

§ 105-277.03. (Effective July 1, 2027) Incentive district property tax exclusion.

(a) Classification. – Qualified development (i) located in an incentive district and (ii) held for sale by a builder is designated a special class of property under Section 2(2) of Article V of the North Carolina Constitution and is taxable in accordance with this section. Ninety percent (90%) of the appraised value of property classified under this section is excluded from taxation. Property receiving an exclusion under this section may not receive property tax relief under G.S. 105-277.02.

(b) Definitions. – The following definitions apply in this section:

- (1) Incentive district. – An area (i) designated by a developer, (ii) submitted for approval to the governing body of the unit of local government in which the area is located, (iii) determined, by that governing body, to be an area for which the unit could apply for project development financing debt instruments pursuant to Article 6 of Chapter 159 of the General Statutes, and (iv) approved by resolution of the governing body as an incentive district.
- (2) Qualified development. – Land and any unoccupied improvement by a builder to the land, other than remodeling, renovating, rehabilitating, or refinishing existing structures or buildings.

(c) District Parameters. – The total land area within incentive districts in a local government unit may not exceed five percent (5%) of the local government unit's total area. A county may not include in an incentive district any land that, at the time the district is created, is inside a municipality, unless the governing body of the municipality agrees by resolution to include the land.

(d) County Review. – Before approving an incentive district within a municipality, the governing body of the municipality shall send notice of the proposed district, by first-class mail, to the board of county commissioners of the county or counties in which the incentive district is located. The person mailing the notice shall certify that fact, and the date thereof, to the governing body, and the certificate is conclusive in the absence of fraud. Unless the board of county commissioners of any county in which the incentive district is located, by resolution, disapproves the proposed district within 28 days after the date the notice is mailed, the governing body may proceed to approve the district.

(e) Expiration. – The exclusion authorized by this section ends at the earlier of the following:

- (1) Ten years from the time the property first received the property tax benefit provided by this section.
- (2) Sale of the property.

(f) Application. – The builder must apply for the exclusion under this section as provided in G.S. 105-282.1. (2026-12, s. 1.)