



LEGISLATIVE BRIEF: PROPERTY TAX ISSUES

Background: A major and continuing focus of the Association's advocacy efforts is protection of counties' property tax base. The corridors of the legislative buildings are filled with representatives of interest groups seeking property tax exemptions or relief. The attacks on the local tax base have intensified in recent years as growth-driven demand for land has increased its value, thus increasing individual tax obligations while county commissioners struggle to keep property tax rates down in the face of demands generated by the same growth. Property tax relief available through the state's Homestead Exemption has been adjusted and expanded several times in recent years; by adding the option of excluding half the value of a residence, raising both the excludable value and income threshold below which taxpayers qualify, and (in 2007) by adding a "circuit breaker" option to allow taxpayers to limit their property tax obligation to a percentage of personal income. Still, the pressure to grant additional property tax relief continues in the General Assembly. Gubernatorial candidates have proposed doubling the value of property excludable under the Homestead Exemption and legislation has been introduced to raise the exclusion from \$25,000 to \$30,000; all of this before the "circuit breaker" option even takes effect.

Interest groups continue to seek special tax treatment. At the midnight hour on the day before adjournment of the 2007 session, developers succeeded in amending a technical property tax proposal to keep counties from taxing property in the process of development from being taxed at fair market value, and limiting the value of low income housing property financed through federal tax credits.

Counties deal with very circumscribed budget flexibility as they endeavor to finance public schools and other human services. A property tax break for any special interest shifts the burden to the rest of us.

Status: The recently adopted House budget also extended the Homestead Exemption to disabled military veterans with a hold harmless provision to local governments for any loss in revenue.

Key players: House and Senate Finance Chairs

Senior Chairman: Rep. Paul Luebke (Durham) – 529 Legislative Office Building; (919) 733-7663

Chairman: Rep. Pryor Gibson (Anson) – 419A Legislative Office Building; (919) 715-3007

Chairman: Rep. William Wainwright (Craven) – 301F Legislative Office Building; (919) 733-5995

Chairman: Rep. Jennifer Weiss (Wake) – 532 Legislative Office Building; (919) 715-3010

Co-Chairman: Sen. Dan Clodfelter (Mecklenburg) – 408 Legislative Office Building; (919) 715-8331

Co-Chairman: Sen. David Hoyle (Gaston) – 300-A Legislative Office Building; (919) 733-5734

Co-Chairman: Sen. John Kerr (Pitt) – 526 Legislative Office Building; (919) 733-5621

Vice Chairman: Sen. Fletcher Hartsell (Cabarrus) – 518 Legislative Office Building; (919) 733-7223

Vice Chairman: Sen. Larry Shaw (Cumberland) – 311 Legislative Office Building; (919) 733-9349

Action needed: Educate legislators about the potential negative impacts on counties of any tax breaks for special interest groups.