

# The Builders' Inventory Exclusion

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For years, home builders have been pushing to exempt their real property inventory from property taxes in the same fashion that personal property inventory held by traditional merchants and manufacturers is exempt under Chapter 105, Sections 275(32a), (33), and (34) of the North Carolina General Statutes (hereinafter G.S.).

Home builders got their wish, sort of, for a few years. In 2010, the General Assembly enacted G.S. 105-277.1D, which created a deferral for taxes attributable to the construction of new, unsold residential homes.<sup>1</sup> That deferral expired in 2013.

In 2015, the exclusion for unsold new homes returned in a different form. S.L. 2015-223, codified as [G.S. 105-277.02](#), expanded the now-repealed deferral. Instead of deferring taxes, this statute excludes them entirely. And the exclusion covers non-structural improvements and commercial properties, neither of which fell within the scope of the old provision.

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1. This deferral was created by S.L. 2009-308 and modified by S.L. 2010-140.

Below is an analysis of how this exclusion, known as the builders' inventory exclusion (hereinafter BIE), affects residential and commercial improvements. This bulletin also addresses several questions that are not fully answered by the terms of the statutory exclusion. The full text of the statute is reproduced in the appendix.

## Residential Property

G.S. 105-277.02 excludes from taxation the increase in property value attributable to

1. subdivision of a parcel for future residential construction;
2. non-building improvements (grading, streets, utilities, etc.) for future residential construction; and
3. construction of a new single-family residence, a townhouse, or a duplex.

To be eligible, the property must continue to be owned by the builder, must not be occupied by a tenant, and must not be used as a model home or for any other commercial purpose. Because the exclusion is aimed at new construction, renovations to an existing residence cannot qualify.

The exclusion is limited to three years from the date the property was first listed by the builder. Remember that all improvements begun in the previous calendar year must be listed on January 1 regardless of the stage of completion. See the discussion under "Duration," below, for more details on this three-year limitation.

The builder must submit a single exclusion application under the general application provisions in G.S. 105-282.1. The deadline for applications under that statute is the end of the listing period (usually January 31), but late applications may be accepted for good cause up to the close of the calendar year. Each local government is free to define "good cause" as it deems appropriate, which means that some local governments may be more lenient with late applications than others. This issue is discussed in more detail under "Late Application," below.

The BIE differs in some important ways from the old deferral for homebuilders' inventory in G.S. 105-277.1D. First and most importantly, the taxes attributable to the improvements are not just deferred, they are waived entirely. Second, the BIE covers activities undertaken in anticipation of residential construction (such as the subdivision of a parcel and grading, streets, and utility work) in addition to the actual construction. Third, a certificate of occupancy need not be issued for the exclusion to apply to a new residential structure—even partially completed structures can qualify for the residential exclusion.

## Commercial Property

Unlike residential property, commercial property may benefit from the BIE only for the increase in value attributable to subdivision or non-structural improvements, such as grading, streets, and utilities. Any improvement that requires the issuance of a building permit terminates eligibility for the exclusion.

**Table 1. Summary of Builders' Inventory Exclusion Provisions**

	Residential Property	Commercial Property
Applies to increase in value attributed to . . .	<ul style="list-style-type: none"> <li>• Subdivision</li> <li>• Non-structural improvements</li> <li>• New single-family homes or duplexes</li> </ul>	<ul style="list-style-type: none"> <li>• Subdivision</li> <li>• Non-structural improvements</li> </ul>
Maximum duration	<ul style="list-style-type: none"> <li>• Three years from first listing</li> </ul>	<ul style="list-style-type: none"> <li>• Five years from first listing</li> </ul>
Disqualifications	<ul style="list-style-type: none"> <li>• Sale</li> <li>• Removal from market</li> <li>• Lease</li> <li>• Commercial use (as model home, for example)</li> </ul>	<ul style="list-style-type: none"> <li>• Sale</li> <li>• Removal from market</li> <li>• Issuance of building permit</li> </ul>

In some respects, the BIE is an extension of the relatively new site-infrastructure deferral under G.S. 105-277.15A that was intended to encourage landowners to prepare farmland for industrial or manufacturing development.<sup>2</sup> Although very few, if any, developers have taken advantage of that deferral, it is likely that more developers will be interested in the BIE.

Another difference between the provisions for residential and commercial property is the maximum length of the exclusion. Commercial property may receive the exclusion for up to five years after the improved property was first listed. The exclusion for residential property is limited to three years.

