

# Withdrawn



NORTH CAROLINA GENERAL ASSEMBLY  
AMENDMENT  
Senate Bill 889

AMENDMENT NO. A3  
(to be filled in by  
Principal Clerk)

S889-ABAfa-36 [v.3]

Page 1 of 8

Amends Title [YES]  
First Edition

Date \_\_\_\_\_, 2026

Senator Murdock

1 moves to amend the bill on page 1, line 6, by inserting the following after the word  
2 "REAPPRAISAL,":

3 "APPROPRIATING MONEY TO THE NORTH CAROLINA ASSOCIATION OF  
4 COUNTY COMMISSIONERS TO PROMOTE THE STATE'S PROPERTY TAX RELIEF  
5 PROGRAMS, REDUCING THE APPROPRIATION FOR OPPORTUNITY  
6 SCHOLARSHIPS, MODIFYING THE PROPERTY TAX HOMESTEAD CIRCUIT  
7 BREAKER, GRADUALLY INCREASING THE EXEMPTION AMOUNT UNDER THE  
8 DISABLED VETERAN PROPERTY TAX HOMESTEAD EXCLUSION, ALLOWING  
9 DISABLED VETERANS TO PREQUALIFY FOR THE DISABLED VETERAN  
10 PROPERTY TAX HOMESTEAD EXCLUSION, EXCLUDING THE PRIMARY MOTOR  
11 VEHICLE OWNED BY A ONE HUNDRED PERCENT DISABLED VETERAN FROM  
12 THE PROPERTY TAX, REQUIRING ASSESSORS TO PROVIDE WRITTEN NOTICE  
13 TO PROPERTY OWNERS OF CERTAIN INFORMATION RELATED TO THE  
14 REVALUATION OF REAL PROPERTY";

15  
16 and on page 1, lines 28-29, by inserting the following between those lines:

17 "SECTION 1.1.(a) There is appropriated from the General Fund to the North  
18 Carolina Association of County Commissioners (Association) the nonrecurring sum of two  
19 hundred fifty thousand dollars (\$250,000) for the 2026-2027 fiscal year to be used by the  
20 Association to provide grants to counties for advertising and promoting the State's property tax  
21 relief programs under Subchapter II of Chapter 105 of the General Statutes.

22 SECTION 1.1.(b) This section becomes effective July 1, 2026.

23 SECTION 1.1A.(a) Notwithstanding G.S. 115C-562.8 and any other provision of  
24 law to the contrary, the State Education Assistance Authority shall transfer to the Office of State  
25 Budget and Management for remittance to the General Fund the sum of two hundred million  
26 dollars (\$200,000,000) in unencumbered, nonrecurring funds remaining at the end of the 2025-  
27 2026 fiscal year that would otherwise be carried forward in the 2026-2027 fiscal year for the  
28 award of opportunity scholarship grants pursuant to G.S. 115C-562.8(d)(2).

29 SECTION 1.1A.(b) This section becomes effective July 1, 2026.

30 SECTION 1.2.(a) G.S. 105-277.1B reads as rewritten:

31 "§ 105-277.1B. Property tax homestead circuit breaker.

32 ...



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NORTH CAROLINA GENERAL ASSEMBLY  
AMENDMENT  
Senate Bill 889

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AMENDMENT NO. A3  
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Principal Clerk)

S889-ABAfa-36 [v.3]

Page 2 of 8

1 (b) Definitions. – The following definitions and, to the extent consistent with this section,  
2 the definitions provided in G.S. 105-277.1 apply to this section-section:

3 (1) Hold harmless amount. – The tax deferred under subsection (f) of this section.

4 (2) Total hold harmless amount. – The sum of the following:

5 a. The hold harmless amount for all permanent residences in the county.

6 b. The hold harmless amount for all permanent residences in cities  
7 located within the county.

8 (c) Income Eligibility Limit. – The income eligibility limit provided in G.S.  
9 105-277.1(a2) applies to this section. For the taxable year beginning July 1, 2027, the income  
10 eligibility limit is forty-five thousand dollars (\$45,000). For taxable years beginning on or after  
11 July 1, 2028, the income eligibility limit is the amount for the preceding year, adjusted by the  
12 same percentage of this amount as the percentage of any cost-of-living adjustment made to the  
13 benefits under Titles II and XVI of the Social Security Act for the preceding calendar year,  
14 rounded to the nearest one hundred dollars (\$100.00).

15 (c1) Income Eligibility Limit for Married Applicants. – The income eligibility limit for  
16 married applicants residing with their spouse is two hundred percent (200%) of the income  
17 eligibility limit provided in subsection (c) of this section for the taxable year.

