

GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2005

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HOUSE DRH50036-LAxz-1 (12/16)

Short Title: Present-Use Value Clarification. (Public)

Sponsors: Representatives Brubaker; Hill, Luebke, McGee, and Wainwright.

Referred to:

A BILL TO BE ENTITLED

AN ACT TO CLARIFY PRESENT-USE VALUE ELIGIBILITY AND TO AMEND  
THE PERIOD FOR APPEAL OF A PRESENT-USE VALUE DETERMINATION  
OR APPRAISAL.

The General Assembly of North Carolina enacts:

**SECTION 1.** G.S. 105-277.2(7) reads as rewritten:

"(7) Unit. – One or more tracts of agricultural land, horticultural land, or forestland. Multiple tracts must be under the same ~~ownership~~ ownership and be of the same type of classification. If the multiple tracts are located within different counties, they must be within 50 miles of a tract qualifying under G.S. ~~105-277.3(a)~~ and share ~~one of the following characteristics:~~

a. ~~Type of classification.~~

b. ~~Use of the same equipment or labor force.~~ 105-277.3(a)."

**SECTION 2.** G.S. 105-277.3(b2) reads as rewritten:

"(b2) Exception to Ownership Requirements. – Notwithstanding the provisions of subsections (b) and (b1) of this section, land may qualify for classification in the hands of the new owner if all of the conditions listed in either subdivision of this subsection are met, even if the new owner does not meet all of the ownership requirements of subsections (b) and (b1) of this section with respect to the land.

(1) Exception for assumption of deferred liability. If the land qualifies for classification in the hands of the new owner under the provisions of this ~~subsection~~ subdivision, then the deferred taxes remain a lien on the land under G.S. 105-277.4(c), the new owner becomes liable for the deferred taxes, and the deferred taxes become payable if the land fails to meet any other condition or requirement for classification.

1           Land qualifies for classification in the hands of the new owner if all of  
2           the following conditions are met:

3           ~~(1)~~a. The land was appraised at its present use value ~~or was eligible~~  
4           ~~for appraisal at its present use value~~ at the time title to the land  
5           passed to the new owner.

6           ~~(2)~~b. At the time title to the land passed to the new owner, the new  
7           owner acquires the land for the purposes of and continues to use  
8           the land for the purposes it was classified under subsection (a)  
9           of this section while under previous ownership.

10          ~~(3)~~c. The new owner has timely filed an application as required by  
11          G.S. 105-277.4(a) and has certified that the new owner accepts  
12          liability for the deferred taxes and intends to continue the  
13          present use of the land.

14          (2)   Exception for expansion of existing unit. – If deferred liability is not  
15          assumed under subdivision (1) of this subsection, the land qualifies for  
16          classification in the hands of the new owner if, at the time title passed  
17          to the new owner, the land was being used for the same purpose and  
18          had the same classification as other land already owned by the new  
19          owner and classified under subsection (a) of this section. The new  
20          owner must timely file an application as required by  
21          G.S. 105-277.4(a)."

22          **SECTION 3.** G.S. 105-277.4(b1) reads as rewritten:

23          "(b1) Appeal. – Decisions of the assessor regarding the qualification or appraisal of  
24          property under this section may be appealed to the county board of equalization and  
25          review or, if that board is not in session, to the board of county commissioners. An  
26          appeal must be made within 60 days after the decision of the assessor. If an owner  
27          submits additional information to the assessor pursuant to G.S. 105-296(j), the appeal  
28          must be made within 60 days after the assessor's decision based on the additional  
29          information. Decisions of the county board may be appealed to the Property Tax  
30          Commission."

31          **SECTION 4.** G.S. 105-296(j) and (l) read as rewritten:

32          "(j) The assessor must annually review at least one eighth of the parcels in the  
33          county classified for taxation at present-use value to verify that these parcels qualify for  
34          the classification. By this method, the assessor must review the eligibility of all parcels  
35          classified for taxation at present-use value in an eight-year period. The period of the  
36          review process is based on the average of the preceding three years' data. The assessor  
37          may request assistance from the Farm Service Agency, the Cooperative Extension  
38          Service, the Forest Resources Division of the Department of Environment and Natural  
39          Resources, or other similar organizations.

40          The assessor may require the owner of classified property to submit any information,  
41          including sound management plans for forestland, needed by the assessor to verify that  
42          the property continues to qualify for present-use value taxation. The owner has 60 days  
43          from the date a written request for the information is made to submit the information to  
44          the assessor. If the assessor determines the owner failed to make the information

1 requested available in the time required without good cause, the property loses its  
2 present-use value classification and the property's deferred taxes become due and  
3 payable as provided in G.S. 105-277.4(c). ~~The~~ If the property loses its present-use value  
4 classification for failure to provide the requested information, the assessor must  
5 reinstate the property's present-use value classification when the owner submits the  
6 requested information within 60 days after the disqualification unless the information  
7 discloses that the property no longer qualifies for present-use value classification. When  
8 a property's present-use value classification is reinstated, it is reinstated retroactive to  
9 the date the classification was revoked and any deferred taxes that were paid as a result  
10 of the revocation must be refunded to the property owner. The owner may appeal the  
11 final decision of the assessor to the county board of equalization and review as provided  
12 in G.S. 105-277.4(b1).

13 In determining whether property is operating under a sound management program,  
14 the assessor must consider any weather conditions or other acts of nature that prevent  
15 the growing or harvesting of crops or the realization of income from cattle, swine, or  
16 poultry operations. The assessor must also allow the property owner to submit  
17 additional information before making this determination.

18 (l) The assessor shall annually review at least one-eighth of the parcels in the  
19 county exempted or excluded from taxation to verify that these parcels qualify for the  
20 exemption or exclusion. By this method, the assessor shall review the eligibility of all  
21 parcels exempted or excluded from taxation in an eight-year period. The assessor may  
22 require the owner of exempt or excluded property to make available for inspection any  
23 information reasonably needed by the assessor to verify that the property continues to  
24 qualify for the exemption or exclusion. The owner has 60 days from the date a written  
25 request for the information is made to submit the information to the assessor. If the  
26 assessor determines that the owner failed to make the information requested available in  
27 the time required without good cause, then the property loses its exemption or  
28 exclusion. If the property loses its exemption or exclusion for failure to provide the  
29 requested information, the~~The~~ assessor must reinstate the property's exemption or  
30 exclusion when the owner makes the requested information available within 60 days  
31 after the disqualification unless the information discloses that the property is no longer  
32 eligible for the exemption or exclusion."

33 **SECTION 5.** This act is effective for taxes imposed for taxable years  
34 beginning on or after July 1, 2005.