

April 16, 2007

**H 1499. SMALL BUSINESS TAX CREDIT - MILITARY CALL-UP.** Filed 4/16/07. *TO PROVIDE FOR A TAX CREDIT FOR SMALL BUSINESSES TO OFFSET EMPLOYMENT COSTS ASSOCIATED WITH ACTIVE DUTY DEPLOYMENT OF MEMBERS OF THE RESERVES OR NATIONAL GUARD.*

Enacts new GS 105-129.16G to allow an income and franchise tax credit for a small business that temporarily replaces a Ready Reserve—National Guard employee on active duty or that employs a Ready Reserve—National Guard employee who returns from active duty. The credit is 100% of the regular compensation paid for up to three months for temporary replacement and for up to one month for a returning employee. The credit may not exceed 50% of the tax against which it is claimed; any excess may be carried forward for five years. Recodifies the definition of small business. Effective beginning with the 2007 tax year and expires January 1, 2012.

**Intro. by Martin, Holliman, R. Warren, Braxton.** GS 105

May 2, 2007

**H 1499. SMALL BUSINESS TAX CREDIT—MILITARY CALL-UP.** Filed 4/16/07. House committee substitute makes the following changes to 1st edition. Adds a definition of *small business* that duplicates the definition recodified by Section 1 of the bill.

June 19, 2007

**H 1499. INCREASE HOMESTEAD INCOME LIMIT TO 25K (NEW).** Filed 4/16/07. House committee substitute deletes all provisions of the 2nd edition and replaces it with *AN ACT TO INCREASE THE HOMESTEAD EXCLUSION INCOME LIMIT TO TWENTY-FIVE THOUSAND DOLLARS FOR NORTH CAROLINA RESIDENTS WHO ARE AT LEAST SIXTY-FIVE YEARS OF AGE OR WHO ARE TOTALLY AND PERMANENTLY DISABLED.* Amends GS 105-277.1(a2) to increase the property tax homestead exclusion income limit to \$25,000 beginning with the 2008-09 tax year. For subsequent tax years, the amount is indexed to annual Social Security cost of living adjustments.

July 30, 2007

**H 1499. PROPERTY TAX AND PUV CHANGES AND STUDIES (NEW).** Filed 4/16/07. Senate committee substitute deletes all provisions of the 3rd edition and replaces it with *AN ACT TO INCREASE THE BENEFIT OF THE PROPERTY TAX HOMESTEAD EXCLUSION BY RAISING BOTH THE INCOME ELIGIBILITY LIMIT AND THE AMOUNT EXCLUDED FROM TAXATION; TO AUTHORIZE THE REVENUE LAWS STUDY COMMITTEE TO STUDY WHETHER AND HOW TO INDEX THE MINIMUM AMOUNT THAT IS EXCLUDED FROM TAX; TO CREATE A SENIOR CIRCUIT BREAKER PROPERTY TAX BENEFIT; TO MODIFY THE PRESENT-USE VALUE REQUIREMENTS FOR AGRICULTURAL LAND USED AS AN AQUATIC SPECIES FARM; AND TO AUTHORIZE THE REVENUE LAWS STUDY COMMITTEE TO STUDY VARIOUS MODIFICATIONS AND EXPANSIONS TO THE PRESENT-USE VALUE SYSTEM.*

*Homestead exclusion.* Effective beginning with the 2008-09 property tax year, amends GS 105-277.1 to (1) increase the property tax homestead exclusion income limit to \$25,000 for 2008-09 and provide that for subsequent tax years, the amount is indexed to annual Social Security cost of living adjustments; (2) increase the floor for the amount excluded from \$20,000 to \$25,000, and (3) make a technical change to the definition of income. Authorizes the Revenue Laws Study Committee to study whether to index the exclusion amount floor.

*Property tax homestead circuit breaker.* Effective beginning with the 2008-09 property tax year, enacts new GS 105-277.1B, which defers property taxes on certain owner-occupied homes. The new statute applies to a permanent residence occupied by an owner who is a North Carolina resident at least 65 years old or permanently and totally disabled, has occupied the premises for at least five years, and has income of not more than 150% of the eligibility limit. The eligibility limit is determined according to GS 105-277.1 (property tax homestead exclusion). The owner may defer a portion of the tax on the residence to the extent the tax exceeds a percentage of the

owner's income. The percentage, which depends on the owner's income, is either 4% or 5%. Enacts new GS 105-277.1(e), providing that a qualifying taxpayer may choose either the existing homestead exclusion or the new circuit breaker, but not both.

The deferred portion of the taxes is a lien on the owner's real property and must be carried forward as deferred taxes. The deferred tax along with penalties and interest and taxes for the past three years must be paid within nine months after one of the following disqualifying events: (1) the owner transfers the property, (2) the owner dies, or (3) the owner no longer uses the property as a permanent residence. Allows continued deferral if the transfer is to a spouse or former spouse of the owner and the spouse qualifies for deferral and uses the property as a permanent residence. The assessor must notify the taxpayer annually of the accumulated sum of deferred taxes and interest. Includes provisions governing temporary absences, interruptions in qualification, prepayment, creditor payments, and applications. Makes conforming changes to GS 105-277.1 (property tax homestead exclusion), GS 105-282.1(a)(2) (applications for property tax benefits), and GS 105-309(f) (notice regarding homestead tax relief).

*Aquatic species farms/present use value taxation.* Effective beginning with the 2008-09 property tax year, amends GS 105-277.3(a)(1) (definition of *agricultural land*) to provide that if the agricultural land is used as an aquatic species farm, it must consist of at least five acres in actual production or produce at least 20,000 pounds for commercial sale annually. Reorganizes the provision.

*Study.* Authorizes the Revenue Laws Study Committee to study the inability of landowners to pay escalating property taxes while maintaining non-developmental uses. Provides for a report to the 2008 legislative session.

July 31, 2007

**H 1499. PROPERTY TAX AND PUV CHANGES AND STUDIES.** Filed 4/16/07. Senate amendment makes the following changes to 4th edition. Changes the effective date of Section 2.6 (apparently intends Part II of the bill, senior circuit breaker property tax benefit) from July 1, 2008, to July 1, 2009.

September 4, 2007

**SL 2007-497 (H 1499). PROPERTY TAX AND PUV CHANGES AND STUDIES.** AN ACT TO INCREASE THE BENEFIT OF THE PROPERTY TAX HOMESTEAD EXCLUSION BY RAISING BOTH THE INCOME ELIGIBILITY LIMIT AND THE AMOUNT EXCLUDED FROM TAXATION; TO AUTHORIZE THE REVENUE LAWS STUDY COMMITTEE TO STUDY WHETHER AND HOW TO INDEX THE MINIMUM AMOUNT THAT IS EXCLUDED FROM TAX; TO CREATE A SENIOR CIRCUIT BREAKER PROPERTY TAX BENEFIT; TO MODIFY THE PRESENT-USE VALUE REQUIREMENTS FOR AGRICULTURAL LAND USED AS AN AQUATIC SPECIES FARM; AND TO AUTHORIZE THE REVENUE LAWS STUDY COMMITTEE TO STUDY VARIOUS MODIFICATIONS AND EXPANSIONS TO THE PRESENT-USE VALUE SYSTEM. Summarized in *Daily Bulletin* 7/30/07 and 7/31/07. Enacted August 30, 2007. Effective August 30, 2007.