Table 1 summarizes the different treatment of residential and commercial property under the BIE.

## Builder

The BIE applies only to property owners who qualify as “builders.” That term is defined by G.S. 105-273(3a) to mean “a taxpayer engaged in the business of buying real property, making improvements to it, and reselling it.”

Many times it will be obvious when a property owner satisfies this definition: large, well-known developers and builders will often be the taxpayers applying for the BIE.

But a property owner need not be an established developer or builder to qualify. First-time builders can also earn the exclusion, so long as they can demonstrate that they are now in the business of buying, improving, and reselling real estate. The fact that a particular property owner has never bought and sold real property before should not automatically disqualify that owner from obtaining the exclusion. The tax office simply needs to see some evidence that the taxpayer intends to improve and resell the property. The evidence might be advertisements by the property owner to sell the to-be-constructed home or real estate broker and contractor licenses held by the property owner. So long as the applicant provides some evidence of qualifying as a builder under the BIE, the county considering the application should assume that the applicant is eligible. If later information disproves that assumption (perhaps the property owner never

2. This deferral was created by S.L. 2013-130 and modified by S.L. 2014-39.

lists the property for sale and instead uses it as his or her permanent residence), the county can retroactively remove the inappropriately awarded exclusion using the discovery process. See “Removing the Exclusion Retroactively,” below.

## Duration

The exclusion is limited to a maximum of “three years from the time the improved property was first subject to being listed for taxation by the builder.” While the statute is not entirely clear, it appears that the improvements that trigger the three-year eligibility for the exclusion are any changes to the property made by the builder/owner that could increase the assessed value of that property. These improvements would include subdivision, grading, street, and utility work, and of course the construction of residential structures.

The three-year eligibility period begins to run regardless of whether the builder/owner actually applies or receives the exclusion. For example, assume in 2023 a builder purchases a vacant lot, constructs a house, and offers the property for sale. As of January 1, 2024, the property remains on the market. The builder could apply for the exclusion for 2024 but fails to do so. They are taxed for the full assessed value of the developed property in 2024. Regardless, the three-year eligibility period for the exclusion begins to run. As of January 1, 2025, the property remains on the market, and the builder applies for the exclusion. They can benefit from the exclusion of the increase in value due to the construction of the house for tax years 2025 and 2026. But the exclusion must end in 2027 (assuming the property is not sold before then) because the three-year eligibility period began in 2024. The builder benefits from the exclusion for only two years instead of three because they failed to apply for the exclusion for the first year in which they were eligible.

A builder may not benefit from the exclusion for more than three years even if they complete their improvements over time. Assume Brenda the Builder purchases a 100-acre parcel in Carolina County in June 2023 with a 2023 tax value of \$100,000. Later in 2023, Brenda subdivides the parcel into fifty identical buildable lots, grades the property, and lays out streets. As a result of Brenda’s improvements to the property, for 2024 taxes each of the fifty lots is now assessed at \$5,000 and the total taxable value of the 100 acres is \$250,000.

Brenda applies for the builders’ inventory exclusion for 2024 and is approved. This exclusion freezes the taxable value of the property at the assessed value for the year in which improvements are first made by the current owner to the property. As a result, for 2024 the 100-acre property (now subdivided into fifty parcels) will be taxed at its pre-improvement value of \$100,000. The exclusion will continue to apply in tax years 2025 and 2026 unless the property is first sold or removed from the market.

Continuing with this example, assume that in 2024, Brenda builds identical houses on twenty-five of the fifty subdivided lots. The lots with houses are assessed at \$200,000 each, meaning that absent any exclusion the original 100-acre parcel would now have a total taxable value of \$5,125,000 (\$5,000,000 for the twenty-five lots with houses plus \$125,000 for the twenty-five undeveloped lots). However, the exclusion continues to apply for 2025. If no lots are sold, the total taxable value of the 100 acres will remain at \$100,000 for 2025.

In 2025, Brenda builds identical houses on the remaining twenty-five lots, bringing the total assessed value of the original 100-acre parcel to \$10,000,000 (fifty lots at \$200,000 per lot). But because the exclusion continues through the 2026 tax year, if no lots are sold, the 100 acres will continue to be taxed at \$100,000 for 2026.

The exclusion must end in 2027 because the three-year eligibility period covered 2024, 2025, and 2026. Beginning in 2027, the 100 acres should be taxed at the full assessed value of \$10,000,000.

