

GENERAL ASSEMBLY OF NORTH CAROLINA
1993 SESSION

CHAPTER 230
HOUSE BILL 936

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.

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

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

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

(e) Real property held by an organization described in subdivision (a)(8) is held for a charitable purpose under this section if it is held for no more than five years as a future site for housing for individuals or families with low or moderate incomes. The

taxes that would otherwise be due on real property exempt under this subsection shall be a lien on the property as provided in G.S. 105-355(a). The taxes shall be carried forward in the records of the taxing unit as deferred taxes and shall be payable five years after the tax year the exemption is first claimed unless the organization has constructed low- or moderate-income housing on the site. If this condition has not been met, the deferred taxes for the preceding five fiscal years shall be payable immediately, together with interest as provided in G.S. 105-360 for unpaid taxes that accrues on the deferred taxes as if they had been payable on the dates they would have originally become due. All liens arising under this subsection are extinguished upon one of the following:

- (1) Payment of all deferred taxes under this subsection.
- (2) Construction by the organization of low- or moderate-income housing on the site within five years after the tax year the exemption is first claimed."

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

In the General Assembly read three times and ratified this the 28th day of June, 1993.

Dennis A. Wicker
President of the Senate

Daniel Blue, Jr.
Speaker of the House of Representatives