GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2025

H.B. 432
Mar 18, 2025
HOUSE PRINCIPAL CLERK

H **D**

HOUSE BILL DRH10157-NIf-7A

Short Title:	Protect Our Homes Act.	(Public)
Sponsors:	Representative Echevarria.	
Referred to:		

A BILL TO BE ENTITLED

AN ACT TO INCREASE THE EXCLUSION AMOUNT UNDER THE ELDERLY OR DISABLED PROPERTY TAX HOMESTEAD EXCLUSION, TO EXPAND THE DISABLED VETERAN PROPERTY TAX HOMESTEAD EXCLUSION, TO CREATE THE HOMEOWNER ADVANTAGE PROPERTY TAX RELIEF PROGRAM AND THE ELDERLY PROPERTY TAX HOMESTEAD CIRCUIT BREAKER PROGRAM AND TO MAKE CONFORMING CHANGES NECESSARY TO IMPLEMENT THOSE PROGRAMS, AND TO CREATE EXEMPTIONS TO THE FORCED SALE OF A HOMESTEAD.

The General Assembly of North Carolina enacts:

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

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

(a) Exclusion. – A permanent residence owned and occupied by a qualifying owner is designated a special class of property under Article V, Sec. 2(2) of the North Carolina Constitution and is taxable in accordance with this section. The amount of the appraised value of the residence equal to the exclusion amount is excluded from taxation. The exclusion amount is the greater of ~~twenty-five thousand dollars ($25,000)~~ (i) fifty thousand dollars ($50,000) or (ii) fifty percent (50%) of the appraised value of the residence. An owner who receives an exclusion under this section may not receive other property tax relief.

…

(a2) Income Eligibility Limit. – For the taxable year beginning on July 1, ~~2008,~~ 2026, the income eligibility limit is ~~twenty-five thousand dollars ($25,000).~~ forty-eight thousand dollars ($48,000). For taxable years beginning on or after July 1, ~~2009,~~ 2027, the income eligibility limit is the amount for the preceding year, adjusted by the same percentage of this amount as the percentage of any cost-of-living adjustment made to the benefits under Titles II and XVI of the Social Security Act for the preceding calendar year, rounded to the nearest one hundred dollars ($100.00). On or before July 1 of each year, the Department of Revenue must determine the income eligibility amount to be in effect for the taxable year beginning the following July 1 and must notify the assessor of each county of the amount to be in effect for that taxable year.

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

…

(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.~~ G.S. 105-277.1C, the homeowner advantage

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property tax relief provided in G.S. 105-277.1E, or the elderly property tax homestead circuit breaker provided in G.S. 105-277.1G.

…."

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

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

(a) Classification. – A permanent residence owned and occupied by a qualifying owner is designated a special class of property under Article V, Section 2(2) of the North Carolina Constitution and is taxable in accordance with this section. The ~~first forty-five thousand dollars ($45,000)~~ lesser of (i) fifty percent (50%) of the appraised value of the residence or (ii) one hundred thousand dollars ($100,000) is excluded from taxation. A qualifying owner who receives an exclusion under this section may not receive other property tax relief.

…."

SECTION 1.(c) Article 12 of Chapter 105 of the General Statutes is amended by adding three new sections to read:

"**§ 105-277.1E. Homeowner advantage property tax relief.**

(a) Classification. – A permanent residence owned and occupied by a qualifying owner is designated a special class of property under Article V, Section 2(2) of the North Carolina Constitution and is taxable in accordance with this section.

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

(1) Baseline value. – The appraised value of a permanent residence as of January 1 of the baseline year.

(2) Baseline year. – The first year in which a qualifying owner receives property tax relief under this section.

(3) Owner. – Defined in G.S. 105-277.1.

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

(5) Rate of inflation. – The percentage change in the Consumer Price Index for All Urban Consumers, U.S. City Average, All Items, as published by the Bureau of Labor Statistics of the United States Department of Labor.