## Examples and Analysis

The statute leaves several important questions unanswered. May multiple developer/builder owners of the same property benefit from the exclusion? If so, how should the exclusion be calculated? May a builder reside in a new residential structure that is on the market and still receive the exclusion? Do homeowners who buy new homes from builders benefit from the builders' exclusion under this provision?

Here are a few examples to help answer these questions.

### Subdivision

The deferral covers activities in anticipation of future construction, including subdivision of a parcel, as in the following example.

In mid-2023, Howie Homebuilder buys a 100-acre parcel in rural Carolina County. After obtaining the required permits, Howie subdivides the land into fifty home sites, creates streets, and lays the groundwork for utilities. In late 2023, the county assessor visits the property and, in light of Howie's subdivision and improvements, increases the tax appraisal of the property from \$1 million to \$1.8 million. Assuming that Howie submits a timely application, the taxes on the \$800,000 of value that are attributable to the work done by Howie will be excluded for 2024 taxes. That exclusion will continue through the 2026 tax year unless Howie sells any or all of the property or uses it for a commercial purpose other than future sale as residences. Individual lots sold to homeowners will be taxed at full value. (See "Sale to Owner Prior to July 1," below, for more on how the property will be taxed in the year it is sold to a homeowner.)

### Delayed Eligibility

Some residential construction may not immediately be eligible for the exclusion if it is used for a commercial purpose, as in the example below.

In 2023, Dave Developer builds twenty new houses in a new Carolina County subdivision. He applies for and receives the exclusion for nineteen of those houses that remain unsold as of January 1, 2024. The twentieth new house, however, is not eligible for the exclusion because Dave is using it as a model home to attract buyers.

As of January 1, 2025, Dave is no longer using the twentieth house as a model home and submits an application to cover the former model home. That house should be eligible for the exclusion for the years 2025 and 2026 if Dave does not sell or rent or otherwise use the house for commercial purposes. The house will benefit from only two years of exclusion because S.L. 2015-223 limits the exclusion to three years from the date the improvement was first listed. Dave first listed the house in 2024, when it was used as a model home. That leaves only two years, 2025 and 2026, for the exclusion to apply.

### **Sale of Partially Developed Residential Property by One Builder to Another**

One important question left unanswered by the BIE is whether multiple taxpayers may benefit from the exclusion on the same property. The answer is likely yes, but each builder/owner may benefit only from an exclusion for improvements made by that builder/owner. Subsequent owners may not benefit from exclusions for improvements made by previous owners. Consider the following example.

Dave Developer purchases a 50-acre parcel in 2023 that was appraised as acreage for \$100,000. He immediately subdivides the property into fifty lots and begins grading and preparing the property for streets. As a result, the property is reappraised as subdivided lots and the property's tax value rises to \$500,000, or \$10,000 per lot. Dave applies for the exclusion in January 2024 and receives it for the 2024 tax year, meaning that the property will be taxed at the acreage value of \$100,000 (the pre-subdivision and pre-improvement tax value).

In July 2024, Dave sells all fifty lots to Bob Builder. Bob immediately begins building houses on the lots. By January 1, 2025, Bob has completed construction of a house on each lot. The tax value of the fifty improved lots with the houses on them is now \$400,000 per lot, or \$20,000,000 for the entire 50-acre parcel. Bob submits an exclusion application for the 2025 tax year.

Is Bob eligible for the BIE? If so, what is the taxable value of the fifty improved lots now owned by Bob?

The author and experts at the North Carolina Department of Revenue agree that the best interpretation of the BIE is one that permits multiple owners to benefit from exclusions on the same property. In this example, Bob qualifies because he is a "builder" as defined by the BIE. The law does not exclude one builder from eligibility due to the fact that another builder previously owned and made improvements to the property.

However, a new builder/owner may not benefit from an exclusion attributable to improvements made by a previous builder/owner. The BIE limits the exclusion to improvements made by "the builder," not "a builder," meaning that only improvements made by the current builder/owner can qualify.

In this example, Bob may not benefit from the exclusion for the subdivision and non-structural improvements made by Dave. But once Bob adds his own structural improvements (the new houses) to the property, he should receive his own exclusion for the increased appraisal relating to that construction. For 2025, Bob should be taxed at a value of \$500,000, the full assessed value of the property when he purchased the property from Dave. Bob will not be taxed on the increase in value of the property due to his construction of new houses for 2025, 2026, and 2027 (unless the houses are sold, in which case they will be fully taxable to the new owner). Beginning in 2028, any unsold houses will be taxable to Bob at their full assessed values.

