

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2019**

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HOUSE BILL 492

Short Title: Simplify Builder Inventory Exclusion. (Public)

Sponsors: Representatives Brody, Howard, and B. Turner (Primary Sponsors).
For a complete list of sponsors, refer to the North Carolina General Assembly web site.

Referred to: Commerce, if favorable, Finance, if favorable, Rules, Calendar, and Operations of
the House

March 28, 2019

A BILL TO BE ENTITLED
AN ACT TO SIMPLIFY THE PROPERTY TAX EXCLUSION FOR INCREASES IN VALUE
OF PROPERTY HELD BY A BUILDER.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 105-277.02(a) reads as rewritten:

"(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~~ five years from the time the improved property was first subject to being listed for taxation by the builder."

SECTION 2. G.S. 105-282.1(a) reads as rewritten:

"(a) Application. – Every owner of property claiming exemption or exclusion from property taxes under the provisions of this Subchapter has the burden of establishing that the property is entitled to it. If the property for which the exemption or exclusion is claimed is appraised by the Department of Revenue, the application shall be filed with the Department. Otherwise, the application shall be filed with the assessor of the county in which the property is situated. An application must contain a complete and accurate statement of the facts that entitle the property to the exemption or exclusion and must indicate the municipality, if any, in which the property is located. Each application filed with the Department of Revenue or an assessor shall be submitted on a form approved by the Department. Application forms shall be made available by the assessor and the Department, as appropriate.

Except as provided below, an owner claiming an exemption or exclusion from property taxes must file an application for the exemption or exclusion annually during the listing period:

...

- (2) Single application required. – An owner of one or more of the following properties eligible for a property tax benefit must file an application for the benefit to receive it. Once the application has been approved, the owner does not need to file an application in subsequent years unless new or additional



1 property is acquired or improvements are added or removed, necessitating a
2 change in the valuation of the property, or there is a change in the use of the
3 property or the qualifications or eligibility of the taxpayer necessitating a
4 review of the benefit. [The properties are as follows:]

5 ...

6 c. Special classes of property classified for taxation at a reduced
7 valuation under G.S. 105-277(h), 105-277.02, 105-277.1, 105-277.1C,
8 105-277.10, 105-277.13, 105-277.14, 105-277.15, 105-277.17, or
9 105-278.

10"

11 **SECTION 3.** This act is effective for taxes imposed for taxable years beginning on
12 or after July 1, 2019.