

1 otherwise authorized by law, only for capital improvements projects related to public
2 schools.

3 **SECTION 1.5.** Liability; Administration. – An ordinance adopted pursuant
4 to this part shall provide that:

5 (1) A person responsible for the impact of land development shall pay an
6 impact tax for each square foot of dwelling space and commercial
7 building enclosed floor space for which an occupancy permit is issued
8 or, if no occupancy permit is issued, for each square foot of dwelling
9 space in an occupied dwelling and for each square foot of occupied
10 enclosed floor space in a commercial building.

11 (2) The tax shall be due on or before the date an occupancy permit is
12 initially issued for the dwelling unit or commercial building enclosed
13 floor space in question or, if no occupancy permit is issued, the date
14 the dwelling unit or commercial floor space is initially occupied.
15 However, no tax due shall be considered delinquent until 60 days after
16 the tax becomes due. Delinquent taxes shall bear interest at the legal
17 rate.

18 (3) Taxes authorized by this part may be collected pursuant to
19 G.S. 153A-147 or G.S. 160A-207. In addition, taxes authorized by this
20 part may be recovered in a civil action in the nature of debt including
21 an award of reasonable attorneys' fees as part of costs.

22 **SECTION 1.6.** Rates. – Orange County shall establish annually at the time it
23 adopts its annual budget the tax rate to be levied per square foot of dwelling space and
24 per square foot of commercial building enclosed floor space for the ensuing fiscal year.
25 Different tax rates may be established for different types of dwelling units and different
26 types of commercial building enclosed floor space.

27 **SECTION 1.7.** Disclosure. – Whenever the sale of real property located in
28 Orange County involves new construction, the seller shall prepare and sign, and the
29 buyer shall receive and sign, a disclosure statement. The disclosure statement shall
30 either be included in a contract for sale or contained in a separate document executed
31 prior to the execution of a sales contract. This disclosure statement shall fully and
32 completely disclose that the owner of the property at the time an occupancy permit is
33 issued for the new construction or, if no occupancy permit is issued, on the date the new
34 construction is occupied, may be subject to a tax levied by the county on the impact of
35 land development. If a seller fails to make this disclosure and the buyer suffers injury
36 as a result of the seller's failure to disclose, the seller is liable to the buyer to the extent
37 of the buyer's injury.

38 **SECTION 1.8.** Refunds. – If any provision of this part or an ordinance
39 adopted under this part is held invalid by a final decision of a court of competent
40 jurisdiction, then any impact taxes collected under this part shall be refunded with
41 interest at the rate established in G.S. 105-241.1(i).

42 **SECTION 1.9.** Limitation on Actions. – Any action contesting the validity
43 of an ordinance adopted under this part must be commenced not later than nine months

1 after the effective date of the ordinance. Any action seeking to recover an impact tax
2 must be commenced not later than nine months after the impact tax is paid.

3 **PART II. CHATHAM COUNTY IMPACT TAX**

4 **SECTION 2.1.** Sections 4 through 12.1 of Chapter 460 of the 1987 Session
5 Laws are repealed.

6 **SECTION 2.2.** Definitions. – The following definitions apply in this part:

7 (1) Commercial building enclosed floor space. – All enclosed floor space
8 used for any purpose except:

9 a. Dwelling units and accessory structures to dwelling units.

10 b. Recreational facilities constructed as part of a residential
11 development and used primarily by residents of the
12 development.

13 c. Buildings owned by the United States, the State of North
14 Carolina, any county, or any municipal corporation.

15 d. Buildings owned and operated by nonprofit entities for
16 noncommercial and nonresidential purposes.

17 e. Schools or day care centers.

18 (2) Dwelling unit. – An enclosure containing sleeping, kitchen, and
19 bathroom facilities designed for and used or held ready for use as a
20 permanent residence by one family.

21 (3) Land development. –

22 a. Land development includes any of the following:

23 1. Construction of any dwelling unit, other than one
24 excluded under sub-subdivision b. of this subdivision,
25 for which a building permit was issued or should have
26 been issued after the effective date of an ordinance
27 adopted under this part.

28 2. Construction of any commercial building enclosed floor
29 space for which a building permit was issued or should
30 have been issued after the effective date of an ordinance
31 adopted under this part.

