

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2025

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SENATE BILL 695
State and Local Government Committee Substitute Adopted 5/22/25

Short Title: Incent Development Finance District Funding. (Public)

Sponsors:

Referred to:

March 26, 2025

1 A BILL TO BE ENTITLED
2 AN ACT TO GROW THE PROPERTY TAX BASE OF UNITS OF LOCAL GOVERNMENT
3 BY FACILITATING PRIVATE DEVELOPER INVOLVEMENT IN CERTAIN PROJECT
4 DEVELOPMENTS.

5 The General Assembly of North Carolina enacts:

6 **SECTION 1.** Article 12 of Chapter 105 of the General Statutes is amended by adding
7 a new section to read:

8 "**§ 105-277.03. Incentive district property tax exclusion.**

9 (a) Classification. – Qualified development (i) located in an incentive district and (ii) held
10 for sale by a builder is designated a special class of property under Section 2(2) of Article V of
11 the North Carolina Constitution and is taxable in accordance with this section. Ninety percent
12 (90%) of the appraised value of property classified under this section is excluded from taxation.
13 Property receiving an exclusion under this section may not receive property tax relief under
14 G.S. 105-277.02.

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

16 (1) Incentive district. – An area (i) designated by a developer, (ii) submitted for
17 approval to the governing body of the unit of local government in which the
18 area is located, (iii) determined, by that governing body, to be an area for
19 which the unit could apply for project development financing debt instruments
20 pursuant to Article 6 of Chapter 159 of the General Statutes, and (iv) approved
21 by the governing body as an incentive district. An incentive district may
22 comprise no more than five percent (5%) of the local government unit's total
23 area.

24 (2) Qualified development. – Land and any unoccupied improvement by a builder
25 to the land, other than remodeling, renovating, rehabilitating, or refinishing
26 existing structures or buildings.

27 (c) Expiration. – The exclusion authorized by this section ends at the earlier of the
28 following:

29 (1) Ten years from the time the property first received the property tax benefit
30 provided by this section.

31 (2) Sale of the property.

32 (d) Application. – The builder must apply for the exclusion under this section as provided
33 in G.S. 105-282.1."

34 **SECTION 2.** G.S. 105-277.02 is amended by adding a new subsection to read:

35 "(e) Property receiving an exclusion under this section may not receive property tax relief
36 under G.S. 105-277.03."



1 **SECTION 3.** G.S. 105-282.1(a)(2)c. reads as rewritten:

2 " Special classes of property classified for taxation at a reduced
3 valuation under G.S. 105-277(h), 105-277.02, 105-277.03, 105-277.1,
4 105-277.1C, 105-277.10, 105-277.13, 105-277.14, 105-277.15,
5 105-277.17, or 105-278."

6 **SECTION 4.** This act is effective for taxes imposed for taxable years beginning on
7 or after July 1, 2026.