

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2013

H.B. 972
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HOUSE PRINCIPAL CLERK

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HOUSE DRH30441-MC~~x~~-177 (04/01)

Short Title: Eliminate Continuing Care Prop. Tax Exemption.

(Public)

Sponsors: Representative Ramsey.

Referred to:

1 A BILL TO BE ENTITLED
2 AN ACT TO ELIMINATE THE PROPERTY TAX BENEFIT FOR QUALIFIED
3 RETIREMENT FACILITIES.

4 The General Assembly of North Carolina enacts:

5 SECTION 1. G.S. 105-278.6A is repealed.

6 SECTION 2. G.S. 105-164.14(b) reads as rewritten:

7 "(b) Nonprofit Entities and Hospital Drugs. – A nonprofit entity is allowed a semiannual
8 refund of sales and use taxes paid by it under this Article on direct purchases of tangible
9 personal property and services, other than electricity, telecommunications service, and ancillary
10 service, for use in carrying on the work of the nonprofit entity. Sales and use tax liability
11 indirectly incurred by a nonprofit entity on building materials, supplies, fixtures, and equipment
12 that become a part of or annexed to any building or structure that is owned or leased by the
13 nonprofit entity and is being erected, altered, or repaired for use by the nonprofit entity for
14 carrying on its nonprofit activities is considered a sales or use tax liability incurred on direct
15 purchases by the nonprofit entity. A request for a refund must be in writing and must include
16 any information and documentation required by the Secretary. A request for a refund for the
17 first six months of a calendar year is due the following October 15; a request for a refund for
18 the second six months of a calendar year is due the following April 15.

19 The refunds allowed under this subsection do not apply to an entity that is owned and
20 controlled by the United States or to an entity that is owned or controlled by the State and is not
21 listed in this subsection. A hospital that is not listed in this subsection is allowed a semiannual
22 refund of sales and use taxes paid by it on medicines and drugs purchased for use in carrying
23 out its work. The following nonprofit entities are allowed a refund under this subsection:

24 ...

25 (4) ~~Qualified retirement facilities whose property is excluded from property tax~~
26 ~~under G.S. 105-278.6A.~~ A retirement facility licensed under Article 64 of
27 Chapter 58 of the General Statutes and designed for elderly residents if the
28 facility meets all of the following conditions:

29 a. It includes independent living units for elderly residents.

30 b. It includes a skilled nursing facility or an adult care facility.

31 c. It is exempt from tax under Article 4 of this Chapter and private
32 shareholders do not benefit from its operations.

33 d. All of its revenues, less operating and capital expenses, are applied to
34 providing uncompensated goods and services to the elderly and to the
35 local community or are applied to an endowment or a reserve for
36 these purposes.



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- 1 e. Its charter provides that, in the event of dissolution, its assets will
- 2 revert or be conveyed to an entity that is organized exclusively for
- 3 charitable, educational, scientific, or religious purposes and is an
- 4 exempt organization under section 501(c)(3) of the Code.
- 5 f. It has an active program to generate funds through one or more
- 6 sources, such as gifts, grants, trusts, devises, endowment, or an
- 7 annual giving program, to assist the retirement facility in serving
- 8 persons who might not be able to reside there without financial
- 9 assistance or subsidy.
- 10 g. The facility serves all residents without regard to the residents' ability
- 11 to pay or at least five percent (5%) of the facility's resident revenue
- 12 for the financial reporting period is provided in one or both of the
- 13 activities listed in this sub-subdivision. For purposes of this
- 14 subdivision, "unreimbursed costs" means the costs a facility incurs
- 15 for providing one of the activities listed in this sub-subdivision after
- 16 subtracting payment or reimbursement received from any source for
- 17 the activity and includes costs paid from funds generated by a
- 18 program described in sub-subdivision f. of this subdivision.
- 19 1. The unreimbursed costs to the facility of providing health
- 20 care, housing, or other services to a resident who is
- 21 uninsured, underinsured, or otherwise unable to pay for all or
- 22 part of the services rendered.
- 23 2. The unreimbursed costs to the facility of providing services,
- 24 including health, recreation, community research, and
- 25 education activities provided to the community at large,
- 26 including the elderly; charitable donations; donated volunteer
- 27 services; donations and voluntary payments to government
- 28 agencies; or any combination thereof.

...."

30 **SECTION 3.** This act is effective for taxes imposed for taxable years beginning on
31 or after July 1, 2013.