

Withdrawn



NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 257

AMENDMENT NO. **A42**
(to be filled in by
Principal Clerk)

S257-ANIF-19 [v.3]

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Amends Title [NO]
Second Edition

Date 16 Apr .2025

Senator Applewhite

1 moves to amend the bill on page 436, lines 16-40, by deleting Section 44.3 of the bill; and
2
3 on page 439, lines 6-7, by inserting the following between those lines:

4
5 **"DISABLED VETERAN PROPERTY TAX HOMESTEAD EXCLUSION**

6 **SECTION 44.6.(a)** For taxes imposed for taxable years beginning on or after July 1,
7 2025, 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~~ seventy-five
12 thousand dollars ~~(\$45,000)~~ (\$75,000) of appraised value of the residence is excluded from
13 taxation. A qualifying owner who receives an exclusion under this section may not receive other
14 property tax relief.

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

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

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

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

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



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- 1 (2) Repealed by Session Laws 2009-445, s. 22(c), effective for taxes imposed for
2 taxable years beginning on or after July 1, 2009.
- 3 (2a) Hold harmless amount. – The appraised value of a property excluded from
4 taxation under subsection (a) of this section multiplied by the applicable local
5 tax rate.
- 6 (3) Permanent residence. – Defined in G.S. 105-277.1.
- 7 (4) Property tax relief. – Defined in G.S. 105-277.1.
- 8 (4a) Qualifying owner. – An owner, as defined in G.S. 105-277.1, who is a North
9 Carolina resident and one of the following:
- 10 a. A disabled veteran.
- 11 b. The surviving spouse of a disabled veteran who has not remarried.
- 12 (5), (6) Repealed by Session Laws 2009-445, s. 22(c), effective for taxes imposed for
13 taxable years beginning on or after July 1, 2009.
- 14 (7) Service-connected. – Defined in 38 U.S.C. § 101.
- 15 (8) Total hold harmless amount. – The sum of the following:
- 16 a. The hold harmless amount for all property excluded from taxation
17 under subsection (a) of this section in the county multiplied by fifty
18 percent (50%).
- 19 b. The hold harmless amount for all property excluded from taxation
20 under subsection (a) of this section in the cities located in the county
21 multiplied by fifty percent (50%).
- 22 ...
- 23 (f) Application. – An application for the exclusion allowed under this section should be
24 filed during the regular listing period but may be filed and must be accepted at any time up to
25 and through June 1 preceding the tax year for which the exclusion is claimed. An applicant for
26 an exclusion under this section must establish eligibility for the exclusion by providing a copy of
27 the veteran's disability certification or evidence of benefits received under 38 U.S.C. § 2101. An
28 assessor may accept the prequalification notice under subsection (h) of this section to establish
29 eligibility for the exclusion provided in this section in lieu of a veteran's disability certification
30 or evidence of benefits received under 38 U.S.C. § 2101.
- 31 (g) Reimbursement. – On or before September 1 of each year, each county tax collector
32 shall notify the Secretary of Revenue, in a manner prescribed by the Secretary, of the county's
33 total hold harmless amount. A county that fails to notify the Secretary of Revenue of its total hold
34 harmless amount by the due date is barred from receiving a reimbursement under this subsection
35 for that taxable year. On or before December 31 of each year, the Secretary of Revenue shall
36 distribute to each county its respective total hold harmless amount; provided, however, that if the
37 hold harmless amount for any city or county exceeds one percent (1%) of its total general fund
38 revenue for the most recent fiscal year, the Secretary of Revenue shall also reimburse that city or
39 county for all amounts exceeding that threshold.
- 40 Any funds received by a county that are attributable to a city within the county must be
41 distributed to that respective city. Any funds received by a county or city because the county or
42 city was collecting taxes for another unit of government or special district must be credited to the

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1 funds of that other unit or district in accordance with regulations issued by the Local Government
2 Commission.

