

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2015

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SENATE DRS45160-MC-107A* (01/30)

Short Title: Exempt Builders' Inventory. (Public)

Sponsors: Senators Brown, Tucker, and Gunn (Primary Sponsors).

Referred to:

1 A BILL TO BE ENTITLED
2 AN ACT TO EXEMPT FROM PROPERTY TAX THE INCREASE IN VALUE OF REAL
3 PROPERTY HELD FOR SALE BY A BUILDER, TO THE EXTENT THE INCREASE IS
4 ATTRIBUTABLE TO SUBDIVISION OR IMPROVEMENTS BY THE BUILDER.

5 The General Assembly of North Carolina enacts:

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

7 "(3a) "Builder" means a taxpayer ~~licensed as a general contractor under G.S. 87-1~~
8 ~~and~~ engaged in the business of buying real property, making improvements
9 to it, and then reselling it."

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

12 "**§ 105-277.02. Certain real property held for sale classified for taxation at reduced**
13 **valuation.**

14 Real property held for sale by a builder is designated a special class of property under
15 authority of Article V, Sec. 2(2) of the North Carolina Constitution. Any increase in value of
16 this classified property attributable to subdivision of or other improvements made to the
17 property, by the builder, is excluded from taxation under this Subchapter as long as the builder
18 continues to hold the property for sale. In no event shall this exclusion extend for more than
19 five years from the time the improved property was first subject to being listed for taxation by
20 the builder. The builder must apply for this exclusion annually as provided in G.S. 105-282.1.
21 In appraising property classified under this section, the assessor shall specify what portion of
22 the value is an increase attributable to subdivision or other improvement by the builder."

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

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

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



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