PROPERTY TAX EXCLUSIONS IN NORTH CAROLINA: SOLAR IN CONTEXT

50 DIFFERENT PROPERTY TYPES RECEIVE A TAX ABATEMENT UNDER N.C. G.S. § 105-275. SOLAR IS ONE OF THEM.

NORTH CAROLINA LAW: G.S. § 105-275

North Carolina law lists certain types of property that do not have to pay property tax under G.S. § 105-275.

These rules apply to many groups, including businesses, nonprofits, and communities. **Nearly all property listed under the law is fully exempt from tax, with the exception of solar** and one other area which have a partial exclusion.

SOLAR UNDER G.S. § 105-275

Under the law, solar energy systems receive an abatement on **80 percent of the appraised value of a "solar energy electric system."**

In practice, this means that the **exclusion applies solely to equipment**. Solar projects still pay property taxes on 20 percent of equipment value and all other taxable property.

HOW SOLAR COMPARES TO OTHER ENTITIES UNDER THE SAME LAW

G.S. § 105-275 includes many other types of property that receive tax exclusions, including, but not limited to, the following:

Inventory & Commerce

Business inventory and goods in transit are usually not taxed. This includes items owned by stores, manufacturers, and contractors, as well as goods moving through trade.

Agriculture & Natural Resources

The law excludes livestock, poultry, and feed used in agricultural production, as well as certain forestry resources.

Modern Business Infrastructure

Some modern business tools are fully or partially excluded from tax. This includes many types of software, airport property, cargo aircraft, and shipping containers.

Fraternal & Civic Groups

Property owned by organizations like the American Legion or Free Masons, and improvements to property owned by social fraternities and sororities at educational institutions, are excluded from tax.

Environmental Protection

Equipment used to reduce pollution or recycle waste is not taxed. Like solar, this tax break applies only to equipment and supports cleaner technology.

Nonprofit Property

Property owned and used by nonprofits, like charities, churches, and schools, may not be taxed. In many cases, these properties are fully tax exempt.

SOURCE: N.C. GEN. STAT. § 105-275, *PROPERTY CLASSIFIED AND EXCLUDED FROM THE TAX BASE*