SENATE BILL 695: Incent Development Finance District Funding.

2025-2026 General Assembly

Analysis of:	S.L. 2026-12	**Date:**	August 20, 2026
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S.L. 2026-12 (Senate Bill 695) creates a new property tax benefit as an alternative to the builder's inventory exclusion and applies to qualified development held for sale by a builder that is located within an incentive district. Ninety percent of the appraised value of a property classified under this new benefit is excluded from property taxation.

An incentive district is defined as an area (i) designated by a developer, (ii) submitted for approval to the local government, (iii) located in a blighted, deteriorated, or undeveloped area, or an area appropriate for rehabilitation, conservation, or economic development, and (iv) approved by resolution of the local government. The total land area within incentive districts in a local government unit may not exceed five percent of the local government unit's total area. Qualified development is defined as land and any unoccupied improvement by a builder to the land; however, it does not include remodeling, renovating, rehabilitating, or refinishing existing structures or buildings.

A county is prohibited from creating an incentive district that includes land within a municipality unless the municipality agrees, by resolution, to the inclusion. If a municipality is creating the incentive district, the municipality is required to notify the county or counties in which the incentive district is located before approving the district. Unless a notified county, by resolution, disapproves the proposed district within 28 days after the date the notice is mailed, the municipality may proceed to approve the district.

The exclusion ends 10 years from the time the property first received the exclusion or when the property is sold, whichever occurs first. Property receiving the exclusion under this new benefit may not receive the builder's inventory exclusion.

This act becomes effective for taxes imposed for taxable years beginning on or after July 1, 2027.