(c) Qualifying Owner. – For the purpose of qualifying for the homeowner advantage property tax relief under this section, 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 has occupied the property as a permanent residence for at least two years immediately preceding the owner's filing for property tax relief under this section.

(2) The owner is a North Carolina resident.

(d) Limitation. – Except as provided in subsection (e) of this section, the taxable value of the permanent residence of a qualifying owner shall not exceed its baseline value by an amount more than (i) the average rate of inflation per year between consecutive general reappraisals, or three percent (3%) per year, whichever is less, and (ii) fifteen percent (15%) cumulatively.

(e) Exceptions. – Except as provided in subdivision (1) of this subsection, the county shall reappraise the permanent residence of a qualifying owner at its true value in a year in which any of the following conditions are met:

(1) There is a physical change in the land or to improvements on the land other than a change listed in G.S. 105-287(b); provided that a reappraisal of a permanent residence under this subdivision shall only consider factors that are directly attributable to the change or improvement and shall not consider external market forces or other factors otherwise includable in the determination of true value. A qualifying owner shall provide all relevant documentation necessary for a reappraisal under this subdivision on a form and in a manner prescribed by the Department. The permanent residence of a

qualifying owner who fails to provide necessary documentation under this subdivision may be reappraised at true value. A residence reappraised under this subdivision shall be subject to subsection (d) of this section at the time of subsequent reappraisals conducted pursuant to G.S. 105-286.

(2) Except as provided in subsections (f), (i), and (j) of this section, the qualifying owner no longer occupies the residence as a permanent residence.

(f) Temporary Absence. – An otherwise qualifying owner does not lose the benefit of this property tax relief 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.

(g) Application. – An application for property tax relief 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 June 1 preceding the tax year for which the relief is claimed. Persons may apply for this property tax relief by entering the appropriate information on a form made available by the assessor under G.S. 105-282.1.

(h) Multiple Ownership. – A permanent residence owned and occupied by a husband and wife is entitled to the full benefit of the property tax relief under this section notwithstanding that only one of them meets the length of occupancy 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 relief is allowed under this section unless all of the owners qualify.

(i) Death of Owner. – A permanent residence owned and occupied by a qualifying owner is entitled to the full benefit of the property tax relief under this section notwithstanding the death of the owner provided that (i) the deceased owner's share passes to a co-owner of the residence or to the deceased owner's spouse and (ii) that individual occupies or continues to occupy the property as their permanent residence.

(j) Transfer. – A permanent residence owned and occupied by a qualifying owner is entitled to the full benefit of the property tax relief under this section notwithstanding the transfer of the residence by the owner provided that (i) the owner transfers the residence to a co-owner of the residence or, as part of a divorce proceeding, to the owner's spouse and (ii) that individual occupies or continues to occupy the property as their permanent residence.

"**§ 105-277.1G. Elderly property tax homestead circuit breaker.**

(a) Classification. – A permanent residence owned and occupied by a qualifying owner is designated a special class of property under Article V, Section 2(2) of the North Carolina Constitution and is taxable in accordance with this section.

(b) Definitions. – The definitions provided in G.S. 105-277.1 apply to this section.

(c) Income Eligibility Limit. – The income eligibility limit provided in G.S. 105-277.1(a2) applies to this section.

(d) Qualifying Owner. – For the purpose of qualifying for the elderly property tax homestead circuit breaker under this section, 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 has an income for the preceding calendar year of not more than one hundred percent (100%) of the income eligibility limit specified in subsection (c) of this section.

(2) The owner has owned the property as a permanent residence for at least 10 consecutive years and has occupied the property as a permanent residence for at least 10 years.

(3) The owner is at least 85 years of age.

(4) The owner is a North Carolina resident.

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

(f) Tax Limitation. – A qualifying owner may defer 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 of 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	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.

(k) 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.

(*l*) Construction. – This section does not affect the attachment of a lien for personal property taxes against a tax-deferred residence.

