

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2025

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SENATE BILL 349

Short Title: Property Tax Modifications. (Public)

Sponsors: Senators Overcash, Johnson, and Sawrey (Primary Sponsors).

Referred to: Rules and Operations of the Senate

March 20, 2025

1 A BILL TO BE ENTITLED
2 AN ACT TO MODIFY THE INCOME ELIGIBILITY LIMIT FOR THE ELDERLY OR
3 DISABLED PROPERTY TAX HOMESTEAD EXCLUSION, AND TO ELIMINATE THE
4 DEFERRED TAX LIABILITY UNDER THE PROPERTY TAX HOMESTEAD CIRCUIT
5 BREAKER AND TO MAKE CONFORMING CHANGES NECESSARY TO
6 IMPLEMENT THAT CHANGE.

7 The General Assembly of North Carolina enacts:

8 **SECTION 1.(a)** G.S. 105-277.1 reads as rewritten:

9 **"§ 105-277.1. Elderly or disabled property tax homestead exclusion.**

10 ...

11 (a2) Individual Income Eligibility Limit. – For the taxable year beginning on July 1, 2008,
12 the individual income eligibility limit is twenty-five thousand dollars (\$25,000). For taxable
13 years beginning on or after July 1, 2009, the individual income eligibility limit is the amount for
14 the preceding year, adjusted by the same percentage of this amount as the percentage of any
15 cost-of-living adjustment made to the benefits under Titles II and XVI of the Social Security Act
16 for the preceding calendar year, rounded to the nearest one hundred dollars (\$100.00). On or
17 before July 1 of each year, the Department of Revenue must determine the individual income
18 eligibility amount to be in effect for the taxable year beginning the following July 1 and must
19 notify the assessor of each county of the amount to be in effect for that taxable year.

20 (a3) Joint Income Eligibility Limit. – The joint income eligibility limit is equal to one
21 hundred fifteen percent (115%) of the income eligibility limit under subsection (a2) of this section
22 for the taxable year.

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

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

25 (1a) Income. – All moneys received from every source other than gifts or
26 inheritances received from a spouse, lineal ancestor, or lineal descendant. ~~For~~
27 ~~married applicants residing with their spouses, the income of both spouses~~
28 ~~must be included, whether or not the property is in both names.~~

29 (1b) Joint income. – The combined income of both spouses who are married and
30 residing together, irrespective of whether the property is in both names.

31 ~~(1b)(1c)~~ Owner. – A person who holds legal or equitable title, whether individually,
32 as a tenant by the entirety, a joint tenant, or a tenant in common, or as the
33 holder of a life estate or an estate for the life of another. A manufactured home
34 jointly owned by husband and wife is considered property held by the entirety.

35 (2) Repealed by Session Laws 1993, c. 360, s. 1.

36 (2a) Repealed by Session Laws 1985 (Reg. Sess., 1986), c. 982, s. 20.



(3) 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 manufactured home.

(3a) Property tax relief. – The property tax homestead exclusion provided in this section, the property tax homestead circuit breaker provided in G.S. 105-277.1B, or the disabled veteran property tax homestead exclusion provided in G.S. 105-277.1C.

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

...."

SECTION 1.(b) G.S. 105-277.1B reads as rewritten:

"§ 105-277.1B. Property tax homestead circuit breaker.

...

(c) ~~Income Eligibility Limit.~~ Limits. – The individual income eligibility limit provided in G.S. 105-277.1(a2) ~~applies~~ and the joint income eligibility limit provided in G.S. 105-277.1(a3) apply to this section.

...

(e) Multiple Owners. – A permanent residence owned and occupied by husband and wife is entitled to the full benefit of the property tax homestead circuit breaker notwithstanding that only one of them meets the length of occupancy and ownership requirements and the age or disability requirement of this section. When a permanent residence is owned and occupied by two or more persons other than husband and wife, ~~no property tax homestead circuit breaker is allowed unless all of the owners qualify and elect to defer taxes under this section.~~ each qualifying owner is entitled to the property tax relief provided by this section, provided that each owner must apply separately for the relief.

(f) Tax Limitation. – A qualifying owner ~~may defer~~ is exempt from paying the portion of the principal amount of tax that is imposed for the current tax year on his or her permanent residence and exceeds the percentage of the qualifying owner's income set out in the table in this subsection. If a permanent residence is subject to tax by more than one taxing unit and the total tax liability exceeds the tax limit imposed by this section, then ~~both~~ the taxes due under this section ~~and the taxes deferred under this section~~ must be apportioned among the taxing units based upon the ratio each taxing unit's tax rate bears to the total tax rate of all units.