### **Sale to Owner Prior to July 1**

G.S. 105-285(d) applies to the BIE in the same way that it applies to all other real property exemptions and exclusions. When real property is transferred from an exempt or partially exempt owner to a taxable owner prior to July 1, that property is taxable for the entire year as if the taxable owner owned the property as of January 1. This statute may produce some unpleasant surprises for homeowners who purchase property that was receiving the new residential property improvement exclusion in the first half of the calendar year. Consider the following example.

As of January 1, 2024, Bob Builder owns Parcel A, on which he built a new house in 2023. Bob applies for and receives the new residential property improvement exclusion for 2024 taxes. Thanks to the exclusion, Bob is taxed at Parcel A's pre-improvement value of \$10,000 rather than at the full \$400,000 tax value of the parcel with the new house.

In March 2024, Bob sells Parcel A to Tommy TarHeel, who plans to live there. Prior to the closing, Tommy's attorney contacts the county tax office to learn what the taxes are on Parcel A. The county tax office informs the attorney that due to the exclusion applied to the property, the only taxes on Parcel A for 2024 are the taxes owed on the reduced \$10,000 value. Tommy and Bob apportion the taxes owed on the \$10,000 at closing.

Tommy is thrilled with his new home. He is less thrilled when the county later sends him a 2024 tax bill for Parcel A based on the full \$400,000 value. Tommy calls the county tax office in a rage, demanding to know why they are taxing him on a \$400,000 value when they told his attorney back in March that the 2024 tax value for Parcel A was only \$10,000. The tax office patiently explains G.S. 105-285(d) to Tommy, who refuses to listen, utters several choice epithets, and hangs up in a huff.

Although the tax office correctly calculated the taxes on Parcel A for 2024, it could have better communicated the potential impact of G.S. 105-285(d). Attorneys who obtain tax information on properties receiving the exclusion should be reminded of how G.S. 105-285(d) might affect the new owners' tax bills for the coming fiscal year. County tax websites might need to be reconfigured so that they clearly indicate the full taxable value of a property receiving this exclusion and the fact that the property will be taxed at the higher value if it is sold by the builder prior to July 1.

What if Tommy's attorney had obtained from the tax office a written "statement of amount of taxes due" under G.S. 105-361 that certified only the taxes on Parcel A's reduced \$10,000 value? Those statements are binding on the tax office, and the lien for any taxes mistakenly omitted from the statement is waived. Tommy might argue that the failure to include on that statement the taxes on the full \$400,000 value for Parcel A waived the tax lien for those additional taxes.

Unfortunately for Tommy, his argument should not be a winning one. At the time that Tommy's attorney obtained the statement of taxes owed on Parcel A, all that was owed were the taxes on the reduced \$10,000 value of the property when it was held by Bob Builder. Those were the only taxes that were *required* to be included on the statement. The potential increase in taxes that might occur after a sale to Tommy did not need to be included on the statement, and therefore the lien for the taxes was not waived under G.S. 105-361.<sup>3</sup> Once the BIE takes effect, counties should make it their practice to share information about the potential tax increase with buyers and their agents and attorneys. Their failure to do so, however, will not trigger any consequences under G.S. 105-361.

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3. In contrast, deferred taxes such as those created by the present-use value exclusion (G.S. 105-277.3) or the circuit-breaker exclusion (G.S. 105-277.1B) must be included on G.S. 105-361 statements because they are a lien on the property despite the fact that they are not yet due or collectible. G.S. 105-361(a). The taxes excluded under the BIE are not deferred, meaning that they need not be listed on a G.S. 105-361 statement (although as indicated above, best practice is to give some warning to homeowners who plan to purchase property that was receiving the BIE prior to July 1).

If the sale to the homeowner occurs on or after July 1, then G.S. 105-285 is not a concern. The homeowner will be taxed for the current fiscal year at the reduced value thanks to the exclusion earned by the builder. The exclusion will be removed for the next fiscal year and the property will be taxed at its full value.

### **Builder Lives in Newly Constructed Home**

If a tenant occupies a new house, that house is not eligible for the exclusion. But what if the owner/builder occupies the house, as in the example below?

