

GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2001

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SENATE BILL 146\*

Short Title: Exempt Child Care Property.

(Public)

Sponsors: Senators Kinnaird; Gulley and Lee.

Referred to: Finance.

February 14, 2001

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.

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

(b) Land. – Land (exclusive of improvements); and improvements other than buildings, the land actually occupied by ~~such the~~ improvements, and additional land reasonably necessary for the convenient use of ~~any such improvement shall be~~

1 ~~exempted from taxation if: the improvements is exempt from taxation if all of the~~  
2 following conditions are met:

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

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

9 (3) ~~Wholly and exclusively used~~ The property is used wholly and  
10 exclusively for educational purposes by the ~~owner~~ owner, or is  
11 occupied gratuitously by another nonprofit educational institution (as  
12 defined herein) and wholly and exclusively and used by the occupant  
13 wholly and exclusively for nonprofit educational purposes.

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

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

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

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

32 (2) ~~Used~~ The property is used wholly and exclusively for educational  
33 purposes by the ~~owner~~ owner, or is held gratuitously by a church,  
34 religious body, or nonprofit educational institution ~~(as defined herein)~~  
35 other than the ~~owner,~~ and owner and used wholly and exclusively ~~used~~  
36 for nonprofit educational purposes by the possessor.

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

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

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

42 (3) Educational purpose. – A purpose ~~An educational purpose within the~~  
43 ~~meaning of this section is one~~ that has as its objective the education or  
44 instruction of human beings; it comprehends the transmission of

1 information and the training or development of the knowledge or skills  
2 of individual persons. The operation of a child care center is an  
3 educational purpose. The operation of a golf course, a tennis court, a  
4 sports arena, a similar sport property, or a similar recreational sport  
5 property for the use of students or faculty is also an educational  
6 purpose, regardless of the extent to which the property is also available  
7 to and patronized by the general public.

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

9 **SECTION 2.** This act is effective for taxes imposed for taxable years  
10 beginning on or after July 1, 2002.