(m) Application. – An application for property tax relief 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 June 1 preceding the tax year for which the relief is claimed. Persons may apply for this property tax relief by entering the appropriate information on a form made available by the assessor under G.S. 105-282.1.

"**§ 105-277.1H. Property tax relief portability.**

(a) Purpose. – The purpose of this section is to ensure continuity in property tax relief for new owners of a primary residence by allowing owners to transfer property tax relief to their new primary residence.

(b) Definitions. – The definitions provided in G.S. 105-277.1 apply in this section.

(c) Portability. – An owner who qualifies for property tax relief may purchase a new primary residence and, notwithstanding the durational residency requirements of G.S. 105-277.1B, 105-277.1E, and 105-277.1G, may continue to qualify for property tax relief provided the owner (i) continues to meet all other requirements for property tax relief and (ii) files an application with the assessor of the county in which the new primary residence is situated in accordance with subsection (d) of this section.

(d) Application Required. – In order to transfer property tax relief under this section, an owner shall submit (i) an application in accordance with G.S. 105-282.1(a)(2)g. and (ii) any other relevant documentation that an assessor deems necessary to verify an owner's qualifications for property tax relief portability under this section."

SECTION 1.(d) G.S. 105-282.1(a)(2) reads as rewritten:

"(2) Single application required. – An owner of one or more of the following properties eligible for a property tax benefit must file an application for the benefit to receive it. Once the application has been approved, the owner does not need to file an application in subsequent years unless new or additional property is acquired or improvements are added or removed, necessitating a change in the valuation of the property, or there is a change in the use of the property or the qualifications or eligibility of the taxpayer necessitating a review of the benefit. The properties are as follows:

a. **(Effective for taxes imposed for taxable years beginning before July 1, 2022)** Property exempted from taxation under G.S. 105-278.3, 105-278.4, 105-278.5, 105-278.6, 105-278.7, or 105-278.8.

a. **(Effective for taxes imposed for taxable years beginning on or after July 1, 2022)** Property exempted from taxation under G.S. 105-278.2(a), 105-278.3, 105-278.4, 105-278.5, 105-278.6, 105-278.7, or 105-278.8.

b. Special classes of property excluded from taxation under G.S. 105-275(3), (7), (8), (12), (17), (18), (19), (20), (21), (31e), (35), (36), (38), (39), (41), (45), (46), (47), (48), or (49) or under G.S. 131A-21.

c. **(Effective for taxable years imposed for taxable years beginning before July 1, 2019)** Special classes of property classified for taxation at a reduced valuation under G.S. 105-277(h), 105-277.1, 105-277.1C, 105-277.10, 105-277.13, 105-277.14, 105-277.15, 105-277.17, or 105-278.

c. **(Effective for taxable years imposed for taxable years beginning on or after July 1, 2019)** Special classes of property classified for taxation at a reduced valuation under G.S. 105-277(h), 105-277.02, 105-277.1, 105-277.1C, 105-277.10, 105-277.13, 105-277.14, 105-277.15, 105-277.17, or 105-278.

d. Property owned by a nonprofit homeowners' association but where the value of the property is included in the appraisals of property owned by members of the association under G.S. 105-277.8.

e. Repealed by Session Laws 2008-35, s. 1.2, effective for taxes imposed for taxable years beginning on or after July 1, 2008.

f. Special classes of property eligible for tax relief under G.S. 105-277.1E.

g. Property that qualifies for property tax relief portability under G.S. 105-277.1H."

SECTION 1.(e) G.S. 105-283 reads as rewritten:

"**§ 105-283. Uniform appraisal standards.**

~~All~~ Except as provided in G.S. 105-277.1E, all property, real and personal, shall as far as practicable be appraised or valued at its true value in money. When used in this Subchapter, the words "true value" shall be interpreted as meaning market value, that is, the price estimated in terms of money at which the property would change hands between a willing and financially able buyer and a willing seller, neither being under any compulsion to buy or to sell and both having reasonable knowledge of all the uses to which the property is adapted and for which it is capable of being used. For the purposes of this section, the acquisition of an interest in land by an entity having the power of eminent domain with respect to the interest acquired shall not be considered competent evidence of the true value in money of comparable land."

