



HOUSE BILL 273: Modify Builders Inventory Tax Exclusion.

2021-2022 General Assembly

Committee:	House Finance. If favorable, re-refer to Rules, Calendar, and Operations of the House	Date:	April 27, 2021
Introduced by:	Reps. Potts, Bradford, Zenger, Clemmons	Prepared by:	Trina Griffin
Analysis of:	PCS to First Edition H273-CSSVf-14		Staff Attorney

OVERVIEW: *House Bill 273 would exclude from property taxation for up to three years any increase in value of residential real property attributable to new townhouse construction when held for sale by a builder. The PCS makes minor technical changes.*

CURRENT LAW: The builder's inventory exclusion provides an exemption from property tax for an increase in value to residential real property that is held for sale by a builder and that is intended to be sold and used as an individual's residence after its construction. To be eligible for the exemption, the increase in value must be attributable to subdivision of the land, non-structural improvements made to the land, such as grading, streets, or utilities, or the construction of a single-family residence or duplex on the property.

The exemption does not apply if the property is occupied by a tenant or is used for commercial purposes. There is a three-year limitation for this exclusion from the time the improved property was first subject to being listed for taxation by the builder.

A builder need only submit a single application for the exclusion. Once approved, the builder does not have to file an application in subsequent years unless new or additional property is acquired or improvements are added or removed, necessitating a change in the valuation of the property, or if there is a change in the use of the property.

BILL ANALYSIS: This bill would add new townhouse construction to qualify for the builder's inventory exclusion.

EFFECTIVE DATE: This act would become effective for taxes imposed for taxable years beginning on or after July 1, 2021.

Howard Marsilio, Staff Attorney, substantially contributed to this summary.

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