

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1993

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SENATE BILL 1108\*

Short Title: Habitat for Humanity Tax Exemption.

(Public)

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Sponsors: Senator Marshall.

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Referred to: Finance.

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May 11, 1993

A BILL TO BE ENTITLED

AN ACT TO EXPAND THE PROPERTY TAX EXEMPTION FOR NONPROFIT ORGANIZATIONS PROVIDING LOW- AND MODERATE-INCOME HOUSING TO INCLUDE REAL PROPERTY HELD AS A SITE FOR FUTURE LOW- AND MODERATE-INCOME HOUSING OR HELD FOR SALE TO PROVIDE FUNDS FOR LOW- AND MODERATE-INCOME HOUSING.

The General Assembly of North Carolina enacts:

Section 1. G.S. 105-278.6 reads as rewritten:

**"§ 105-278.6. Real and personal property used for charitable purposes.**

(a) Real and personal property owned by:

- (1) A Young Men's Christian Association or similar organization;
- (2) A home for the aged, sick, or infirm;
- (3) An orphanage or similar home;
- (4) A Society for the Prevention of Cruelty to Animals;
- (5) A reformatory or correctional institution; or
- (6) A monastery, convent, or nunnery;
- (7) A nonprofit, life-saving, first aid, or rescue squad organization;
- (8) A nonprofit organization providing housing for individuals or families with low or moderate incomes

shall be exempted from taxation if: (i) As to real property, it is actually and exclusively occupied and used, and as to personal property, it is entirely and completely used, by the owner for charitable purposes; and (ii) the owner is not organized or operated for profit.

(b) A charitable purpose within the meaning of this section is one that has humane and philanthropic objectives; it is an activity that benefits humanity or a

1 significant rather than limited segment of the community without expectation of  
2 pecuniary profit or reward. The humane treatment of animals is also a charitable  
3 purpose.

4 (c) The fact that a building or facility is incidentally available to and patronized  
5 by the general public, so long as there is no material amount of business or patronage  
6 with the general public, shall not defeat the exemption granted by this section.

7 (d) Notwithstanding the exclusive-use requirements of this section, if part of a  
8 property that otherwise meets the section's requirements is used for a purpose that  
9 would require exemption under subsection (a), above, if the entire property were so  
10 used, the valuation of the part so used shall be exempted from taxation.

11 (e) Real property held by an organization described in subdivision (a)(8) is held  
12 for a charitable purpose under this section if it is held for no more than five years either  
13 (i) as a future site for housing for individuals or families with low or moderate incomes  
14 or (ii) for sale to generate proceeds that will be used entirely to provide housing for  
15 individuals or families with low or moderate incomes. The taxes that would otherwise  
16 be due on real property exempt under this subsection shall be a lien on the property as  
17 provided in G.S. 105-355(a). The taxes shall be carried forward in the records of the  
18 taxing unit as deferred taxes and shall be payable five years after the tax year the  
19 exemption is first claimed unless the organization has constructed low- or moderate-  
20 income housing on the site or the site has been sold and the entire proceeds of the sale  
21 have been used to provide low- or moderate-income housing. If these conditions have  
22 not been met, the deferred taxes for the preceding five fiscal years shall immediately be  
23 payable, together with interest as provided in G.S. 105-360 for unpaid taxes that accrues  
24 on the deferred taxes as if they had been payable on the dates they would originally  
25 come due. All liens arising under this subsection are extinguished upon one of the  
26 following:

- 27 (1) Payment of all deferred taxes under this subsection.  
28 (2) Construction by the organization of low- or moderate-income housing  
29 on the site.  
30 (3) Sale of the property and use of the entire proceeds of the sale to  
31 provide low- or moderate-income housing."

32 Sec. 2. This act is effective for taxes imposed for taxable years beginning on  
33 or after July 1, 1994.