SECTION 1.(f) G.S. 105-284 reads as rewritten:

"**§ 105-284. Uniform assessment standard.**

(a) Except as otherwise provided in G.S. 105-277.1E and in this section, all property, real and personal, shall be assessed for taxation at its true value or use value as determined under G.S. 105-283 or G.S. 105-277.6, and taxes levied by all counties and municipalities shall be levied uniformly on assessments determined in accordance with this section.

…."

SECTION 1.(g) G.S. 105-309(f) reads as rewritten:

"(f) The assessor must print a homestead tax relief notice on each abstract or on an information sheet distributed with the abstract. The abstract or sheet must include the address and telephone number of the assessor below the notice required by this section. The notice must be in the form required by the Department of Revenue designed to notify the taxpayer of his or her rights and responsibilities under the homestead property tax exclusion provided in ~~G.S. 105-277.1 and~~ G.S. 105-277.1, the property tax homestead circuit breaker provided in ~~G.S. 105-277.1B.~~G.S. 105-277.1B, the homeowner advantage property tax relief provided in G.S. 105-277.1E, and the elderly property tax homestead circuit breaker provided in G.S. 105-277.1G."

SECTION 2. Article 16 of Chapter 1C of the General Statutes is amended by adding a new section to read:

"**§ 1C-1605. Homestead exemption from forced sale.**

(a) This section applies to real or personal property owned by a debtor that the debtor has used as the debtor's primary residence for a period of at least 40 consecutive months from the date of purchase of the property for claims in bankruptcy or 24 consecutive months from the date of purchase of the property for all other claims.

(b) A judgment entered against the owner of property subject to this section may be placed as a lien against the property, but the property is exempt from forced sale under Article 29B of Chapter 1 of the General Statutes or any other provision of State law. The lien may be enforced any time ownership of the property is transferred.

(c) The exemption of subsection (b) of this section is inapplicable to claims:

(1) Of the United States or its agencies as provided by federal law.

(2) Of the State or its subdivisions for property taxes, appearance bonds, or fiduciary bonds.

(3) Of lien by a laborer for work done and performed for the person claiming the exemption, but only as to the specific property affected.

(4) Of lien by a mechanic for work done on the premises, but only as to the specific property affected.

(5) For payment of obligations contracted for the purchase of the specific real property affected.

(6) For payment of overdue obligations, fines, or assessments due to a homeowners' association.

(7) Of a creditor for any debt if a judgment for the debt was entered against the property owner prior to the twenty-fourth month of consecutive ownership."

SECTION 3. The Department of Revenue (Department) shall study ways to abolish the statutory framework for the listing, appraisal, and assessment of real property under Chapter 105 of the General Statutes and shall develop a framework to eliminate property taxes on real property in this State. The Department shall develop a framework to replace property tax revenues through State and local budget reductions, sales-based consumption taxes, and locally determined consumption taxes. The study must include, at a minimum, the following information:

(1) An analysis of the potential impact of eliminating property taxes on public services, including education, infrastructure, and emergency services.

(2) An assessment of potential housing market fluctuations, including changes in homeownership rates and property values.

(3) An evaluation of whether a shift to consumption-based taxes would make North Carolina more attractive to businesses compared to other states.

(4) An analysis of the potential impact of eliminating property taxes on overall economic stability, consumer behavior, and long-term economic growth.

The Department may consult with any other relevant State, local, or private entity in conducting the study required by this section. The Department shall report its findings to the Joint Legislative Oversight Committee on General Government by February 1, 2026.

SECTION 4. Section 1 of this act is effective for taxes imposed for taxable years beginning on or after July 1, 2026. Section 2 of this act is effective beginning October 1, 2025, and applies to judgments entered against a debtor on or after that date. The remainder of this act is effective when it becomes law.