Assume that Phil Flipper buys Parcel B, demolishes the home that exists on the lot, and builds an entirely new home, which he immediately lists for sale (as he looks for another lot to flip). While the new home is on the market, Phil and his family live there. Is Parcel B eligible for the BIE?

Parcel B is eligible, because the statute disqualifies a residential property if it is “occupied by a tenant” but says nothing about occupancy by the builder who owns the property. The author reads *occupied by a tenant* to mean *occupied by any party other than the builder/owner*. If the builder occupies the house, that is not the same as a tenant occupying the house.

Of course, the house must stay on the market to be eligible for the exclusion. Phil cannot take the house off the sale market for the period he lives there and still benefit from the exclusion. And remember that the exclusion does not apply to renovations; if a house flipper is simply renovating old houses rather than demolishing them entirely and building new ones, the exclusion cannot apply.

### **Late Application**

Applications for the BIE are initially due by the close of the listing period. But, as this example demonstrates, taxpayers may apply as late as December 31 and still receive the exclusion.

In mid-2023, Dave Developer buys a 100-acre parcel for \$500,000. He immediately subdivides it into fifty lots and begins laying out streets for a residential development. Unaware of the BIE, Dave fails to submit an application during the listing period in January 2024.

In August 2024, Dave receives a tax bill for the 100-acre parcel with a total tax value of \$1,500,000. The value increased from \$5,000 per lot to \$15,000 per lot due to the subdivision and improvements Dave made.

Shocked at this new tax value, Dave talks to his developer friends and learns of the BIE. In late August, he submits an application for the 100-acre parcel. Is Dave entitled to the exclusion?

Dave may be entitled to the exclusion. G.S. 105-282.1 sets the end of the listing period as the deadline for all exemption and exclusion applications other than those for the three “residential property tax relief” programs—the elderly and disabled exclusion, the disabled veterans’ exclusion, and the circuit-breaker exclusion. Applications for those three exclusions are due June 1.

However, that application statute also permits late applications through the end of the calendar year if the applicant’s local governing board or board of equalization and review approves the application for good cause. The statute doesn’t define “good cause,” meaning that each local government may define that term as it wishes. A local government could choose to accept all late applications, or no late applications, or only those late applications for which the taxpayer has a really good excuse (“I was kidnapped by rabid Blue Devil fans at halftime of the last Duke-UNC game and held for ransom in the basement of Cameron Indoor Stadium until last week”).



What does this mean for Dave? The assessor in the county where the parcel is located is obligated initially to deny the application and to inform Dave that he can appeal that decision to the county's board of equalization and review (if the board is still in session) or to the board of county commissioners. The appropriate board can then decide whether Dave demonstrates the necessary good cause to justify a late application. If the board agrees to accept the late application, the assessor has no choice but to review the merits of Dave's application and grant him the exclusion if he qualifies.

If a local government board is lenient with late exclusion applications, it is possible that the local government's tax base could take some late hits thanks to the BIE. Depending on the size of the new development involved, a late exclusion of newly improved property could eliminate a substantial amount of tax value for up to three years.

### **Removing the Exclusion Retroactively**

The definition of "discovery" in G.S. 105-273(6a) includes "property that has been granted an exemption or exclusion and does not qualify for the exemption or exclusion." If the tax office learns that a property has received the BIE inappropriately, it must solve the problem using the discovery process.

Assume that Howie Homebuilder applies for and receives the BIE for a newly constructed residence at 123 Main Street. Howie receives the exclusion for 2024 and 2025. In late 2025, the tax office learns that Howie has been renting the property to a tenant since early 2024.

Because occupancy by a tenant disqualifies a property from the exclusion, 123 Main Street should not have received the exclusion for 2025. The county should use the discovery process to bill and collect the omitted taxes on the full tax value of 123 Main Street for 2025, plus a 10 percent penalty.

The 2024 exclusion was appropriate assuming that the tenant was not occupying the house as of January 1, 2024, the listing date for 2024 taxes. The fact that the house was occupied by a tenant later in 2024 does not affect the 2024 exclusion; it simply disqualifies the house for the 2025 exclusion.

Discoveries are limited to the current tax year and the previous five tax years. If the tax office does not learn of an inappropriately awarded exclusion within that time limitation, it will be too late to correct the problem.

