

GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2023

H.B. 37  
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HOUSE PRINCIPAL CLERK

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HOUSE BILL DRH30017-NIF-18

Short Title: Expand Disabled Veteran Property Tax Excl. (Public)

Sponsors: Representative Everitt.

Referred to:

1 A BILL TO BE ENTITLED  
2 AN ACT TO EXPAND THE DISABLED VETERAN PROPERTY TAX HOMESTEAD  
3 EXCLUSION BY EXCLUDING FROM TAXATION THE ENTIRE APPRAISED VALUE  
4 OF THE PRIMARY RESIDENCE AND TO REIMBURSE LOCAL GOVERNMENTS  
5 FOR THEIR RESULTING REVENUE LOSS.

6 The General Assembly of North Carolina enacts:

7 **SECTION 1.** G.S. 105-277.1C reads as rewritten:

8 **"§ 105-277.1C. Disabled veteran property tax homestead exclusion.**

9 (a) Classification. – A permanent residence owned and occupied by a qualifying owner  
10 is designated a special class of property under Article V, Section 2(2) of the North Carolina  
11 Constitution and is taxable in accordance with this section. The ~~first forty-five thousand dollars~~  
12 ~~(\$45,000)~~ of appraised value of the residence is excluded from taxation. A qualifying owner who  
13 receives an exclusion under this section may not receive other property tax relief.

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

15 (1) Disabled veteran. – A veteran of any branch of the Armed Forces of the United  
16 States whose character of service at separation was honorable or under  
17 honorable conditions and who satisfies one of the following requirements:

18 a. As of January 1 preceding the taxable year for which the exclusion  
19 allowed by this section is claimed, the veteran had received benefits  
20 under 38 U.S.C. § 2101.

21 b. The veteran has received a certification by the United States  
22 Department of Veterans Affairs or another federal agency indicating  
23 that, as of January 1 preceding the taxable year for which the exclusion  
24 allowed by this section is claimed, he or she has a service-connected,  
25 permanent, and total disability.

26 c. The veteran is deceased and the United States Department of Veterans  
27 Affairs or another federal agency has certified that, as of January 1  
28 preceding the taxable year for which the exclusion allowed by this  
29 section is claimed, the veteran's death was the result of a  
30 service-connected condition.

31 (2) Repealed by Session Laws 2009-445, s. 22(c), effective for taxes imposed for  
32 taxable years beginning on or after July 1, 2009.

33 (2a) Hold harmless amount. – The appraised value of a property excluded from  
34 taxation under subsection (a) of this section multiplied by the applicable local  
35 tax rate.

36 (3) Permanent residence. – Defined in G.S. 105-277.1.



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- 1 (4) Property tax relief. – Defined in G.S. 105-277.1.
- 2 (4a) Qualifying owner. – An owner, as defined in G.S. 105-277.1, who is a North
- 3 Carolina resident and one of the following:
- 4 a. A disabled veteran.
- 5 b. The surviving spouse of a disabled veteran who has not remarried.
- 6 (5), (6) Repealed by Session Laws 2009-445, s. 22(c), effective for taxes imposed for
- 7 taxable years beginning on or after July 1, 2009.
- 8 (7) Service-connected. – Defined in 38 U.S.C. § 101.
- 9 (8) Total hold harmless amount. – The sum of the following:
- 10 a. The hold harmless amount for all property excluded from taxation
- 11 under subsection (a) of this section in the county.
- 12 b. The hold harmless amount for all property excluded from taxation
- 13 under subsection (a) of this section in the cities located in the county.
- 14 ...
- 15 (g) Reimbursement. – On or before September 1 of each year, each county tax collector
- 16 shall notify the Secretary of Revenue, in a manner prescribed by the Secretary, of the county's
- 17 total hold harmless amount. A county that fails to notify the Secretary of Revenue of its total hold
- 18 harmless amount by the due date is barred from receiving a reimbursement under this subsection
- 19 for that taxable year. On or before December 31 of each year, the Secretary of Revenue shall
- 20 distribute to each county its respective total hold harmless amount.
- 21 Any funds received by a county that are attributable to a city within the county must be
- 22 distributed to that respective city. Any funds received by a county or city because the county or
- 23 city was collecting taxes for another unit of government or special district must be credited to the
- 24 funds of that other unit or district in accordance with regulations issued by the Local Government
- 25 Commission.
- 26 In order to pay for the reimbursement under this section and the cost to the Department of
- 27 Revenue of administering the reimbursement, the Secretary of Revenue shall draw from
- 28 collections received under Part 2 of Article 4 of this Chapter an amount equal to the
- 29 reimbursement and the cost of administration."
- 30 **SECTION 2.** This act is effective for taxes imposed for taxable years beginning on
- 31 or after July 1, 2024.