18 ...

19 (o) Reimbursement. – On or before September 1 of each year, each county tax collector  
20 shall notify the Secretary of Revenue, in a manner prescribed by the Secretary, of the county's  
21 total hold harmless amount. A county that fails to notify the Secretary of Revenue of its total hold  
22 harmless amount by the due date is barred from receiving a reimbursement under this subsection  
23 for that taxable year. On or before December 31 of each year, the Secretary of Revenue shall  
24 distribute to each county its respective total hold harmless amount.

25 Any funds received by a county that are attributable to a city within the county must be  
26 distributed to that respective city. Any funds received by a county or city because the county or  
27 city was collecting taxes for another unit of government or special district must be credited to the  
28 funds of that other unit or district in accordance with regulations issued by the Local Government  
29 Commission.

30 In order to pay for the reimbursement under this section and the cost to the Department of  
31 Revenue of administering the reimbursement, the Secretary of Revenue shall draw from  
32 collections received under Part 2 of Article 4 of this Chapter an amount equal to the  
33 reimbursement and the cost of administration."

34 **SECTION 1.2.(b)** This section is effective for taxes imposed for taxable years  
35 beginning on or after July 1, 2027.

36 **SECTION 1.3.(a)** For taxes imposed for taxable years beginning on or after July 1,  
37 2026, G.S. 105-277.1C reads as rewritten:

38 "**§ 105-277.1C. Disabled veteran property tax homestead exclusion.**

39 (a) Classification. – A permanent residence owned and occupied by a qualifying owner  
40 is designated a special class of property under Article V, Section 2(2) of the North Carolina  
41 Constitution and is taxable in accordance with this section. The first ~~forty-five~~ seventy-five  
42 thousand dollars (\$45,000)–(\$75,000) of appraised value of the residence is excluded from

NORTH CAROLINA GENERAL ASSEMBLY  
AMENDMENT  
Senate Bill 889

Withdrawn

AMENDMENT NO. A3  
(to be filled in by  
Principal Clerk)

S889-ABAfa-36 [v.3]

Page 3 of 8

1 taxation. A qualifying owner who receives an exclusion under this section may not receive other  
2 property tax relief.

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

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

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

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

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

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

22 (2a) Hold harmless amount. – The appraised value of a property excluded from  
23 taxation under subsection (a) of this section multiplied by the applicable local  
24 tax rate.

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

26 (4) Property tax relief. – Defined in G.S. 105-277.1.

27 (4a) Qualifying owner. – An owner, as defined in G.S. 105-277.1, who is a North  
28 Carolina resident and one of the following:

29 a. A disabled veteran.

30 b. The surviving spouse of a disabled veteran who has not remarried.

31 (5), (6) 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 (7) Service-connected. – Defined in 38 U.S.C. § 101.

34 (8) Total hold harmless amount. – The sum of the following:

35 a. The hold harmless amount for all property excluded from taxation  
36 under subsection (a) of this section in the county multiplied by fifty  
37 percent (50%).

38 b. The hold harmless amount for all property excluded from taxation  
39 under subsection (a) of this section in the cities located in the county  
40 multiplied by fifty percent (50%).

41 ...

42 (f) Application. – An application for the exclusion allowed under this section should be  
43 filed during the regular listing period but may be filed and must be accepted at any time up to

NORTH CAROLINA GENERAL ASSEMBLY  
AMENDMENT  
Senate Bill 889

Withdrawn

AMENDMENT NO. A3  
(to be filled in by  
Principal Clerk)

S889-ABAfa-36 [v.3]

Page 4 of 8

1 and through June 1 preceding the tax year for which the exclusion is claimed. An applicant for  
2 an exclusion under this section must establish eligibility for the exclusion by providing a copy of  
3 the veteran's disability certification or evidence of benefits received under 38 U.S.C. § 2101. An  
4 assessor may accept the prequalification notice under subsection (h) of this section to establish  
5 eligibility for the exclusion provided in this section in lieu of a veteran's disability certification  
6 or evidence of benefits received under 38 U.S.C. § 2101.

7 (g) Reimbursement. – On or before September 1 of each year, each county tax collector  
8 shall notify the Secretary of Revenue, in a manner prescribed by the Secretary, of the county's  
9 total hold harmless amount. A county that fails to notify the Secretary of Revenue of its total hold  
10 harmless amount by the due date is barred from receiving a reimbursement under this subsection  
11 for that taxable year. On or before December 31 of each year, the Secretary of Revenue shall  
12 distribute to each county its respective total hold harmless amount; provided, however, that if the  
13 hold harmless amount for any city or county exceeds one percent (1%) of its total general fund  
14 revenue for the most recent fiscal year, the Secretary of Revenue shall also reimburse that city or  
15 county for all amounts exceeding that threshold.

