

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2005

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SENATE DRS35074-MA-7 (1/27)

Short Title: Exempt Builders' Inventory.

(Public)

Sponsors: Senator Dalton.

Referred to:

A BILL TO BE ENTITLED

AN ACT TO EXEMPT FROM PROPERTY TAX THE INCREASE IN VALUE OF REAL PROPERTY HELD FOR SALE BY A BUILDER, TO THE EXTENT THE INCREASE ATTRIBUTABLE TO SUBDIVISION OR IMPROVEMENTS BY THE BUILDER.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 105-273 is amended by adding a new subdivision to read:

"(3a) "Builder" means a taxpayer engaged in the business of buying real property, making improvements to it, and then reselling it."

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

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

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

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

"(d) Notwithstanding subsection (a), if a tract of land has been subdivided into lots and more than five acres of the tract remain unsold by the owner of the tract, the assessor ~~may~~shall appraise the unsold portion as land acreage rather than as lots. A tract

1 is considered subdivided into lots when the lots are located on streets laid out and open
2 for travel and the lots have been sold or offered for sale as lots since the last appraisal of
3 the property."

4 **SECTION 4.** This act is effective for taxes imposed for taxable years
5 beginning on or after July 1, 2006.