32 3. Conversion of a building that adds one or more new
33 dwelling units or that creates new commercial building
34 enclosed floor space.

35 4. The initial location of a manufactured home or other
36 dwelling or commercial structure within Chatham
37 County.

38 b. For purposes of determining the impact of land development for
39 this part, land development does not include:

40 1. Construction of an addition to a dwelling unit.

41 2. The relocation within Chatham County of any structure
42 located within the county on the effective date of an
43 ordinance adopted pursuant to this part or any structure

1 with respect to which an impact tax pursuant to this part
2 has been paid.

3 3. Within the county, the reconstruction or replacement of
4 one dwelling unit by another or the replacement or
5 reconstruction of commercial building enclosed floor
6 space that was in existence on the effective date of an
7 ordinance adopted pursuant to this part or of any such
8 floor space with respect to which an impact tax adopted
9 pursuant to this part has been paid.

10 (4) Net proceeds. – The gross proceeds of the tax less the cost to the
11 county of collecting and administering the tax.

12 (5) Person. – An individual, a partnership, a corporation, or another legal
13 entity.

14 (6) Person responsible for the impact of land development. – The owner of
15 any dwelling unit or commercial building enclosed floor space on the
16 date an occupancy permit is issued for the dwelling unit or commercial
17 floor space or, if no occupancy permit is issued, the date the dwelling
18 unit or commercial floor space is occupied.

19 **SECTION 2.3.** Authorization. – Chatham County may adopt an ordinance
20 levying a tax on the impact of land development within the county and provide for the
21 administration, enforcement, and collection of the tax.

22 **SECTION 2.4.** Use of Tax Proceeds. – The purpose of the tax authorized by
23 this part is to generate funds to partially offset the cost of constructing new school
24 capital facilities or replacing, expanding, or improving existing school capital facilities
25 necessitated in part by new growth within Chatham County. Accordingly, the net
26 proceeds generated by the tax authorized by this part shall be deposited by Chatham
27 County in its capital reserve improvements fund or funds established under Part 2 of
28 Article 3 of Chapter 159 of the General Statutes and may be expended, to the extent
29 otherwise authorized by law, only for capital improvements projects related to public
30 schools.

31 **SECTION 2.5.** Liability; Administration. – An ordinance adopted pursuant
32 to this part shall provide that:

33 (1) A person responsible for the impact of land development shall pay an
34 impact tax for each square foot of dwelling space and commercial
35 building enclosed floor space for which an occupancy permit is issued
36 or, if no occupancy permit is issued, for each square foot of dwelling
37 space in an occupied dwelling and for each square foot of occupied
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40 initially issued for the dwelling unit or commercial building enclosed
41 floor space in question or, if no occupancy permit is issued, the date
42 the dwelling unit or commercial floor space is initially occupied.
43 However, no tax due shall be considered delinquent until 60 days after

1 the tax becomes due. There shall be added to delinquent taxes interest
2 at the legal rate.

3 (3) Taxes authorized by this part may be collected pursuant to
4 G.S. 153A-147 or G.S. 160A-207. In addition, taxes authorized by this
5 part may be recovered in a civil action in the nature of debt including
6 an award of reasonable attorneys' fees as part of costs.

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8 it adopts its annual budget the tax rate to be levied per square foot of dwelling space and
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10 Different tax rates may be established for different types of dwelling units and different
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17 completely disclose that the owner of the property at the time an occupancy permit is
18 issued for the new construction or, if no occupancy permit is issued, the date the new
19 construction is occupied, may be subject to a tax levied by the county on the impact of
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21 as a result of the seller's failure to disclose, the seller is liable to the buyer to the extent
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24 adopted under this part is held invalid by a final decision of a court of competent
25 jurisdiction, then any impact taxes collected under this part shall be refunded with
26 interest at the rate established in G.S. 105-241.1(i).

27 **SECTION 2.9.** Limitation on Actions. – Any action contesting the validity
28 of an ordinance adopted under this part must be commenced not later than nine months
29 after the effective date of the ordinance. Any action seeking to recover an impact tax
30 must be commenced not later than nine months after the impact tax is paid.

31 **PART III. EFFECTIVE DATE**

32 **SECTION 3.** This act is effective when it becomes law.