16 Any funds received by a county that are attributable to a city within the county must be  
17 distributed to that respective city. Any funds received by a county or city because the county or  
18 city was collecting taxes for another unit of government or special district must be credited to the  
19 funds of that other unit or district in accordance with regulations issued by the Local Government  
20 Commission.

21 In order to pay for the reimbursement under this section and the cost to the Department of  
22 Revenue of administering the reimbursement, the Secretary of Revenue shall draw from  
23 collections received under Part 2 of Article 4 of this Chapter an amount equal to the  
24 reimbursement and the cost of administration.

25 (h) Prequalification. – A disabled veteran or the surviving spouse of a disabled veteran  
26 who has not remarried may apply for prequalification of the property tax relief provided by this  
27 section notwithstanding that the disabled veteran or the surviving spouse of a disabled veteran  
28 who has not remarried is not an owner of a permanent residence at the time that the application  
29 for prequalification is submitted. It is the intent of the General Assembly to allow taxpayers and  
30 lenders to determine, in advance of the purchase of a primary residence, the availability of the  
31 tax benefit provided by this section in order to facilitate omitting exempted amounts from  
32 determinations of payment calculations. An application for prequalification under this subsection  
33 may be filed at any time, must be submitted on a form approved by the Department, and must be  
34 accompanied by a copy of the veteran's disability certification or evidence of benefits received  
35 under 38 U.S.C. § 2101. Application forms under this subsection must be made available by the  
36 assessor. Upon receipt of an application under this subsection, the assessor of the county in which  
37 the application is filed must notify the applicant of the applicant's qualification for eligibility for  
38 property tax relief under this section within 30 days. Upon purchasing a permanent residence, an  
39 applicant who has received prequalification under this subsection must apply for the property tax  
40 relief provided by this section as required under subsection (f) of this section."

41 **SECTION 1.3.(b)** For taxes imposed for taxable years beginning on or after July 1,  
42 2027, G.S. 105-277.1C(a), as amended by subsection (a) of this section, reads as rewritten:

NORTH CAROLINA GENERAL ASSEMBLY  
AMENDMENT  
Senate Bill 889

Withdrawn

AMENDMENT NO. A3  
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S889-ABAfa-36 [v.3]

Page 5 of 8

1       "(a) Classification. – A permanent residence owned and occupied by a qualifying owner  
2 is designated a special class of property under Article V, Section 2(2) of the North Carolina  
3 Constitution and is taxable in accordance with this section. The first ~~seventy-five~~ one hundred  
4 twenty-five thousand dollars ~~(\$75,000)–(\$125,000)~~ of appraised value of the residence is  
5 excluded from taxation. A qualifying owner who receives an exclusion under this section may  
6 not receive other property tax relief."

7       **SECTION 1.3.(c)** For taxes imposed for taxable years beginning on or after July 1,  
8 2028, G.S. 105-277.1C(a), as amended by subsection (b) of this section, reads as rewritten:

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 one hundred twenty-five~~  
12 ~~thousand dollars (\$125,000)~~ of amount of the appraised value of the residence equal to the  
13 exclusion amount is excluded from taxation. The exclusion amount is the lesser of five hundred  
14 thousand dollars (\$500,000) or one hundred percent (100%) of the appraised value of the  
15 residence. A qualifying owner who receives an exclusion under this section may not receive other  
16 property tax relief."

17       **SECTION 1.4.(a)** G.S. 105-275 reads as rewritten:

18       "**§ 105-275. Property classified and excluded from the tax base.**

19       The following classes of property are designated special classes under Article V, Sec. 2(2),  
20 of the North Carolina Constitution and are excluded from tax:

21       ...

22       (5b) A motor vehicle (i) owned by a person who has a one hundred percent (100%)  
23 disability rating certified by the United States Department of Veterans Affairs  
24 and (ii) used by that person as their primary personal vehicle. The exclusion  
25 provided by this subdivision shall not apply to vehicles used primarily for  
26 business or commercial purposes.

27       ...."

28       **SECTION 1.4.(b)** G.S. 105-330.4 is amended by adding a new subsection to read:

29       "**(f) Hold Harmless Reimbursement.** – On or before September 1 of each year, each county  
30 tax collector shall notify the Secretary of Revenue, in a manner prescribed by the Secretary, of  
31 the county's total hold harmless amount. A county that fails to notify the Secretary of Revenue  
32 of its total hold harmless amount by the due date is barred from receiving a reimbursement under  
33 this subsection for that taxable year. On or before December 31 of each year, the Secretary of  
34 Revenue shall distribute to each county its respective total hold harmless amount; provided,  
35 however, that if the hold harmless amount for any city or county exceeds one percent (1%) of its  
36 total general fund revenue for the most recent fiscal year, the Secretary of Revenue shall also  
37 reimburse that city or county for all amounts exceeding that threshold.

