

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2003

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SENATE BILL 727

Short Title: Low-Income Housing Property Tax. (Public)

Sponsors: Senators Clodfelter; Gulley and Reeves.

Referred to: Finance.

April 3, 2003

1 A BILL TO BE ENTITLED
2 AN ACT RELATING TO PROPERTY TAX VALUATION OF LOW- AND
3 MODERATE-INCOME HOUSING.

4 The General Assembly of North Carolina enacts:

5 SECTION 1. G.S. 105-283 reads as rewritten:

6 "§ 105-283. Uniform appraisal standards.

7 (a) All property, real and personal, shall as far as practicable be appraised or
8 valued at its true value in money. When used in this Subchapter, the words "true value"
9 shall be interpreted as meaning market value, that is, the price estimated in terms of
10 money at which the property would change hands between a willing and financially able
11 buyer and a willing seller, neither being under any compulsion to buy or to sell and both
12 having reasonable knowledge of all the uses to which the property is adapted and for
13 which it is capable of being used. For the purposes of this section, the acquisition of an
14 interest in land by an entity having the power of eminent domain with respect to the
15 interest acquired shall not be considered competent evidence of the true value in money
16 of comparable land.

17 (b) Property that meets all of the conditions provided in this subsection is
18 designated a special class of property pursuant to Section 2(2) of Article V of the North
19 Carolina Constitution and shall be appraised as provided in this subsection. In the case
20 of real property that meets all of the following conditions, the effect of rent restrictions
21 and income restrictions on the true value of the property shall be taken into account for
22 purposes of valuation under this Subchapter:

23 (1) The property is subject to restrictions on the income eligibility of
24 tenants to whom it is leased or on the rents that may be charged
25 pursuant to any State or federal government program providing for tax
26 incentives, grants, or loans.

27 (2) The tenants to whom the property is leased meet the applicable income
28 eligibility restrictions and the rents charged meet any applicable rent
29 restrictions.

1 (3) The entity that owns the property satisfies the safe harbor provisions of
2 Revenue Procedure 96-32 issued by the Internal Revenue Service."

3 **SECTION 2.** G.S. 105-287(a) reads as rewritten:

4 "(a) In a year in which a general reappraisal or horizontal adjustment of real
5 property in the county is not made, the assessor shall increase or decrease the appraised
6 value of real property, as determined under G.S. 105-286, to accomplish any one or
7 more of the following:

8 (1) Correct a clerical or mathematical error.

9 (2) Correct an appraisal error resulting from a misapplication of the
10 schedules, standards, and rules used in the county's most recent general
11 reappraisal or horizontal adjustment.

12 (2a) Recognize an increase or decrease in the value of the property
13 resulting from a conservation or preservation agreement subject to
14 Article 4 of Chapter 121 of the General Statutes, the Conservation and
15 Historic Preservation Agreements Act.

16 (2b) Recognize a change in whether the property meets the conditions of
17 G.S. 105-283(b).

18 (3) Recognize an increase or decrease in the value of the property
19 resulting from a factor other than one listed in subsection (b)."

20 **SECTION 3.** This act is effective for taxes imposed for taxable years
21 beginning on or after July 1, 2004.