

GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2013

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HOUSE BILL 439

Short Title: Economic Development Jobsites Program. (Public)

Sponsors: Representatives Howard, Moffitt, Murry, and Tine (Primary Sponsors).

*For a complete list of Sponsors, refer to the North Carolina General Assembly Web Site.*

Referred to: Finance.

March 27, 2013

1 A BILL TO BE ENTITLED  
2 AN ACT TO CREATE AN INFRASTRUCTURE PROPERTY TAX DEFERRAL  
3 PROGRAM.

4 The General Assembly of North Carolina enacts:

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

7 **"§ 105-277.15A. Taxation of site infrastructure land.**

8 (a) Classification. – Site infrastructure land is designated a special class of property  
9 under Section 2(2) of Article V of the North Carolina Constitution and must be appraised,  
10 assessed, and taxed in accordance with this section. Site infrastructure land classified under this  
11 section must be appraised and assessed in accordance with this section.

12 (b) Requirements. – Land qualifies as site infrastructure land if it meets the following  
13 size, ownership, and use requirements:

14 (1) Size. – The land must consist of at least 100 contiguous acres.

15 (2) Use. – The land must meet all of the following requirements:

16 a. It must be zoned for industrial use, office use, or both.

17 b. A building permit for a primary building or structure must not have  
18 been issued for the land, and there is no primary building or structure  
19 on the land.

20 c. It must be classified under G.S. 105-277.3 or have been classified  
21 under G.S. 105-277.3 within the previous six months.

22 (c) Deferred Taxes. – An owner may defer a portion of tax imposed on a site  
23 infrastructure land that represents the sum of the increase in value of the property attributable  
24 solely to improvements made to the site infrastructure land, if any, and the difference between  
25 the true value of the site infrastructure land and the value of the site infrastructure land as if it  
26 were classified under G.S. 105-277.3 as agricultural land. The difference between the taxes due  
27 under this section and the taxes that would have been payable in the absence of this section is a  
28 lien on the site infrastructure land as provided in G.S. 105-355(a). The difference in taxes must  
29 be carried forward in the records of each taxing unit as deferred taxes. The deferred taxes are  
30 due and payable in accordance with G.S. 105-277.1F when the site infrastructure land loses its  
31 eligibility for deferral because of the occurrence of a disqualifying event as follows:

32 (1) The deferred taxes for the preceding five fiscal years are due and payable  
33 when an amount equal to the deferred taxes is not invested in improvements  
34 to make the land suitable for industrial use, office use, or both within five



1           years from the first day of the fiscal year the property was classified under  
2           this section.

3           (2)   The deferred taxes for the preceding five fiscal years are due and payable  
4           when the minimum investment required by subdivision (1) of this subsection  
5           is timely made, but the land has been classified under this section for 10  
6           years.

7           (3)   All deferred taxes are due and payable when some or all of a site  
8           infrastructure land is rezoned for a use other than for industrial use, office  
9           use, or both.

10          (4)   The deferred taxes for the preceding year are due and payable when the land  
11          is transferred or when a building permit for a primary building or structure  
12          for the land is issued.

13          (d)   Notice. – On or before September 1 of each year, the collector shall notify each  
14          owner to whom a tax deferral has previously been granted of the accumulated sum of deferred  
15          taxes and interest. An owner who fails to notify the county assessor when land classified under  
16          this section loses its eligibility for classification is subject to a penalty in the amount set in  
17          G.S. 105-277.5.

18          (e)   Exception to Payment. – No deferred taxes are due in the following circumstances,  
19          and the deferred taxes remain a lien on the land:

20               (1)   When the owner of the site infrastructure land that was previously classified  
21               under G.S. 105-277.3 does not transfer the land and the land again becomes  
22               eligible for classification under G.S. 105-277.3. In this circumstance, the  
23               deferred taxes are payable in accordance with G.S. 105-277.3.

