

GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2019

H.B. 492  
Mar 27, 2019  
HOUSE PRINCIPAL CLERK

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HOUSE BILL DRH30215-MCf-148

Short Title: Simplify Builder Inventory Exclusion. (Public)

Sponsors: Representatives Brody, Howard, and B. Turner (Primary Sponsors).

Referred to:

1 A BILL TO BE ENTITLED  
2 AN ACT TO SIMPLIFY THE PROPERTY TAX EXCLUSION FOR INCREASES IN VALUE  
3 OF PROPERTY HELD BY A BUILDER.

4 The General Assembly of North Carolina enacts:

5 **SECTION 1.** G.S. 105-277.02(a) reads as rewritten:

6 "(a) Residential Real Property. – Residential real property held for sale by a builder is  
7 designated a special class of property under authority of Article V, Sec. 2(2) of the North Carolina  
8 Constitution. For purposes of this subsection, "residential real property" is real property that is  
9 intended to be sold and used as an individual's residence immediately or after construction of a  
10 residence, and the term excludes property that is either occupied by a tenant or used for  
11 commercial purposes such as residences shown to prospective buyers as models. Any increase  
12 in value of this classified property attributable to subdivision of, improvements other than  
13 buildings, or the construction of either a new single-family residence or a duplex on the property  
14 by the builder is excluded from taxation under this Subchapter as long as the builder continues  
15 to hold the property for sale. In no event shall this exclusion extend for more than ~~three~~ five years  
16 from the time the improved property was first subject to being listed for taxation by the builder."

17 **SECTION 2.** G.S. 105-282.1(a) reads as rewritten:

18 "(a) Application. – Every owner of property claiming exemption or exclusion from  
19 property taxes under the provisions of this Subchapter has the burden of establishing that the  
20 property is entitled to it. If the property for which the exemption or exclusion is claimed is  
21 appraised by the Department of Revenue, the application shall be filed with the Department.  
22 Otherwise, the application shall be filed with the assessor of the county in which the property is  
23 situated. An application must contain a complete and accurate statement of the facts that entitle  
24 the property to the exemption or exclusion and must indicate the municipality, if any, in which  
25 the property is located. Each application filed with the Department of Revenue or an assessor  
26 shall be submitted on a form approved by the Department. Application forms shall be made  
27 available by the assessor and the Department, as appropriate.

28 Except as provided below, an owner claiming an exemption or exclusion from property taxes  
29 must file an application for the exemption or exclusion annually during the listing period:

30 ...

- 31 (2) Single application required. – An owner of one or more of the following  
32 properties eligible for a property tax benefit must file an application for the  
33 benefit to receive it. Once the application has been approved, the owner does  
34 not need to file an application in subsequent years unless new or additional  
35 property is acquired or improvements are added or removed, necessitating a  
36 change in the valuation of the property, or there is a change in the use of the



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1 property or the qualifications or eligibility of the taxpayer necessitating a  
2 review of the benefit. [The properties are as follows:]  
3 ...  
4 c. Special classes of property classified for taxation at a reduced  
5 valuation under G.S. 105-277(h), 105-277.02, 105-277.1, 105-277.1C,  
6 105-277.10, 105-277.13, 105-277.14, 105-277.15, 105-277.17, or  
7 105-278.  
8 ...."  
9 **SECTION 3.** This act is effective for taxes imposed for taxable years beginning on  
10 or after July 1, 2019.