GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2001

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HOUSE BILL 1436

Short Title:	CCRC Leased Property.	(Public)
Sponsors:	Representative Pope.	
Referred to:	Finance.	

May 10, 2001

A BILL TO BE ENTITLED

AN ACT TO EXTEND THE CONTINUING CARE RETIREMENT CENTER PROPERTY TAX EXEMPTION TO REAL PROPERTY LEASED BY THE CENTER.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 105-278.6A, as amended by S.L. 2001-17, reads as rewritten:

"**§ 105-278.6A. Qualified retirement facility.**

(a) Classification. – ~~Buildings, the land they actually occupy, additional adjacent land reasonably necessary for the convenient use of the buildings, and personal property owned by a qualified retirement facility and used in the operation of that facility are~~ The following property is designated a special class of property under Section 2(2) of Article V of the North Carolina Constitution and ~~are~~ is excluded from taxation to the extent provided in this ~~section.~~ section:

(1) Buildings, the land they actually occupy, and additional adjacent land reasonably necessary for the convenient use of the buildings, owned by, or leased under a qualified lease by, a qualified retirement facility and used in the operation of that facility.

(2) Personal property owned by a qualified retirement facility and used in the operation of that facility.

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

(1) Charity care. – The unreimbursed costs to the facility of providing health care, housing, or other services to a resident who is uninsured, underinsured, or otherwise unable to pay for all or part of the services rendered.

(2) Community benefits. – The unreimbursed costs to the facility of providing the following:

a. Services, including health, recreation, community research, and education activities provided to the community at large, including the elderly.

b. Charitable donations.

c. Donated volunteer services.

d. Donations and voluntary payments to government agencies.

(3) Financial reporting period. – The calendar year or tax year ending prior to the date the retirement facility applies for an exclusion under this section.

<u>(4) Qualified lease. – A triple net lease under which the qualified retirement facility is required to pay all taxes, insurance, and maintenance on the property and under which all benefits of any property tax exemption for the leased property accrue solely to the qualified retirement facility.</u>

~~(4)~~<u>(5)</u> Resident revenue. – Annual revenue paid by a resident for goods and services and one year's share of the initial resident fee amortized in accordance with generally accepted accounting principles.

~~(5)~~<u>(6)</u> Retirement facility. – A community that meets all of the following conditions:

a. It is licensed under Article 64 of Chapter 58 of the General Statutes.

b. It is designed for elderly residents.

c. It includes independent living units for elderly residents.

d. It includes a skilled nursing facility or an adult care facility.

~~(6)~~<u>(7)</u> Unreimbursed costs. – The costs a facility incurs for providing charity care or community benefits after subtracting payment or reimbursement received from any source for the care or benefits. Unreimbursed costs include costs paid from funds generated by a program described in subdivision (c)(5) of this section.

(c) Total Exclusion. – A retirement facility qualifies for total exclusion under this section if it meets all of the following conditions:

(1) It is exempt from tax under Article 4 of this Chapter and private shareholders do not benefit from its operations.

(2) All of its revenues, less operating and capital expenses, are applied to providing uncompensated goods and services to the elderly and to the local community, or are applied to an endowment or a reserve for these purposes.

(3) Its charter provides that in the event of dissolution, its assets will revert or be conveyed to an entity that is organized exclusively for charitable, educational, scientific, or religious purposes, and is an exempt organization under section 501(c)(3) of the Code.

(5) It has an active program to generate funds through one or more sources, such as gifts, grants, trusts, bequests, endowment, or an annual giving program, to assist the retirement facility in serving

persons who might not be able to reside there without financial assistance or subsidy.

(6) It meets at least one of the following conditions:

a. The facility serves all residents without regard to the residents' ability to pay.

b. At least five percent (5%) of the facility's resident revenue for the financial reporting period is provided in charity care to its residents, in community benefits, or in both.

(d) Partial Exclusion. – A retirement facility qualifies for a partial exclusion under this subsection if it meets the conditions under subdivisions (c)(1) through (c)(5) of this section and at least one percent (1%) of the facility's resident revenue for the financial reporting period is provided in charity care to its residents, in community benefits, or in both. The percentage of the retirement facility's assessed value that is excluded from taxation is the applicable percentage provided in the following table, based on the minimum percentage of the facility's resident revenue that it provides in charity care to its residents, in community benefits, or in both:

Partial Exclusion	Minimum Percentage of Resident Revenue
80%	4%
60%	3%
40%	2%
20%	1%

(e) Application for Exclusion. – The application requirements of G.S. 105-282.1 apply to this section."

SECTION 2. This act is effective for taxes imposed for taxable years beginning on or after July 1, 2001. Notwithstanding the provisions of G.S. 105-282.1(a), an application for the benefit provided in this act for the 2001-2002 tax year is timely if it is filed on or before September 1, 2001.