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

7 (h) Prequalification. – A disabled veteran or the surviving spouse of a disabled veteran
8 who has not remarried may apply for prequalification of the property tax relief provided by this
9 section notwithstanding that the disabled veteran or the surviving spouse of a disabled veteran
10 who has not remarried is not an owner of a permanent residence at the time that the application
11 for prequalification is submitted. It is the intent of the General Assembly to allow taxpayers and
12 lenders to determine, in advance of the purchase of a primary residence, the availability of the
13 tax benefit provided by this section in order to facilitate omitting exempted amounts from
14 determinations of payment calculations. An application for prequalification under this subsection
15 may be filed at any time, must be submitted on a form approved by the Department, and must be
16 accompanied by a copy of the veteran's disability certification or evidence of benefits received
17 under 38 U.S.C. § 2101. Application forms under this subsection must be made available by the
18 assessor. Upon receipt of an application under this subsection, the assessor of the county in which
19 the application is filed must notify the applicant of the applicant's qualification for eligibility for
20 property tax relief under this section within 30 days. Upon purchasing a permanent residence, an
21 applicant who has received prequalification under this subsection must apply for the property tax
22 relief provided by this section as required under subsection (f) of this section."

23 **SECTION 44.6.(b)** For taxes imposed for taxable years beginning on or after July
24 1, 2026, G.S. 105-277.1C(a), as amended by subsection (a) of this section, reads as rewritten:

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

31 **SECTION 44.6.(c)** For taxes imposed for taxable years beginning on or after July 1,
32 2027, G.S. 105-277.1C(a), as amended by subsection (b) of this section, reads as rewritten:

33 "(a) Classification. – A permanent residence owned and occupied by a qualifying owner
34 is designated a special class of property under Article V, Section 2(2) of the North Carolina
35 Constitution and is taxable in accordance with this section. The ~~first one hundred twenty-five~~
36 ~~thousand dollars (\$125,000) of amount of the appraised value of the residence equal to the~~
37 ~~exclusion amount~~ is excluded from taxation. The exclusion amount is the lesser of five hundred
38 thousand dollars (\$500,000) or one hundred percent (100%) of the appraised value of the
39 residence. A qualifying owner who receives an exclusion under this section may not receive other
40 property tax relief."

41
42 **"DISABLED VETERAN MOTOR VEHICLE PROPERTY TAX EXEMPTION**

43 **SECTION 44.7.(a)** G.S. 105-275 reads as rewritten:

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1 "§ 105-275. Property classified and excluded from the tax base.

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

4 ...
5 (5b) A motor vehicle (i) owned by a person who has a one hundred percent (100%)
6 disability rating certified by the United States Department of Veterans Affairs
7 and (ii) used by that person as their primary personal vehicle. The exclusion
8 provided by this subdivision shall not apply to vehicles used primarily for
9 business or commercial purposes.

10"

11 SECTION 44.7.(b) G.S. 105-330.4 is amended by adding a new subsection to read:

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

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 subsection and the cost to the Department
27 of 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 The following definitions apply in this subsection:

31 (1) Hold harmless amount. – The appraised value of property excluded from
32 taxation under G.S. 105-275(5b) multiplied by the applicable local tax rate.

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

34 a. The hold harmless amount for all property excluded from taxation
35 under G.S. 105-275(5b) in the county multiplied by fifty percent
36 (50%).

37 b. The hold harmless amount for all property excluded from taxation
38 under G.S. 105-275(5b) in cities located in the county multiplied by
39 fifty percent (50%)."

40 SECTION 44.7.(c) This section is effective when it becomes law and applies to
41 motor vehicles registered on or after that date and to applications for motor vehicle property tax
42 exemptions occurring on or after that date.
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1 "VETERANS' ECONOMIC DEVELOPMENT INCENTIVE GRANT PROGRAM

2 SECTION 44.8.(a) Notwithstanding any provision of law or of the Committee
3 Report described in Section 45.2 of this act to the contrary, there is appropriated the nonrecurring
4 sum of ten million dollars (\$10,000,000) from the unappropriated balance of the General Fund
5 to the Department of Military and Veterans Affairs for the 2025-2026 fiscal year, to be used for
6 purposes consistent with this section.

7 SECTION 44.8.(b) Veterans' Economic Development Incentive Grant Program
8 Established. – There is established the Veterans' Economic Development Incentive Grant
9 Program to be administered by the North Carolina Department of Military and Veterans Affairs.
10 The purpose of the program is to provide financial assistance in the form of grants to eligible
11 entities to promote affordable housing initiatives for veterans, infrastructure improvements for
12 veterans, and veteran employment programs, in accordance with this section.

