

March 22, 2007

**S 1442. CIRCUIT BREAKER PROPERTY TAX BENEFIT.** Filed 3/21/07. *TO CREATE A CIRCUIT BREAKER PROPERTY TAX BENEFIT.*

Effective for taxes imposed for taxable years beginning on or after July 1, 2008, enacts a new GS 105-277.1B, which reduces property taxes on certain owner-occupied homes (homestead property tax circuit breaker). The new provision applies to a permanent residence occupied by an owner who is a North Carolina resident, has occupied the premises for at least five years, and has income below the eligibility limit. The eligibility limit is determined according to GS 105-277.1(a2) (property tax homestead exclusion). The tax on the residence is reduced by a percentage, which depends on the owner's income. The percentage ranges from 4% to 5%. Provides that a qualifying taxpayer may choose either the existing homestead exclusion or the new circuit breaker, but not both. The act 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).

The difference between the reduced tax provided by the homestead property tax circuit breaker and the tax that would have been owed without it is a lien on the property and must be carried forward as deferred taxes. The deferred tax for the past three years along with penalties and interest must be paid within nine months of the death of the property owner or transfer of the property. 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 primary residence. The assessor must notify the taxpayer annually of the accumulated sum of deferred taxes and interest.

**Intro. by Snow.**

GS 105

July 30, 2007

**S 1442. SENIOR CIRCUIT BREAKER TAX BENEFIT (NEW).** Filed 3/21/07. Senate committee substitute makes the following changes to 1st edition. As revised, the bill enacts a 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 property 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%. Provides that when there are multiple owners of a permanent residence, other than husband and wife, all of the owners must (1) qualify for the property tax homestead circuit breaker, and (2) elect to defer taxes under the section. 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). Effective beginning with the 2008-09 property tax year.

July 31, 2007

**S 1442. SENIOR CIRCUIT BREAKER TAX BENEFIT.** Filed 3/21/07. Senate amendment makes the following changes to 2nd edition. Delays the effective date of the act from July 1, 2008, to July 1, 2009.

