

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2013

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HOUSE BILL 439
Committee Substitute Favorable 4/9/13

Short Title: Economic Development Jobsites Program.

(Public)

Sponsors:

Referred to:

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.

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

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

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

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

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

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

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

31 (1) The deferred taxes for the preceding five fiscal years are due and payable
32 when an amount equal to the deferred taxes is not invested in improvements
33 to make the land suitable for industrial use, office use, or both within five
34 years from the first day of the fiscal year the property was classified under
35 this section.



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

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

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

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

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

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

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

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

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

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

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

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

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

50 (1) G.S. 105-275(12), real property owned by a nonprofit corporation held as a
51 protected natural area.

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

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

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

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

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