38       Any funds received by a county that are attributable to a city within the county must be  
39 distributed to that respective city. Any funds received by a county or city because the county or  
40 city was collecting taxes for another unit of government or special district must be credited to the  
41 funds of that other unit or district in accordance with regulations issued by the Local Government  
42 Commission.

NORTH CAROLINA GENERAL ASSEMBLY  
AMENDMENT  
Senate Bill 889

Withdrawn

AMENDMENT NO. A3  
(to be filled in by  
Principal Clerk)

S889-ABAfa-36 [v.3]

Page 6 of 8

1        In order to pay for the reimbursement under this subsection and the cost to the Department  
2 of Revenue of administering the reimbursement, the Secretary of Revenue shall draw from  
3 collections received under Part 2 of Article 4 of this Chapter an amount equal to the  
4 reimbursement and the cost of administration.

5        The following definitions apply in this subsection:

- 6            (1) Hold harmless amount. – The appraised value of property excluded from  
7 taxation under G.S. 105-275(5b) multiplied by the applicable local tax rate.  
8            (2) Total hold harmless amount. – The sum of the following:  
9                a. The hold harmless amount for all property excluded from taxation  
10 under G.S. 105-275(5b) in the county multiplied by fifty percent  
11 (50%).  
12                b. The hold harmless amount for all property excluded from taxation  
13 under G.S. 105-275(5b) in cities located in the county multiplied by  
14 fifty percent (50%)."

15        **SECTION 1.4.(c)** This section is effective when it becomes law and applies to motor  
16 vehicles registered on or after that date and to applications for motor vehicle property tax  
17 exemptions occurring on or after that date.

18        **SECTION 1.5.** There is appropriated from the General Fund to the North Carolina  
19 Department of Military and Veterans Affairs the sum of ten million dollars (\$10,000,000) in  
20 nonrecurring funds for the 2026-2027 fiscal year to be used for purposes consistent with Section  
21 1.5A of this act. Funds appropriated by this section shall not revert but shall remain available for  
22 purposes consistent with Section 1.5A of this act until expended.

23        **SECTION 1.5A.(a)** Veterans' Economic Development Incentive Grant Program  
24 Established. – There is established the Veterans' Economic Development Incentive Grant  
25 Program to be administered by the North Carolina Department of Military and Veterans Affairs.  
26 The purpose of the program is to provide financial assistance in the form of grants to eligible  
27 entities to promote affordable housing initiatives for veterans, infrastructure improvements for  
28 veterans, and veteran employment programs, in accordance with this section.

29        **SECTION 1.5A.(b)** Definitions. – The following definitions apply in this section:

- 30            (1) Department. – The North Carolina Department of Military and Veterans  
31 Affairs.  
32            (2) Eligible entity. – Any of the following:  
33                a. A nonprofit organization that (i) is organized and operated primarily  
34 for the benefit and service of veterans and (ii) the Department  
35 determines demonstrates a proven track record of adequately serving  
36 the needs of veterans.  
37                b. Local governments pursuing veteran-focused development initiatives,  
38 as determined by the Department.  
39                c. Nonprofit entities that collaborate with veterans' organizations to  
40 provide employment opportunities or housing solutions to veterans, as  
41 determined by the Department.  
42            (3) Local government. – A city or county, as those terms are defined in  
43 G.S. 160A-1 and G.S. 153A-1, respectively.

NORTH CAROLINA GENERAL ASSEMBLY  
AMENDMENT  
Senate Bill 889

Withdrawn

AMENDMENT NO. A3  
(to be filled in by  
Principal Clerk)

S889-ABAfa-36 [v.3]

Page 7 of 8

- 1 (4) Program. – The Veterans' Economic Development Incentive Grant Program  
2 established by this section.  
3 (5) Qualifying project. – A project by an eligible entity that (i) meets the  
4 requirements of one or more qualifying purposes as defined in this subsection  
5 and (ii) is a singular and self-contained project.  
6 (6) Qualifying purposes. – Any of the following:  
7 a. Affordable housing initiatives for veterans. – Programs that provide  
8 down payment assistance to veterans, home repair funding to veterans,  
9 or incentives for developers to create veteran-focused housing.  
10 b. Infrastructure improvements. – Projects that improve accessibility for  
11 disabled veterans in public facilities or community spaces.  
12 c. Veteran employment programs. – Initiatives that offer workforce  
13 training, job placement services, or entrepreneurship support tailored  
14 to veterans.

