title to the property, either individually or~~ title, whether individually, as a tenant by the entirety, a joint tenant, or a tenant in common, or as the holder of a life estate or an estate for the life of another. ~~Property owned and occupied by husband and wife as tenants by the entirety shall be entitled to the full benefit of this classification notwithstanding that only one of them meets the age or disability requirements herein provided. If the residence is a mobile~~ A manufactured home ~~and is~~ jointly owned by husband and ~~wife, it shall be treated as~~ wife is considered property held by the entirety. ~~When property is owned by two or more persons other than husband and wife and one or more of such owners qualifies for this classification, each qualifying owner shall be entitled to the full amount of the exclusion not to exceed his or her proportionate share of the valuation of the property. No part of an exclusion available to one co-owner may be claimed by any other co-owner and in no event shall the total exclusion allowed to a qualifying residence (including the household personal property therein) exceed twelve thousand dollars ($12,000).~~

(2) ~~'Disposable income' means adjusted gross income as defined for North Carolina income tax purposes in G.S. 105-141.3 plus all other moneys received from every source gifts or inheritances received from a spouse, lineal ancestors, or lineal descendants.~~

(2a) Repealed by Session Laws 1985 (Reg. Sess., 1986), c. 1982, s. 20.

(3) ~~'Permanent residence' means~~ Permanent residence. – A person's legal residence. It includes the dwelling, the dwelling site, not to exceed one acre, and related improvements. The dwelling may be a single family residence, a unit in a multi-family residential ~~complex or a mobile~~ complex, or a manufactured home. ~~Notwithstanding the occupancy~~

~~requirements of this classification, an otherwise qualified applicant shall not lose the benefit of the exclusion because of a temporary absence from his or her permanent residence for reasons of health, or because of an extended absence while confined to a rest home or nursing home, so long as the residence is unoccupied or occupied by the applicant's spouse or other dependent.~~

(4) ~~A 'totally and permanently disabled person' means one who~~ Totally and permanently disabled. – A person is totally and permanently disabled if the person has a physical or mental impairment ~~which~~ that substantially precludes him or her from obtaining gainful employment and ~~such impairment~~ appears reasonably certain to continue without substantial improvement throughout his ~~lifetime.~~ or her life.

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

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

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

(d) Multiple Ownership. – A permanent residence owned and occupied by husband and wife as tenants by the entirety is entitled to the full benefit of this exclusion notwithstanding that only one of them meets the age or disability requirements of this section. When a permanent residence is owned and occupied by two or more persons other than husband and wife and one or more of the owners qualifies for this exclusion, each qualifying owner is entitled to the full amount of the exclusion not to exceed his or her proportionate share of the valuation of the property. No part of an exclusion available to one co-owner may be claimed by any other co-owner and in no event may the total exclusion allowed for a permanent residence exceed fifteen thousand dollars ($15,000)."

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

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

'PROPERTY TAX RELIEF FOR ELDERLY AND PERMANENTLY DISABLED PERSONS.

North Carolina excludes from property taxes the first ~~twelve thousand dollars ($12,000)~~ fifteen thousand dollars ($15,000) in ~~assessed~~ appraised value of ~~certain property~~ a permanent residence owned and occupied by North Carolina residents aged 65 or older or totally and permanently disabled whose ~~disposable~~ income does not exceed eleven thousand dollars ($11,000). ~~The exclusion covers real property, or a mobile home, occupied by the owner as his permanent residence. Disposable income includes~~ Income means the owner's adjusted gross income as determined for federal income tax purposes, plus all moneys received other than gifts or inheritances received from a spouse, lineal ~~ancestors,~~ ancestor or lineal ~~descendants.~~ descendant.

If you received this exclusion in (assessor insert previous year), you do not need to apply again unless you have changed your permanent residence. If you received the exclusion in (assessor insert previous year) and your ~~disposable~~ income in (assessor insert previous year) was above eleven thousand dollars ($11,000), you must notify the assessor. If you received the exclusion in (assessor insert previous year) because you were totally and permanently disabled and you are no longer totally and permanently disabled, you must notify the assessor. If the person receiving the ~~exemption~~ exclusion in (assessor insert previous year) has died, the person required by law to list the property must notify the assessor. Failure to make any of the notices required by this paragraph before April 15 will result in penalties and interest.

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

Sec. 3. This act is effective for taxes collected for taxable years beginning on or after July 1, 1994.