24               (2)   When a portion of the site infrastructure land is transferred for industrial use,  
25               office use, or both or has issued for the land a building permit for a primary  
26               building or structure for industrial use, office use, or both, and the remainder  
27               of the site infrastructure land no longer meets the size requirement of this  
28               section. In this circumstance, the deferred taxes for the remainder are  
29               payable in accordance with this section without application of the size  
30               requirement of subdivision (b)(1) of this section.

31          (f)   Application. – An application for property tax relief provided by this section should  
32          be filed during the regular listing period but may be filed after the regular listing period upon a  
33          showing of good cause by the applicant for failure to make a timely application, as determined  
34          and approved by the board of equalization and review or, if that board is not in session, by the  
35          board of county commissioners. An untimely application approved under this subsection  
36          applies only to property taxes levied by the county or municipality in the calendar year in  
37          which the untimely application is filed. Decisions of the county board may be appealed to the  
38          Property Tax Commission. Persons may apply for this property tax relief by entering the  
39          appropriate information on a form made available by the assessor under G.S. 105-282.1. An  
40          application for property tax relief provided by this section may not be approved for any portion  
41          of the site infrastructure land which has previously lost eligibility for the program.

42          (g)   Report. – On August 1 of each year, the Secretary shall report to the Department of  
43          Commerce the number and location of site infrastructure lands qualified under this section."

44               **SECTION 2.** G.S. 105-277.3 is amended by adding a new subsection to read:

45               "(d3) Site Infrastructure Exception. – When an owner of land classified under this section  
46               (i) does not transfer the land and the land becomes eligible for classification under  
47               G.S. 105-277.15A or (ii) does transfer the land but the land becomes eligible for classification  
48               under G.S. 105-277.15A within six months of the transfer, no deferred taxes are due. The  
49               deferred taxes remain a lien on the land and are payable in accordance with G.S. 105-277.15A."

50               **SECTION 3.** G.S. 105-277.1F(a) reads as rewritten:

51               "(a) Scope. – This section applies to the following deferred tax programs:

- 1 (1) G.S. 105-275(12), real property owned by a nonprofit corporation held as a  
2 protected natural area.
- 3 (1a) G.S. 105-275(29a), historic district property held as future site of historic  
4 structure.
- 5 (2) G.S. 105-277.1B, the property tax homestead circuit breaker.
- 6 (2a) G.S. 105-277.1D, the inventory property tax deferral.
- 7 (3) G.S. 105-277.4(c), present-use value property.
- 8 (4) G.S. 105-277.14, working waterfront property.
- 9 (4a) G.S. 105-277.15, wildlife conservation land.
- 10 (4b) G.S. 105-277.15A, site infrastructure land.
- 11 (5) G.S. 105-278(b), historic property.
- 12 (6) G.S. 105-278.6(e), nonprofit property held as future site of low- or  
13 moderate-income housing."

14 **SECTION 4.** G.S. 143B-437.02(k) reads as rewritten:

15 "(k) Monitoring and Reports. – The Department is responsible for monitoring  
16 compliance with the performance criteria under each site development agreement and for  
17 administering the repayment in case of default. The Department shall pay for the cost of this  
18 monitoring from funds appropriated to it for that purpose or for other economic development  
19 purposes.

20 On September 1 of each year until all funds have been expended, the Department shall  
21 report to the Joint Legislative Commission on Governmental Operations regarding the Site  
22 Infrastructure Development Program. This report shall include a listing of each agreement  
23 negotiated and entered into during the preceding year, including the name of the business, the  
24 cost/benefit analysis conducted by the Committee during the application process, a description  
25 of the project, and the amount of the site development incentive expected to be paid under the  
26 agreement during the current fiscal year. The report shall also include detailed information  
27 about any defaults and repayment during the preceding year-year and the information contained  
28 in the report required by G.S. 105-277.15A(g). The Department shall publish this report on its  
29 web site and shall make printed copies available upon request."

30 **SECTION 5.** Sections 1, 2, and 3 of this act are effective for taxes imposed for  
31 taxable years beginning on or after July 1, 2013. The remainder of this act is effective when it  
32 becomes law.