



# HOUSE BILL 229: Modify Religious Property Exemption

2015-2016 General Assembly

<b>Committee:</b>	House Finance	<b>Date:</b>	March 26, 2015
<b>Introduced by:</b>	Reps. McNeill, Shepard, Riddell, Pierce	<b>Prepared by:</b>	Greg Roney Committee Counsel
<b>Analysis of:</b>	PCS to First Edition H229-CSTM-7		

**SUMMARY:** *The Proposed Committee Substitute (PCS) for House Bill 229 would exempt religious buildings that are under construction from local property tax.*

**CURRENT LAW:** G.S. 105-278.3 exempts buildings and land if wholly and exclusively used by its owner for religious purposes and wholly owned by either a local unit of a religious body (e.g., congregation, parish, or mission) or a unit comprising local units of a religious body (e.g., conference, association, presbytery, diocese, district, or synod).

Property owned by a church and held as a future site of a church fails the exclusive-use requirement of G.S. 105-278.3(a).

**BILL ANALYSIS:** The PCS to House Bill 229 would specifically exempt buildings and land occupied by the building from local property tax if:

- The building is intended to be wholly and exclusively used by its owner for religious purposes upon completion.
- The building must be "under construction" which requires a building permit and continues until the earlier of:
  - 90 days after a certificate of occupancy is issued
  - 180 days after the end of active construction
- The building is owned by a qualified religious body. This is the same requirement for all religious buildings.

The PCS to House Bill 229 effectively accelerates the time when a religious building is exempt from local property tax. The bill moves the time the property is exempt from the time of religious use to the time of issuance of a building permit. The tax exemption for incomplete religious buildings ends at the earlier of 90 days after the issuance of the certificate of occupancy or 180 days after the end of construction. The end of the exemption allows local governments to return property to taxable status if the building project is abandoned or fails to be used as intended.

**EFFECTIVE DATE:** The PCS would be effective for taxes imposed for taxable years beginning on or after July 1, 2015.

