



# NORTH CAROLINA GENERAL ASSEMBLY

2025 Session

## Legislative Fiscal Note

**Short Title:** Incent Development Finance District Funding.  
**Bill Number:** Senate Bill 695 (Second Edition)  
**Sponsor(s):** Sen. Michael A. Lazzara and Sen. Todd Johnson

### SUMMARY TABLE

#### FISCAL IMPACT OF S.B.695, V.2

	<u>FY 2025-26</u>	<u>FY 2026-27</u>	<u>FY 2027-28</u>	<u>FY 2028-29</u>	<u>FY 2029-30</u>
<b>Local Impact</b>					
Local Revenue	-	-	-	-	-
Less Local Expenditures	-	-	-	-	-

#### NET LOCAL IMPACT

No Estimate Available-See Fiscal Analysis Section

### FISCAL IMPACT SUMMARY

SB 695 has a fiscal impact on local government property tax revenues because it creates a new property tax exclusion for qualified development that a builder holds for sale in a qualifying incentive district.

### FISCAL ANALYSIS

The bill would exclude from taxation 90% of the appraised value of a builder's property to be sold that meets the definition of qualified development in an incentive district for up to 10 years. Qualified development would only include improvements to land and unoccupied improvements, and would not include remodeling, renovating, rehabilitating, or refinishing existing structures or buildings. Local governments would either approve or deny the developer's application for an incentive district.

FRD cannot reliably estimate the fiscal impact of the bill because of several unknown and unpredictable variables, including among others: the number of developers that would apply for the benefit, local governments' decisions to approve or deny incentive districts, the appraised values of any proposed developments, and the time a developer will hold the land. Therefore, FRD estimates the bill will reduce local governments property tax revenues by some unknown amount. However, FRD notes that North Carolina had the fourth highest number of residential building starts across the country in 2024, which are likely the basis for many of the improvements to land and unoccupied improvements that would be excluded from tax. Therefore, with the bill excluding



90% of such development, the fiscal impact to local governments would likely be material to the extent the new benefit is used.

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## **TECHNICAL CONSIDERATIONS**

N/A.

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## **DATA SOURCES**

U.S. Census, Moody's Analytics.

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## **LEGISLATIVE FISCAL NOTE – PURPOSE AND LIMITATIONS**

This document is an official fiscal analysis prepared pursuant to Chapter 120 of the General Statutes and rules adopted by the Senate and House of Representatives. The estimates in this analysis are based on the data, assumptions, and methodology described in the Fiscal Analysis section of this document. This document only addresses sections of the bill that have projected direct fiscal impacts on State or local governments and does not address sections that have no projected fiscal impacts.

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## **CONTACT INFORMATION**

Questions on this analysis should be directed to the Fiscal Research Division at (919) 733-4910.

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## **ESTIMATE PREPARED BY**

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**Signed copy located in the NCGA Principal Clerk's Offices**

