



HOUSE BILL 273: Modify Builders Inventory Tax Exclusion.

2021-2022 General Assembly

Committee:		Date:	February 2, 2022
Introduced by:		Prepared by:	Nicholas Giddings Staff Attorney
Analysis of:	S.L. 2021-113		

OVERVIEW: *S.L. 2021-113 excludes from property taxation for up to three years any increase in value of residential real property attributable to new townhouse construction when held for sale by a builder.*

This act becomes effective for taxes imposed for taxable years beginning on or after July 1, 2022.

CURRENT LAW: The builder's inventory exclusion provides an exemption from property tax for an increase in value to residential real property that is held for sale by a builder and that is intended to be sold and used as an individual's residence after its construction. To be eligible for the exemption, the increase in value must be attributable to subdivision of the land, non-structural improvements made to the land, such as grading, streets, or utilities, or the construction of a single-family residence or duplex on the property.

The exemption does not apply if the property is occupied by a tenant or is used for commercial purposes. There is a three-year limitation for this exclusion from the time the improved property was first subject to being listed for taxation by the builder.

A builder need only submit a single application for the exclusion. Once approved, the builder does not have to file an application in subsequent years unless new or additional property is acquired or improvements are added or removed, necessitating a change in the valuation of the property, or if there is a change in the use of the property.

BILL ANALYSIS: This act provides that new townhouse construction qualifies for the builder's inventory exclusion.

EFFECTIVE DATE: This act becomes effective for taxes imposed for taxable years beginning on or after July 1, 2022.

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