

GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2025

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SENATE BILL 798

Short Title: Elderly Prop. Tax Appreciation Exclusion. (Public)

Sponsors: Senator Waddell (Primary Sponsor).

Referred to: Rules and Operations of the Senate

April 22, 2026

1 A BILL TO BE ENTITLED  
2 AN ACT TO PROVIDE ADDITIONAL PROPERTY TAX RELIEF TO NORTH CAROLINA  
3 RESIDENTS WHO ARE SIXTY-FIVE YEARS OF AGE OR OLDER.

4 The General Assembly of North Carolina enacts:

5 **SECTION 1.** Article 12 of Subchapter II of Chapter 105 of the General Statutes is  
6 amended by adding a new section to read:

7 "**§ 105-277.1G. Elderly property tax appreciation exclusion.**

8 (a) Classification. – A permanent residence owned and occupied by a qualifying owner  
9 is designated a special class of property under Section 2(2) of Article V of the North Carolina  
10 Constitution and is taxable in accordance with this section. A permanent residence shall be  
11 assessed at the lower of its true value or its qualifying value.

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

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

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

15 (3) Property tax relief. – Defined in G.S. 105-277.1.

16 (4) Qualifying owner. – An owner who meets all of the following requirements  
17 as of January 1 preceding the taxable year for which the benefit is claimed:

18 a. The owner is a North Carolina resident.

19 b. The owner has owned the property as a permanent residence for at  
20 least five consecutive years and has occupied the property as a  
21 permanent residence for at least five years.

22 c. The owner will be at least 65 years of age during a portion of the  
23 calendar year.

24 (5) Qualifying value. – The appraised value of a qualifying owner's permanent  
25 residence during the first year the owner's application for property tax relief  
26 is accepted pursuant to subsection (j) of this section.

27 (c) Tax Limitation. – A qualifying owner may defer the portion of the principal amount  
28 of tax that is imposed for the current tax year on any increase in appraised value of the owner's  
29 permanent residence over the qualifying value.

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



1       (e) Temporary Absence. – An otherwise qualifying owner does not lose the benefit of the  
2 elderly property tax appreciation exclusion because of a temporary absence from the permanent  
3 residence for reasons of health or because of an extended absence while confined to a rest home  
4 or nursing home, so long as the residence is unoccupied or occupied by the owner's spouse or  
5 other dependent.

6       (f) Deferred Taxes. – Taxes deferrable under subsection (c) of this section are a lien on  
7 the real property of the taxpayer as provided in G.S. 105-355(a) and must be carried forward in  
8 the records of each taxing unit as deferred taxes. The three most recent fiscal years of deferred  
9 taxes, if any, are due and payable in accordance with G.S. 105-277.1F when the property loses  
10 its eligibility for deferral as a result of a disqualifying event described in subsection (g) of this  
11 section. On or before September 1 of each year, the collector must send to the mailing address of  
12 a residence on which taxes have been deferred a notice stating the amount of deferred taxes and  
13 interest that would be due and payable upon the occurrence of a disqualifying event.

14       (g) Disqualifying Events. – Each of the following constitutes a disqualifying event:

15       (1) The owner transfers the residence. Transfer of the residence is not a  
16 disqualifying event if (i) the owner transfers the residence to a co-owner of  
17 the residence or, as part of a divorce proceeding, to the owner's spouse and (ii)  
18 that individual occupies or continues to occupy the property as a permanent  
19 residence.

20       (2) The owner dies. Death of the owner is not a disqualifying event if (i) the  
21 owner's share passes to a co-owner of the residence or to the owner's spouse  
22 and (ii) that individual occupies or continues to occupy the property as a  
23 permanent residence.

24       (3) The owner ceases to use the property as a permanent residence.

25       (h) Creditor Limitations. – A mortgagee or trustee that elects to pay any tax deferred by  
26 the owner of a residence subject to a mortgage or deed of trust does not acquire a right to foreclose  
27 as a result of the election. Except for requirements dictated by federal law or regulation, any  
28 provision in a mortgage, deed of trust, or other agreement that prohibits the owner from deferring  
29 taxes on property under this section is void.

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

32       (j) Application. – An application for property tax relief provided by this section should  
33 be filed during the regular listing period but may be filed and must be accepted at any time up to  
34 and through June 1 preceding the tax year for which the relief is claimed. Persons may apply for  
35 this property tax relief by entering the appropriate information on a form made available by the  
36 assessor under G.S. 105-282.1. No later than January 15 preceding the tax year for which the  
37 relief is eligible to be claimed, the assessor of the county in which the property is situated must  
38 provide notice to qualifying owners under this section of the property tax relief provided by this  
39 section."

40       **SECTION 2.** G.S. 105-277.1(b)(3a) reads as rewritten:

41       "(3a) Property tax relief. – The property tax homestead exclusion provided in this  
42 section, the property tax homestead circuit breaker provided in  
43 G.S. 105-277.1B, ~~or~~ the disabled veteran property tax homestead exclusion  
44 provided in ~~G.S. 105-277.1C~~.G.S. 105-277.1C, or the elderly property tax  
45 appreciation exclusion provided in G.S. 105-277.1G."

46       **SECTION 3.** G.S. 105-282.1(a)(2)c. reads as rewritten:

47       "c. Special classes of property classified for taxation at a reduced  
48 valuation under G.S. 105-277(h), 105-277.02, 105-277.1, 105-277.1C,  
49 105-277.1G, 105-277.10, 105-277.13, 105-277.14, 105-277.15,  
50 105-277.17, or 105-278."

1                   **SECTION 4.** This act is effective for taxes imposed for taxable years beginning on  
2 or after July 1, 2027.