



SENATE BILL 992: Truth in Taxation.

2025-2026 General Assembly

Committee: Senate Rules and Operations of the Senate	Date: June 23, 2026
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Analysis of: Second Edition	Staff Attorney

OVERVIEW: *Senate Bill 992 would do the following:*

- **Implement procedures a local government unit must follow to adopt a property tax rate that exceeds the revenue-neutral tax rate in any year a general reappraisal becomes effective.**
- **Increase the fee for reinstating an expired real estate appraiser trainee registration, license, or certificate.**

CURRENT LAW/BILL ANALYSIS:

Truth in Taxation

Counties are required to reappraise all real property within their jurisdiction at least once every eight years; however, counties may choose to optionally advance the date of their reappraisal by passing a resolution designating a more frequent reappraisal cycle. In each year in which a general reappraisal of real property has been conducted, the budget officer must include in the proposed budget, for comparison purposes, a statement of the revenue-neutral property tax rate. The revenue-neutral rate is the rate that is estimated to produce revenue for the next fiscal year equal to the revenue that would have been produced for the next fiscal year by the current tax rate if no reappraisal had occurred.¹ As the revenue-neutral rate is for comparison purposes only, the governing body is not required to adopt it. Instead, the governing body may adopt any tax rate necessary to balance its budget.

Once a governing body adopts a property tax rate in its budget ordinance it is generally prohibited from changing that rate unless the local government (i) is ordered to do so by a court of competent jurisdiction, (ii) is ordered to do so by a State agency having the power to compel the levy of taxes, or (iii) receives revenues that are substantially more or less than the amount anticipated.

Section 1 of Senate Bill 992 would implement procedural requirements that a local government must follow to adopt a property tax rate that exceeds the revenue-neutral rate in any year a general reappraisal becomes effective. If the governing body adopts a property tax rate at or below the revenue-neutral rate in the budget ordinance and seeks to later amend the budget ordinance to increase the rate above the revenue-neutral rate due to the unit receiving substantially less revenue than anticipated, the unit must also follow the procedural requirements. However, the procedural requirements would not apply when a

¹ G.S. 159-11(e) instructs that the revenue-neutral rate is calculated as follows:

1. Determine a rate that would produce revenues equal to those produced for the current fiscal year.
2. Increase the rate by a growth factor equal to the average annual percentage increase in the tax base due to improvements since the last general reappraisal.
3. Adjust the rate to account for any annexation, deannexation, merger, or similar event.

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governing body amends its budget ordinance because it is ordered to do so by court order or by an agency authorized to compel the levy of taxes by the governing body.

To adopt a property tax rate exceeding the revenue-neutral rate, the governing body must hold a public hearing and do the following prior to that hearing:

- Publish notice of intent to exceed the revenue-neutral rate (i) in a newspaper of general circulation at least 1 week prior to the hearing and (ii) on the government's website at least 10 days prior to the hearing.
- Notify each taxpayer with property in the taxing jurisdiction of its intent to exceed the revenue-neutral rate at least 14 days prior to the hearing. Notice must be sent by first class mail or electronic mail. The notice must contain the following information specific to the taxing unit:
 - The proposed amount of revenue the unit needs to balance its budget.
 - The revenue-neutral rate.
 - The proposed tax rate.
 - The amount of tax due on the property for the current tax year.
 - The estimated amount of tax due on the property for the upcoming year (i) if the revenue-neutral rate is adopted and (ii) if the proposed tax rate is adopted.
 - The date, time, and location of the public hearing.

If adopting a property tax rate in excess of the revenue-neutral rate in its budget ordinance, the governing body may hold the public hearing before or at the public hearing to adopt the budget. If the hearing is held at the same time as the budget hearing, the local unit must dedicate a portion of the hearing to the issue of exceeding the revenue-neutral rate so that any member of the public may speak directly about that matter. If the governing body is required to follow the procedural requirements when amending its budget, it must hold a public hearing prior to doing so.

The governing body must also adopt, by majority vote, a resolution or ordinance to exceed the revenue-neutral rate prior to adopting the budget or, if applicable, amending the budget.

Any governing body that fails to follow the required procedure must refund any amount of property tax collected in excess of the amount that would have been collected under the revenue-neutral rate.

Sections 3 and 4 make conforming changes.

Increase Late Fees for Real Estate Appraisers

All registered trainees and licensed and certified real estate appraisers must renew their registration, license, or certification annually. The deadline to renew is June 30 and the renewal fee is \$200. However, any registration, license, or certificate reinstated after the deadline incurs a \$10 per month late fee, not to exceed \$120.

Section 2 of Senate Bill 992 would increase the late fee to \$12 per month.

EFFECTIVE DATE: Section 1 would be effective when it becomes law and apply to budget ordinances adopted for fiscal years beginning on or after July 1, 2027. Section 2 would become effective July 1, 2026, and apply to registrations, licenses, and certificates reinstated on or after that date. Section 3 would be effective when it becomes law and apply to refunds issued on or after that date. Section 4 would be effective when it becomes law and apply to amendments to budget ordinances adopted for fiscal years beginning on or after July 1, 2027.