15 **SECTION 1.5A.(c) Eligibility.** – An eligible entity is eligible for a grant under the  
16 program.

17 **SECTION 1.5A.(d) Application; Verification.** – An eligible entity may apply for a  
18 grant under the program. An applicant must apply to the Department on a form prescribed by the  
19 Department and must include any supporting documentation required by the Department. The  
20 Department may accept applications until the funds available under the program have been fully  
21 awarded. The Department shall consult with applicants to substantiate applications prior to  
22 awarding grants under the program.

23 **SECTION 1.5A.(e) Grant Amount.** – The total grant amount per qualifying project  
24 is equal to one hundred thousand dollars (\$100,000).

25 **SECTION 1.5A.(f) Eligible Uses.** – Grants can be used for qualifying purposes as  
26 defined in this section.

27 **SECTION 1.5A.(g) Grant Program Limit.** – The total of all funds granted under this  
28 program may not exceed the amount allocated to the program under this act and under any future  
29 act of the General Assembly. The Department must calculate the total amount of grants requested  
30 from the applications filed under subsection (d) of this section. Grants shall be awarded on a first  
31 come, first served basis.

32 **SECTION 1.5A.(h) Administrative Expenses.** – The Department may retain up to  
33 five percent (5%) of the funds appropriated for the grant program established by this section for  
34 administrative expenses.

35 **SECTION 1.6.** No later than September 1 of each year, the Department of Revenue  
36 (Department), in consultation with the Department of Military and Veterans Affairs, shall  
37 provide a report to the Joint Legislative Economic Development and Global Engagement  
38 Oversight Committee and the Fiscal Research Division that consists of the following:

- 39 (1) An assessment of the financial impact on local governments of the provisions  
40 of this act.  
41 (2) Data on the number of veterans benefitting from the homestead exclusion and  
42 motor vehicle tax exemption, as modified by this act.

NORTH CAROLINA GENERAL ASSEMBLY  
AMENDMENT  
Senate Bill 889

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AMENDMENT NO. A3  
(to be filled in by  
Principal Clerk)

S889-ABAfa-36 [v.3]

Page 8 of 8

- 1 (3) An evaluation of whether the Veterans' Economic Development Incentive  
2 Fund has contributed to workforce development for veterans, infrastructure  
3 improvements for veterans, and affordable housing initiatives.

4 **SECTION 1.7.(a)** G.S. 105-317 is amended by adding a new subsection to read:

5 "(b1) Within 30 days of the completion of the revaluation of real property required by  
6 G.S. 105-286, it shall be the duty of the assessor to see that notice of the following is given in  
7 writing to the owner:

- 8 (1) The appraised value of the property based upon the most recent revaluation.  
9 (2) The appraised value of the property based upon the revaluation immediately  
10 preceding the most recent revaluation.  
11 (3) The percentage increase or decrease between subdivisions (1) and (2) of this  
12 subsection.  
13 (4) The total ad valorem tax due on the property in the year immediately  
14 preceding the most recent revaluation.  
15 (5) The property tax rate applicable in determining subdivision (4) of this  
16 subsection."

17 **SECTION 1.7.(b)** G.S. 105-328 is amended by adding a new subsection to read:

18 "(b1) Within 30 days of the completion of the revaluation of real property conducted  
19 pursuant to subsection (b) of this section, it shall be the duty of the assessor to see that notice of  
20 the following is given in writing to the owner:

- 21 (1) The appraised value of the property based upon the most recent revaluation.  
22 (2) The appraised value of the property based upon the revaluation immediately  
23 preceding the most recent revaluation.  
24 (3) The percentage increase or decrease between subdivisions (1) and (2) of this  
25 subsection.  
26 (4) The total ad valorem tax due on the property in the year immediately  
27 preceding the most recent revaluation.  
28 (5) The property tax rate applicable in determining subdivision (4) of this  
29 subsection."

30 **SECTION 1.7.(c)** This section is effective for reappraisals effective on or after  
31 January 1, 2027.";

32  
33 and on page 2, line 20, by deleting "The" and substituting "Except as otherwise provided, the".

SIGNED \_\_\_\_\_  
Amendment Sponsor

SIGNED \_\_\_\_\_  
Committee Chair if Senate Committee Amendment

ADOPTED \_\_\_\_\_ FAILED \_\_\_\_\_ TABLED \_\_\_\_\_