



NORTH CAROLINA GENERAL ASSEMBLY
CONFERENCE REPORT
House Bill 1249

H1249-CRMC-86 [v.5]

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[NO] Title Change

[YES] For Committee Substitute

To: The President of the Senate
The Speaker of the House of Representatives

The conferees appointed to resolve the differences between the Senate and the House of Representatives on House Bill 1249, A BILL TO BE ENTITLED AN ACT TO MODIFY THE INVENTORY PROPERTY TAX DEFERRAL, Senate Commerce Committee Substitute Adopted 6/1/10, submit the following report:

The House and Senate agree to the following amendment to the Senate Commerce Committee Substitute Adopted 6/1/10, and the House concurs in the Senate Commerce Committee Substitute Adopted 6/1/10 as amended:

Delete the entire Senate Commerce Committee Substitute Adopted 6/1/10, and substitute the attached Proposed Conference Committee Substitute H1249-PCCS11147-MC-1.

The conferees recommend that the Senate and the House of Representatives adopt this report.

Date Conferees approved report: July, 2010.

Conferees for the Senate

Conferees for the House of Representatives

Signature of David W. Hoyle, Chair

David W. Hoyle, Chair

Signature of Bruce Goforth, Chair

Bruce Goforth, Chair

Signature of Margaret Highsmith Dickson, Chair

Margaret Highsmith Dickson, Chair

Signature of Harold J. Brubaker

Harold J. Brubaker

Signature of Pryor Gibson

Pryor Gibson

Submitted 7/6/2010 placed on calendar 7/7/2010
ADOPTED (/) Message Received
ADOPTED (/) Ordered Enrolled



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GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2009

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HOUSE BILL 1249
Senate Commerce Committee Substitute Adopted 6/1/10
Proposed Conference Committee Substitute H1249-PCCS11147-MC-1

Short Title: Homebuilder Property Tax Deferral Change.

(Public)

Sponsors:

Referred to:

April 9, 2009

A BILL TO BE ENTITLED

AN ACT TO MODIFY THE INVENTORY PROPERTY TAX DEFERRAL.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 105-277.1D reads as rewritten:

"§ 105-277.1D. Inventory property tax deferral.

(a) Classification. – A residence ~~owned and~~ constructed by a builder and owned by the builder or a business entity of which the builder is a member, as defined in G.S. 105-277.2, is designated a special class of property under Section 2(2) of Article V of the North Carolina Constitution and is taxable in accordance with this section. For purposes of this section, a "residence" is an improvement, other than remodeling, renovating, rehabilitating, or refinishing, by a builder to real property that is intended to be sold and used as an individual's residence, that is unoccupied, and for which a certificate of occupancy authorized by law has been issued.

(b) Deferred Taxes. – ~~A builder~~An owner may defer the portion of tax imposed on real property that represents the increase in value of the property attributable solely to improvements resulting from the construction by the builder of a residence on the property. The difference between the taxes due under this section and the taxes that would have been payable in the absence of this section are a lien on the real property of the taxpayer as provided in G.S. 105-355(a). The difference in taxes for the fiscal years preceding the current tax year shall be carried forward in the records of the taxing unit or units as deferred taxes. The deferred taxes are due and payable in accordance with G.S. 105-277.1F when the property loses its eligibility for deferral because of the occurrence of a disqualifying event. A disqualifying event occurs at the earliest of (i) when the ~~builder-owner~~ transfers the residence, (ii) when the residence is occupied by the ~~builder-owner~~ or by someone other than the ~~builder-owner~~ with the ~~builder's owner's~~ consent, (iii) five years from the time the improved property was first subject to being listed for taxation by the ~~builder-owner~~, or (iv) three years from the time the improved property first received the property tax benefit provided by this section. On or before September 1 of each year, the collector shall notify each ~~builder-owner~~ to whom a tax deferral has previously been granted of the accumulated sum of deferred taxes and interest.

(c) Creditor Limitations. – A mortgagee or trustee that elects to pay any tax deferred by the ~~builder-owner~~ subject to a mortgage or deed of trust does not acquire a right to foreclose as a result of the election. Except for requirements dictated by federal law or regulation, any provision in a mortgage, deed of trust, or other agreement that prohibits the ~~builder-owner~~ from deferring taxes on property under this section is void.



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1 (d) Construction. – This section does not affect the attachment of a lien for personal
2 property taxes against a tax-deferred residence.

3 (e) Application. – An application for property tax relief provided by this section should
4 be filed during the regular listing period but may be filed after the regular listing period upon a
5 showing of good cause by the applicant for failure to make a timely application, as determined
6 and approved by the board of equalization and review or, if that board is not in session, by the
7 board of county commissioners. An untimely application approved under this subsection
8 applies only to property taxes levied by the county or municipality in the calendar year in
9 which the untimely application is filed. Decisions of the county board may be appealed to the
10 Property Tax Commission. Persons may apply for this property tax relief by entering the
11 appropriate information on a form made available by the assessor under G.S. 105-282.1."

12 **SECTION 2.** This act is effective for taxes imposed for taxable years beginning on
13 or after July 1, 2010.