Assume the same facts as above, but that the county does not learn until 2032 that Howie began to rent out the property in 2024. It would be too late for the county to use the discovery process to recapture the taxes that were inappropriately excluded. The earliest year the county could apply a discovery to Howie's property would be the 2027–2028 tax year (five years prior to the tax year that opens in the calendar year of the discovery). Because Howie did not receive the exclusion in the 2027 tax year, there is nothing for the county to discover.

### ***County-Wide Reappraisal During Exclusion Period***

The taxable value of property receiving the builders' inventory exclusion can change during the three-year exclusion period if a county-wide reappraisal occurs and changes the assessed value of the property in its unimproved state.

Assume Denise the Developer purchases a 100-acre parcel with an assessed value of \$100,000 in 2023. Later that year she subdivides the property into fifty lots, which increases the assessed value of the original 100 acres to \$300,000 for 2024. However, she applies for the builders' inventory exclusion and receives it for 2024, 2025, and 2026. The county conducts a reappraisal

effective January 1, 2026. As a result of that reappraisal, the assessed value of Denise's undivided, unimproved 100-acre property would have increased from \$100,000 to \$150,000. Denise should be taxed on that new value of \$150,000 for 2026, despite the fact that she is still receiving the exclusion.

Note that this result requires some additional work on behalf of the county, because it will be required to determine the assessed value of the 100 acres in their previous undivided, unimproved state, not in their current subdivided, improved state. The county will also need to determine the value of that property in its current subdivided, improved state when the exclusion ends in 2027 (or in 2026 for lots sold prior to July 1).

## Appendix

### **G.S. 105-277.02. Certain real property held for sale classified for taxation at reduced valuation.<sup>4</sup>**

**(a) (Effective for taxes imposed for taxable years beginning before July 1, 2022)**

Residential Real Property. – Residential real property held for sale by a builder is designated a special class of property under authority of Article V, Sec. 2(2) of the North Carolina Constitution. For purposes of this subsection, "residential real property" is real property that is intended to be sold and used as an individual's residence immediately or after construction of a residence, and the term excludes property that is either occupied by a tenant or used for commercial purposes such as residences shown to prospective buyers as models. Any increase in value of this classified property attributable to subdivision of, improvements other than buildings, or the construction of either a new single-family residence or a duplex on the property by the builder is excluded from taxation under this Subchapter as long as the builder continues to hold the property for sale. In no event shall this exclusion extend for more than three years from the time the improved property was first subject to being listed for taxation by the builder.

**(a) (Effective for taxes imposed for taxable years beginning on or after July 1, 2022)**

Residential Real Property. – Residential real property held for sale by a builder is designated a special class of property under authority of Article V, Sec. 2(2) of the North Carolina Constitution. For purposes of this subsection, "residential real property" is real property that is intended to be sold and used as an individual's residence immediately or after construction of a residence, and the term excludes property that is either occupied by a tenant or used for commercial purposes such as residences shown to prospective buyers as models. Any increase in value of this classified property attributable to subdivision of the property, improvements other than buildings made on the property, or the construction of a new single-family residence, a townhouse, or a duplex on the property by the builder is excluded from taxation under this Subchapter as long as the builder continues to hold the property for sale. In no event shall this exclusion extend for more than three years from the time the improved property was first subject to being listed for taxation by the builder.

(b) Commercial Property. – Commercial real property held for sale by a builder is designated a special class of property under authority of Article V, Sec. 2(2) of the North Carolina Constitution. For purposes of this subsection, "commercial real property" is real property that is intended to be sold and used for commercial purposes immediately or after improvement. Any increase in value of this classified property attributable to subdivision of or other improvements made to the property, by the builder, is excluded from taxation under this Subchapter as long as the builder continues to hold the property for sale. The exclusion authorized by this subsection ends at the earlier of the following: (1) Five years from the time the improved property was first subject to being listed for taxation by the builder. (2) Issuance of a building permit. (3) Sale of the property.

(c) **(Effective for taxes imposed for taxable years beginning before July 1, 2026)** The builder must apply for any exclusion under this section annually as provided in G.S. 105-282.1.

(c) **(Effective for taxes imposed for taxable years beginning on or after July 1, 2026)** The builder must apply for any exclusion under this section as provided in G.S. 105-282.1.

(d) In appraising property classified under this section, the assessor shall specify what portion of the value is an increase attributable to subdivision or other improvement by the builder. (2015-223, s. 2; 2019-123, s. 2; 2021-113, s. 1.)

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4. This reflects the text of the statute as of June 2023.