



Legislative Bulletin

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Legislators Propose Property Tax Limits in NC Constitution

Limits on local property taxes would be prescribed in the North Carolina constitution under a proposal first aired at the NC General Assembly on Wednesday. The [proposal](#), one of four discussed by the [House Select Committee on Property Tax Reduction and Reform](#), would direct legislators to limit the amount of tax collections from one year to the next, if voters approved a constitutional amendment written to say, "The General Assembly shall enact general laws limiting the amount by which the levy of taxes on property may increase, which may include exceptions."

The committee debated [this proposal](#) for over an hour at their Wednesday meeting. Some committee members wanted the amendment language to contain specific numerical limits, while others expressed their concerns over limiting local revenue-raising capabilities. Limitations could restrict local governments' ability to pay for key services residents and businesses expect, such as public safety, which typically makes up over 50 percent of a municipality's budget.

Committee co-chair Rep. Julia Howard told committee members to expect a vote on this proposal and the other three at the committee's last meeting before the start of the Short Session. That vote, scheduled for the committee's April 15 meeting, would make these proposals eligible for consideration in the Short Session.

Now is the time to express your concern to state legislators about this proposal.

- Describe what property taxes pay for in your city or town. On average, in NC cities and towns, half of the budget funded primarily by these revenues pays for police and fire, while another 20% funds roads.
- Explain the effects of artificial limits on your funding. Examples include higher borrowing costs due to the lower bond ratings that would likely result from these limitations; an inability to respond to skyrocketing costs like those experienced this decade; and difficulties in paying for needs after floods and other natural disasters.

- Discuss the fiscal realities your city or town has faced in paying for essential services. Over the past five years, many North Carolina municipalities have seen an 80% increase in street resurfacing costs, an average 33% increase in entry-level police officer market-rate salaries, and a 50% increase in the cost of a fire truck and other public safety vehicles.
- Ask legislators to remain a partner with your city on economic development. Property taxes pay for basic services that support businesses and continue to allow our state to grow.

Read more about the other proposals, which seek to close a controversial affordable housing tax loophole and reduce preferential tax treatment currently enjoyed by nonprofit hospitals, on the [committee's website](#).



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Bill Draft 2025-MCfy-226: Const. Amend. Property Tax Levy Limit.

2025-2026 General Assembly

Committee:	House Select Committee on Property Tax Reduction and Reform	Date:	March 18, 2026
Introduced by:		Prepared by:	Dan Ettefagh
Analysis of:	2025-MCfy-226		Committee Co-Counsel

OVERVIEW: Bill Draft 2025-MCfy-226 would submit to the voters of North Carolina the question of whether to amend the State Constitution to require the General Assembly to enact legislation limiting the property tax levy increase by counties and cities.

CURRENT LAW: The State Constitution may be amended by either a constitutional convention or by legislative action. An amendment proposed by legislative action must be approved by a vote of three-fifths of each house and submitted to the voters of the State. If a majority of the voters of the State approve, the amendment becomes effective either the January following the public vote or the date provided in the enactment.

The North Carolina Constitution (i) vests in the General Assembly the authority to grant units of local government the ability to levy property taxes and (ii) requires the authorization of those levies to be for purposes authorized by general law uniformly applicable throughout the State. The North Carolina General Statutes currently limits the authorization of property taxes generally to a maximum rate of \$1.50 per \$100 of value.

BILL ANALYSIS: The bill draft would submit to the voters of North Carolina, the question of whether to amend the State Constitution to require the General Assembly to enact limits on the amount by which the authorized property tax levy could be increased and allow for exceptions applicable to the limitations enacted.

The ballot question would be considered at the statewide general election to be held on November 3, 2026, and the ballot question would read:

"Constitutional amendment requiring limits on property tax increases by local governments."

EFFECTIVE DATE: This act is effective when it becomes law. If approved by a majority of the voters in the November 3, 2026, election, the amendment to the North Carolina Constitution will become effective upon certification of the referendum results.

Kara McCraw
Director



Legislative Analysis
Division
919-733-2578

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2025

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BILL DRAFT 2025-MCfy-226 [v.3]

(THIS IS A DRAFT AND IS NOT READY FOR INTRODUCTION)

03/09/2026 10:42:19 AM

Short Title: Const. Amend. Property Tax Levy Limit.

(Public)

Sponsors:

Referred to:

A BILL TO BE ENTITLED

AN ACT TO AMEND THE CONSTITUTION OF THE STATE TO REQUIRE THE
LEGISLATURE TO ENACT A PROPERTY TAX LEVY LIMIT.

The General Assembly of North Carolina enacts:

SECTION 1. Subsection (5) of Section 2 of Article V of the North Carolina
Constitution reads as rewritten:

"(5) ~~Purposes of property tax.~~ Property tax purposes, limitation. The General Assembly
shall not authorize any county, city or town, special district, or other unit of local government to
levy taxes on property, except for purposes authorized by general law uniformly applicable
throughout the State, unless the tax is approved by a majority of the qualified voters of the unit
who vote thereon. The General Assembly shall enact general laws limiting the amount by which
the levy of taxes on property may increase, which may include exceptions."

SECTION 2. The amendment set out in Section 1 of this act shall be submitted to
the qualified voters of the State at the statewide general election to be held on November 3, 2026,
which election shall be conducted in accordance with the laws governing elections at that time.
The question to be used in the voting systems and ballots shall be:

"[] FOR [] AGAINST

Constitutional amendment requiring limits on property tax increases by local
governments."

SECTION 3. The State Board of Elections shall certify the results of the referendum
conducted under Section 2 of this act. If a majority of votes cast on the question are in favor of
the amendment set out in Section 1 of this act, the Secretary of State shall enroll the amendment
among the permanent records of that office. If a majority of votes cast on the question are against
the amendment set out in Section 1 of this act, the amendment shall have no effect.

SECTION 4. If the certification from the State Board of Elections under Section 3
of this act reflects that a majority of votes cast on the question are in favor of the amendment set
out in Section 1 of this act, the amendment set out in Section 1 of this act is effective upon
certification.

SECTION 5. Except as otherwise provided, this act is effective when it becomes
law.



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