



North Carolina Department of Revenue

James B. Hunt, Jr.
Governor

August 19, 1996

Muriel K. Offerman

Secretary

MEMORANDUM

TO: County Assessors and Tax Administrators

FROM: John C. Bailey, Director *JCB*
Ad Valorem Tax Division

RE: 1996 Property Tax Legislation

We are enclosing a summary of the significant property tax legislation (having state wide application) enacted by the 1996 Session of the North Carolina General Assembly. The summary includes the bill number, chapter reference, purpose and comments as to each ratified bill. We are also enclosing copies of the ratified bills.

If you do not serve as "tax collector", please make copies of this memorandum and summary available to the person holding that position in your county. In addition, please provide him/her with copies of any bill applicable to tax collection.

If you have any questions concerning any of these new laws, please feel free to contact our staff at (919) 733-7711.

1996 PROPERTY TAX LEGISLATION

Bills Enacted by the 1996 Short Session of the N. C. General Assembly

Ratified Senate Bills

S.B. 1179 (CHAPTER 691) AN ACT TO PROVIDE A GRACE PERIOD FOR MILITARY PERSONNEL TO LIST AND PAY PROPERTY TAXES AFTER DEPLOYMENT IN CONNECTION WITH OPERATION JOINT ENDEAVOR.

This bill allows a 90 day grace period for paying taxes for the 1995-96 tax year or subsequent tax years for any member of the armed forces or armed forces reserves who was deployed outside the State in connection with performing "Operation Joint Endeavor services". The bill also allows a 90 day grace period for listing property for the 1996-97 tax year or subsequent tax years. The individuals have 90 days from the end of their deployment to pay the property taxes at par and also 90 days to list their property without penalty. If the taxes are not paid within 90 days, interest is applied as if no grace period had been allowed. If the property is not listed, all penalties are applied as if no grace period had been allowed. If the individual owns property jointly or by the entirety with his or her spouse, the extension provided in this section applies to both spouses.

This act is effective retroactively as of December 4, 1995. If any penalty or interest forgiven by this act has been paid before the date this act was ratified, the taxing unit shall refund the penalty or interest.

S.B. 1165 (CHAPTER 741) AN ACT TO ALLOW COUNTIES TO REMOVE VEHICLE REGISTRATION TAX BLOCK UPON FULL PAYMENT OF PROPERTY TAXES.

This act amends G.S. 20-50.4 by allowing the county to remove a block on a motor vehicle by certifying to the DMV that the taxes on the blocked vehicle have been paid. The certification must be in the form and contain the information required by the Division. Before this amendment the only way to remove a tax block on a vehicle was for the taxpayer to present a paid tax receipt to the DMV.

As of this date the plans are to allow the counties to remove blocks through on-line access with DMV or by the use of the blocking tapes. More information on this will be coming as the date for implementation of the DMV's new system is now November 12, 1996.

This act is effective upon ratification on June 21, 1996.

S.B. 1178 (CHAPTER 646) AN ACT TO MAKE TECHNICAL AND CONFORMING CHANGES TO THE REVENUE LAWS AND RELATED STATUTES AND TO ALLOW THE VOLUNTARY WITHHOLDING OF INCOME TAX FROM UNEMPLOYMENT COMPENSATION PAYMENTS.

This act makes seven technical changes to different property tax statutes. Most of these changes are very technical and do not change the meaning of the statutes. Below is an explanation of these changes.

1. G.S. 105-275(21) was rewritten to correct the federal cite that provides benefits to disabled veterans. Cite Title 38, section 801 United States Code Annotated was replaced with cite U.S.C. 2101. This change was made only to correct an error in the language of the statute. This change is effective June 21, 1996.
2. G.S. 105-275.1(b) & 105-277A were amended to change the date of distribution of funds to the taxing districts for the reimbursement for exclusion of inventories from August 30 of each year to September 30. The amendment also changes the distribution percentages from 60% on September 30 to 50% and from 40% on April 30 to 50% on April 30 of each year. This change is effective for July 1 1996.
3. G.S. 105-278.7 (a)(1) was rewritten to amend a subsection reference. This change was made only to correct an error in the language of the statute. This change is effective June 21, 1996.
4. G.S. 105-282.1 (a)(3) was amended to include additional exempt properties in this subsection which requires a one time application for exemption. Previously these exempt properties had to make an annual application during the regular listing period. The following is a list of the properties which were added.

G.S. 105-275(8)	Pollution abatement and recycling property
G.S. 105-275(17)	Real and personal property belonging to the American Legion, Veterans of Foreign Wars, etc.
G.S. 105-275(18)	Real and personal property belonging to the Grand Lodge of Ancient, Free and Accepted Masons of North Carolina and etc.
G.S. 105-275(19)	Real and personal property belonging to the Loyal Order of Moose, the Benevolent and Protective Order of Elks and etc.

This change is effective June 21, 1996.

5. G.S. 105-277.2(4)a was rewritten to clarify that a corporation was not intended to be included in the term "business entity" as used in this subsection. This change effective June 21, 1996.
6. G.S. 105-333 was amended to eliminate unnecessary wording in the definitions under this section. Amendment did not affect the meaning of the definitions. This change is effective June 21, 1996
7. G.S. 105-330.2(a) was amended by changing the valuation date of annual system vehicles from:

The January 1 preceding the date a new registration is applied for or the current registration expires.

to: For newly registered vehicles, the January 1 of the year the new registration is obtained and for vehicles being renewed the January 1 following the date the registration expires.

Note: the original language was: the January 1 preceding the date a new registration is applied for or the current registration is renewed. This caused a problem with the staggered system vehicle with a December expiration date.

Examples:

1. A vehicle for which the registration expires on December 31, 1996, the valuation date is January 1, 1997.
2. A vehicle which is purchased and registered for the first time in September 1996, the valuation date is January 1, 1996.
3. A vehicle which is purchased and registered for the first time in March of 1997, the valuation date is January 1, 1997.

This bill is effective June 21, 1996.

Ratified House Bills

H.B. 53 (CHAPTER 18) AN ACT TO MODIFY THE CONTINUATION BUDGET OPERATIONS APPROPRIATIONS ACT OF 1995, AND THE EXPANSION AND CAPITAL IMPROVEMENTS APPROPRIATIONS ACT OF 1995, AND TO MAKE OTHER CHANGES IN THE BUDGET OPERATION OF THE STATE.

This bill amends G.S. 105-277.1 by increasing the exclusion amount from the first \$15,000 in appraised value of a permanent residence to the first \$20,000 in appraised value. The bill also increases the income limit from not more than \$11,000 to not more than \$15,000 for the preceding calendar year.

This bill amends G.S. 105-309(f) which requires that the information concerning the elderly exclusion be on the listing abstract. The abstracts for the 1997 listing period should reflect the changes to the exclusion amount and the income requirement.

This bill amends G.S. 105-277.1A by requiring two lists to be filed with the North Carolina Department of Revenue in order to receive fifty percent of the loss in taxes due to the increase in the exclusion amount and income level. The lists are required to be filed on December 1, 1997. The first list must include those taxpayers whose income was above \$11,000 and the second list must include those taxpayers whose income was \$11,000 or less. The first list must contain the amount of property exempted for each taxpayer. The second list must contain the amount of property above \$15,000 exempted for each taxpayer. Each list shall have the tax rate and the amounts of exclusions. The additional amount of distribution will be reimbursed before May 31, 1998 and again before May 31, 1999.

This act is effective for taxes imposed for taxable years beginning on or after July 1, 1997.