13 SECTION 44.8.(c) Definitions. – The following definitions apply in this section:

- 14 (1) Department. – The North Carolina Department of Military and Veterans
15 Affairs.
- 16 (2) Eligible entity. – Any of the following:
- 17 a. A nonprofit organization that (i) is organized and operated primarily
18 for the benefit and service of veterans and (ii) the Department
19 determines demonstrates a proven track record of adequately serving
20 the needs of veterans.
- 21 b. Local governments pursuing veteran-focused development initiatives,
22 as determined by the Department.
- 23 c. Nonprofit entities that collaborate with veterans' organizations to
24 provide employment opportunities or housing solutions to veterans, as
25 determined by the Department.
- 26 (3) Local government. – A city or county, as those terms are defined in
27 G.S. 160A-1 and G.S. 153A-1, respectively.
- 28 (4) Program. – The Veterans' Economic Development Incentive Grant Program
29 established by this section.
- 30 (5) Qualifying project. – A project by an eligible entity that (i) meets the
31 requirements of one or more qualifying purposes as defined in this subsection
32 and (ii) is a singular and self-contained project.
- 33 (6) Qualifying purposes. – Any of the following:
- 34 a. Affordable housing initiatives for veterans. – Programs that provide
35 down payment assistance to veterans, home repair funding to veterans,
36 or incentives for developers to create veteran-focused housing.
- 37 b. Infrastructure improvements. – Projects that improve accessibility for
38 disabled veterans in public facilities or community spaces.
- 39 c. Veteran employment programs. – Initiatives that offer workforce
40 training, job placement services, or entrepreneurship support tailored
41 to veterans.

42 SECTION 44.8.(d) Eligibility. – An eligible entity is eligible for a grant under the
43 program.

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1 **SECTION 44.8.(e)** Application; Verification. – An eligible entity may apply for a
2 grant under the program. An applicant must apply to the Department on a form prescribed by the
3 Department and must include any supporting documentation required by the Department. The
4 Department may accept applications until the funds available under the program have been fully
5 awarded. The Department shall consult with applicants to substantiate applications prior to
6 awarding grants under the program.

7 **SECTION 44.8.(f)** Grant Amount. – The total grant amount per qualifying project
8 is equal to one hundred thousand dollars (\$100,000).

9 **SECTION 44.8.(g)** Eligible Uses. – Grants can be used for qualifying purposes as
10 defined in this section.

11 **SECTION 44.8.(h)** Grant Program Limit. – The total of all funds granted under this
12 program may not exceed the amount allocated to the program under this act and under any future
13 act of the General Assembly. The Department must calculate the total amount of grants requested
14 from the applications filed under subsection (d) of this section. Grants shall be awarded on a first
15 come, first served basis.

16 **SECTION 44.8.(i)** Administrative Expenses. – The Department may retain up to
17 five percent (5%) of the funds appropriated for the grant program established by this section for
18 administrative expenses.

19
20 **"REVIEW AND REPORTING**

21 **SECTION 44.9.** No later than September 1 of each year, the Department of Revenue
22 (Department), in consultation with the Department of Military and Veterans Affairs, shall
23 provide a report to the Joint Legislative Economic Development and Global Engagement
24 Oversight Committee and the Fiscal Research Division that consists of the following:

- 25 (1) An assessment of the financial impact on local governments by sections 44.6,
26 44.7, and 44.8 of this act.
27 (2) Data on the number of veterans benefitting from the homestead exclusion and
28 motor vehicle tax exemption, as modified by sections 44.6 and 44.7 of this
29 act.
30 (3) An evaluation of whether the Veterans' Economic Development Incentive
31 Fund established by section 44.8 of this act has contributed to workforce
32 development for veterans, infrastructure improvements for veterans, and
33 affordable housing initiatives."; and
34

35 by adjusting the appropriate totals accordingly.

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SIGNED

Paul Applewhite

Amendment Sponsor

SIGNED _____

Committee Chair if Senate Committee Amendment

ADOPTED _____

FAILED _____

TABLED _____