Income Over	Income Up To	Percentage
-0-	Income Eligibility Limit	4.0%
Income Eligibility Limit	150% of Income Eligibility Limit	5.0%

(g) Temporary Absence. – An otherwise qualifying owner does not lose the benefit of this circuit breaker 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.

~~(h) Deferred Taxes. – The difference between the taxes due under this section and the taxes that would have been payable in the absence of this section are a lien on the real property of the taxpayer as provided in G.S. 105-355(a). The difference in taxes must be carried forward in the records of each taxing unit as deferred taxes. The deferred taxes for the preceding three fiscal years are due and payable in accordance with G.S. 105-277.1F when the property loses its eligibility for deferral as a result of a disqualifying event described in subsection (i) of this section. On or before September 1 of each year, the collector must send to the mailing address of~~

~~a residence on which taxes have been deferred a notice stating the amount of deferred taxes and interest that would be due and payable upon the occurrence of a disqualifying event.~~

~~(i) Disqualifying Events.— Each of the following constitutes a disqualifying event:~~

~~(1) The owner transfers the residence. Transfer of the residence is not a disqualifying event if (i) the owner transfers the residence to a co-owner of the residence or, as part of a divorce proceeding, to his or her spouse and (ii) that individual occupies or continues to occupy the property as his or her permanent residence.~~

~~(2) The owner dies. Death of the owner is not a disqualifying event if (i) the owner's share passes to a co-owner of the residence or to his or her spouse and (ii) that individual occupies or continues to occupy the property as his or her permanent residence.~~

~~(3) The owner ceases to use the property as a permanent residence.~~

~~(j) Gap in Deferral.— If an owner of a residence on which taxes have been deferred under this section is not eligible for continued deferral for a tax year, the deferred taxes are carried forward and are not due and payable until a disqualifying event occurs. If the owner of the residence qualifies for deferral after one or more years in which he or she did not qualify for deferral and a disqualifying event occurs, the years in which the owner did not qualify are disregarded in determining the preceding three years for which the deferred taxes are due and payable.~~

~~...~~

~~(l) Creditor Limitations.— A mortgagee or trustee that elects to pay any tax deferred by the owner of a residence subject to a mortgage or deed of trust does not acquire a right to foreclose as a result of the election. Except for requirements dictated by federal law or regulation, any provision in a mortgage, deed of trust, or other agreement that prohibits the owner from deferring taxes on property under this section is void.~~

~~(m) Construction.— This section does not affect the attachment of a lien for personal property taxes against a tax deferred residence.~~

~~...."~~

SECTION 1.(c) G.S. 105-277.1F(a)(2) is repealed.

SECTION 1.(d) G.S. 105-365.1(a)(3) is repealed.

SECTION 1.(e) G.S. 153A-148.1 reads as rewritten:

"§ 153A-148.1. Disclosure of certain information prohibited.

(a) Disclosure Prohibited. – Notwithstanding Chapter 132 of the General Statutes or any other law regarding access to public records, local tax records that contain information about a taxpayer's income or receipts are not public records. A current or former officer, employee, or agent of a county who in the course of service to or employment by the county has access to information about the amount of a taxpayer's income or receipts may not disclose the information to any other person unless the disclosure is made for one of the following purposes:

~~...~~

~~(6) To include on a property tax receipt the amount of property taxes due and the amount of property taxes deferred on a residence classified under G.S. 105-277.1B, the property tax homestead circuit breaker.~~

~~...."~~

SECTION 1.(f) G.S. 160A-208.1 reads as rewritten:

"§ 160A-208.1. Disclosure of certain information prohibited.

(a) Disclosure Prohibited. – Notwithstanding Chapter 132 of the General Statutes or any other law regarding access to public records, local tax records that contain information about a taxpayer's income or receipts are not public records. A current or former officer, employee, or agent of a city who in the course of service to or employment by the city has access to information

1 about the amount of a taxpayer's income or receipts may not disclose the information to any other
2 person unless the disclosure is made for one of the following purposes:

3 ...

4 (4) To include on a property tax receipt the amount of property taxes due ~~and the~~
5 ~~amount of property taxes deferred~~ on a residence classified under
6 G.S. 105-277.1B, the property tax homestead circuit breaker.

7"

8 **SECTION 2.** This act is effective for taxes imposed for taxable years beginning on
9 or after July 1, 2026.