

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1999

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HOUSE BILL 136\*  
Committee Substitute Favorable 7/8/99

Short Title: Exempt Child Care Property.

(Public)

Sponsors:

Referred to:

February 24, 1999

A BILL TO BE ENTITLED  
AN ACT TO EXEMPT NONPROFIT CHILD CARE CENTERS FROM PROPERTY  
TAX.

The General Assembly of North Carolina enacts:

Section 1. G.S. 105-278.4 reads as rewritten:

**"§ 105-278.4. ~~Real and personal property~~ Property used for educational purposes.**

(a) Buildings. – Buildings, the land they actually occupy, and additional land reasonably necessary for the convenient use of ~~any such the building shall be exempted are exempt~~ from taxation ~~if~~ if all of the following conditions are met:

(1) ~~Owned~~ The property is owned by an educational institution ~~(including a university, college, school, seminary, academy, industrial school, public library, museum, and similar institution);~~ institution.

(2) The owner is not organized or operated for profit and no officer, shareholder, member, or employee of the owner or any other person is entitled to receive pecuniary profit from the owner's operations except reasonable compensation for ~~services;~~ services.

(3) ~~Of~~ The property is of a kind commonly employed in the performance of those activities naturally and properly incident to the operation of an educational institution such as the ~~owner;~~ and owner.

1           (4) ~~Wholly~~ The property is used wholly and exclusively ~~used~~ for educational  
2 purposes by the ~~owner-owner, or is~~ occupied gratuitously by another  
3 nonprofit educational institution ~~(as defined herein) and wholly and~~  
4 ~~exclusively~~ and used by the occupant wholly and exclusively for  
5 nonprofit educational purposes.

6           (b) Land. – Land (exclusive of improvements); and improvements other than  
7 buildings, the land actually occupied by ~~such~~ the improvements, and additional land  
8 reasonably necessary for the convenient use of ~~any such improvement shall be exempted~~  
9 ~~from taxation if:~~ the improvements is exempt from taxation if all of the following  
10 conditions are met:

11           (1) ~~Owned~~ The property is owned by an educational institution that owns  
12 real property entitled to exemption under ~~the provisions of subsection (a),~~  
13 ~~above;~~ subsection (a) of this section.

14           (2) ~~Of~~ The property is of a kind commonly employed in the performance of  
15 those activities naturally and properly incident to the operation of an  
16 educational institution such as the ~~owner;~~ and owner.

17           (3) ~~Wholly and exclusively used~~ The property is used wholly and exclusively  
18 for educational purposes by the ~~owner-owner, or is~~ occupied gratuitously  
19 by another nonprofit educational institution ~~(as defined herein) and wholly~~  
20 ~~and exclusively~~ and used by the occupant wholly and exclusively for  
21 nonprofit educational purposes.

22           (c) Partial Exemption. – Notwithstanding the exclusive-use requirements of  
23 subsections (a) and ~~(b), above,~~ (b) of this section, if part of a property that otherwise meets  
24 the requirements of one of those subsections is used for a purpose that would require  
25 exemption if the entire property were so used, the valuation of the part so used ~~shall be~~  
26 ~~exempted~~ is exempt from taxation.

27           (d) Incidental Public Use. – The fact that a building or facility is incidentally  
28 available to and patronized by the general public, so long as there is no material amount  
29 of business or patronage with the general public, ~~shall~~ does not defeat the exemption  
30 granted by this section.

31           (e) Personal Property. – Personal property owned by a church, a religious body, or  
32 an educational institution ~~(including a university, college, school, seminary, academy,~~  
33 ~~industrial school, public library, museum, and similar institution) shall be exempted from~~  
34 ~~taxation if:~~ is exempt from taxation if both of the following conditions are met:

35           (1) The owner is not organized or operated for profit, and no officer,  
36 shareholder, member, or employee of the owner, or any other person is  
37 entitled to receive pecuniary profit from the owner's operations except  
38 reasonable compensation for ~~services;~~ and services.

39           (2) ~~Used~~ The property is used wholly and exclusively for educational  
40 purposes by the ~~owner-owner, or is~~ held gratuitously by a church,  
41 religious body, or nonprofit educational institution ~~(as defined herein)~~  
42 other than the ~~owner;~~ and owner and ~~used~~ wholly and exclusively ~~used~~  
43 for nonprofit educational purposes by the possessor.

1 (f) Definitions. – The following definitions apply in this section:

2 (1) Child care center. – Defined in G.S. 110-86.

3 (2) Educational institution. – A university, a college, a school, a seminary,  
4 an academy, an industrial school, a public library, a museum, a licensed  
5 child care center, or a similar institution.

6 (3) Educational purpose. – A purpose ~~An educational purpose within the~~  
7 ~~meaning of this section is one~~ that has as its objective the education or  
8 instruction of human beings; it comprehends the transmission of  
9 information and the training or development of the knowledge or skills  
10 of individual persons. The operation of a child care center is an  
11 educational purpose. The operation of a golf course, a tennis court, a  
12 sports arena, a similar sport property, or a similar recreational sport  
13 property for the use of students or faculty is also an educational purpose,  
14 regardless of the extent to which the property is also available to and  
15 patronized by the general public.

16 (4) License. – Defined in G.S. 110-86."

17 Section 2. This act is effective for taxes imposed for taxable years beginning  
18 on or after July 1, 2000.