

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2015

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HOUSE BILL 168
Committee Substitute Favorable 6/16/15
Third Edition Engrossed 6/17/15
Senate Commerce Committee Substitute Adopted 6/30/15

Short Title: Exempt Builders' Inventory.

(Public)

Sponsors:

Referred to:

March 9, 2015

A BILL TO BE ENTITLED

AN ACT TO EXEMPT FROM PROPERTY TAX THE INCREASE IN VALUE OF REAL
PROPERTY HELD FOR SALE BY A BUILDER, TO THE EXTENT THE INCREASE IS
ATTRIBUTABLE TO SUBDIVISION OR IMPROVEMENTS BY THE BUILDER.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 105-273(3a) is reenacted and reads as rewritten:

"(3a) "Builder" means a taxpayer ~~licensed as a general contractor under G.S. 87-1~~
~~and~~ engaged in the business of buying real property, making improvements
to it, and then reselling it."

SECTION 2. Article 12 of Chapter 105 of the General Statutes is amended by
adding a new section to read:

**"§ 105-277.02. Certain real property held for sale classified for taxation at reduced
valuation.**

(a) Residential Real Property. – Residential real property held for sale by a builder is
designated a special class of property under authority of Article V, Sec. 2(2) of the North
Carolina Constitution. For purposes of this subsection, "residential real property" is real
property that is intended to be sold and used as an individual's residence immediately or after
construction of a residence, and the term excludes property that is either occupied by a tenant
or used for commercial purposes such as residences shown to prospective buyers as models.
Any increase in value of this classified property attributable to subdivision of, improvements
other than buildings, or the construction of either a new single-family residence or a duplex on
the property by the builder is excluded from taxation under this Subchapter as long as the
builder continues to hold the property for sale. In no event shall this exclusion extend for more
than three years from the time the improved property was first subject to being listed for
taxation by the builder.

(b) Commercial Property. – Commercial real property held for sale by a builder is
designated a special class of property under authority of Article V, Sec. 2(2) of the North
Carolina Constitution. For purposes of this subsection, "commercial real property" is real
property that is intended to be sold and used for commercial purposes immediately or after
improvement. Any increase in value of this classified property attributable to subdivision of or
other improvements made to the property, by the builder, is excluded from taxation under this
Subchapter as long as the builder continues to hold the property for sale. The exclusion
authorized by this subsection ends at the earlier of the following:



- 1 (1) Five years from the time the improved property was first subject to being
- 2 listed for taxation by the builder.
- 3 (2) Issuance of a building permit.
- 4 (3) Sale of the property.
- 5 (c) The builder must apply for any exclusion under this section annually as provided in
- 6 G.S. 105-282.1.
- 7 (d) In appraising property classified under this section, the assessor shall specify what
- 8 portion of the value is an increase attributable to subdivision or other improvement by the
- 9 builder."
- 10 **SECTION 3.** This act is effective for taxes imposed for taxable years beginning on
- 11 or after July 1, 2016, and applies to subdivision of or other improvements made on or after July
- 12 1, 2015.