

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2015

S

1

SENATE BILL 321*

Short Title: Exempt Builders' Inventory. (Public)

Sponsors: Senators Brown, Tucker, Gunn (Primary Sponsors); B. Jackson and McInnis.

Referred to: Rules and Operations of the Senate.

March 18, 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. 87-4
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.**

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. 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. In no event shall this exclusion extend for more than
five years from the time the improved property was first subject to being listed for taxation by
the builder. The builder must apply for this exclusion annually as provided in G.S. 105-282.1.
In appraising property classified under this section, the assessor shall specify what portion of
the value is an increase attributable to subdivision or other improvement by the builder."

SECTION 3. G.S. 105-287(d) reads as rewritten:

"(d) Notwithstanding subsection (a), if a tract of land has been subdivided into lots and
more than five acres of the tract remain unsold by the owner of the tract, the assessor ~~may~~ shall
appraise the unsold portion as land acreage rather than as lots. A tract is considered subdivided
into lots when the lots are located on streets laid out and open for travel and the lots have been
sold or offered for sale as lots since the last appraisal of the property."

SECTION 4. This act is effective for taxes imposed for taxable years beginning on
or after July 1, 2015.

