

GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2007

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SENATE BILL 1876\*  
Finance Committee Substitute Adopted 6/3/08

Short Title: Deferred Property Tax Programs Changes.

(Public)

Sponsors:

Referred to:

May 22, 2008

A BILL TO BE ENTITLED

AN ACT TO MODIFY THE CIRCUIT BREAKER TAX BENEFIT, TO  
STANDARDIZE ADMINISTRATION OF ALL DEFERRED PROPERTY TAX  
PROGRAMS, AND TO CORRECT THE EFFECTIVE DATE OF CHANGES TO  
THE HOMESTEAD EXCLUSION.

The General Assembly of North Carolina enacts:

**PART I: CIRCUIT BREAKER MODIFICATIONS**

**SECTION 1.1.** G.S. 105-273 reads as rewritten:

**"§ 105-273. Definitions.**

~~When used in this Subchapter (unless the context requires a different meaning):~~ The following definitions apply in this Subchapter:

- (1) ~~"Abstract" means the~~ Abstract. – The document on which the property of a taxpayer is listed for ad valorem taxation and on which the appraised and assessed values of the property are recorded.
- (2) ~~"Appraisal" means both the~~ Appraisal. – ~~The~~ true value of property ~~and~~ or the process by which true value is ascertained.
- (3) ~~"Assessment" means both the~~ Assessment. – ~~The~~ tax value of property ~~and~~ or the process by which the assessment is determined.
- (4) Repealed by Session Laws 1973, c. 695, s. 15, effective January 1, 1974.
- (4a) ~~"Code" [is] defined~~ Code. – Defined in G.S. 105-228.90.
- (5) ~~"Collector" or "tax collector" means any~~ Collector or tax collector. – A person charged with the duty of collecting taxes for a county or municipality.
- (5a) ~~"Contractor" means a~~ Construction contractor. – A taxpayer who is regularly engaged in building, installing, repairing, or improving real property.

- 1 (6) ~~"Corporation" includes nonprofit corporation and every type of~~  
2 Corporation. – An organization having capital stock represented by  
3 shares, or an incorporated, nonprofit organization.
- 4 (6a) ~~"Discovered property" includes all~~Discovered property. – Any of the  
5 following:  
6 a. Property that was not listed during a listing period.  
7 b. Property that was listed but the listing included a substantial  
8 understatement.  
9 c. Property that has been granted an exemption or exclusion and  
10 does not qualify for the exemption or exclusion.
- 11 (6b) ~~"To discover property" means to~~Discover property. –  
12 determineDetermine any of the following:  
13 a. Property has not been listed during a listing period.  
14 b. A taxpayer made a substantial understatement of listed  
15 property.  
16 c. Property was granted an exemption or exclusion and the  
17 property does not qualify for an exemption or exclusion.
- 18 (7) ~~"Document" includes book,~~Document. – A book, paper, record,  
19 statement, account, map, plat, film, picture, tape, object, instrument,  
20 and or any other thing conveying information.
- 21 (7a) ~~"Failure to list property" includes all~~Failure to list property. – Any of  
22 the following:  
23 a. Failure to list property during a listing period.  
24 b. A substantial understatement of listed property.  
25 c. Failure to notify the assessor that property granted an  
26 exemption or exclusion under an application for exemption or  
27 exclusion does not qualify for the exemption or exclusion.
- 28 (8) ~~"Intangible personal property" means patents,~~Intangible personal  
29 property. – Patents, copyrights, secret processes, formulae, good will,  
30 trademarks, trade brands, franchises, stocks, bonds, cash, bank  
31 deposits, notes, evidences of debt, leasehold interests in exempted real  
32 property, bills and accounts receivable, and or other like property.
- 33 (8a) ~~"Inventories" means~~Inventories. – Any of the following:  
34 a. ~~(i) goods~~Goods held for sale in the regular course of business  
35 by manufacturers, retail and wholesale merchants, and  
36 ~~contractors, and (ii) construction contractors. As to retail and~~  
37 wholesale merchants and construction contractors, the term  
38 includes packaging materials that accompany and become a part  
39 of the goods sold.  
40 b. ~~goods~~Goods held by construction contractors to be furnished in  
41 the course of building, installing, repairing, or improving real  
42 property.  
43 c. As to manufacturers, ~~the term includes raw~~ raw materials,  
44 goods in process, ~~and finished goods, as well as or~~ or other

1 materials or supplies that are consumed in manufacturing or  
2 ~~processing~~, processing or that accompany and become a part of  
3 the sale of the property being sold. The term does not include  
4 fuel used in manufacturing or processing and materials or  
5 supplies not used directly in manufacturing or processing.

6 ~~d. The term also includes a~~ A modular home as defined in  
7 G.S. 105-164.3(21b) that is used exclusively as a display model  
8 and held for eventual sale at the retail merchant's place of  
9 business.

10 ~~e. The term also includes crops,~~ Crops, livestock, poultry, feed  
11 used in the production of livestock and poultry, ~~and or~~ other  
12 agricultural or horticultural products held for sale, whether in  
13 process or ready for sale. ~~The term does not include fuel used in~~  
14 ~~manufacturing or processing, nor does it include materials or~~  
15 ~~supplies not used directly in manufacturing or processing. As to~~  
16 ~~retail and wholesale merchants and contractors, the term~~  
17 ~~includes, in addition to articles held for sale, packaging~~  
18 ~~materials that accompany and become a part of the sale of the~~  
19 ~~property being sold.~~

20 (9) ~~"List" or "listing," when used as a noun, means abstract.~~ List or listing.  
21 ~~– An abstract, when the term is used as a noun.~~

22 (10) Repealed by Session Laws 1987, c. 43, s. 1.

23 (10a) ~~"Local tax official" includes a~~ Local tax official. – A county assessor,  
24 an assistant county assessor, a member of a county board of  
25 commissioners, a member of a county board of equalization and  
26 review, a county tax collector, ~~and or~~ the municipal ~~equivalents~~  
27 equivalent of one of these officials.

28 (10b) ~~"Manufacturer" means a~~ Manufacturer. – A taxpayer who is regularly  
29 engaged in the mechanical or chemical conversion or transformation of  
30 materials or substances into new products for sale or in the growth,  
31 breeding, raising, or other production of new products for sale. The  
32 term does not include delicatessens, cafes, cafeterias, restaurants, and  
33 other similar retailers that are principally engaged in the retail sale of  
34 foods prepared by them for consumption on or off their premises.

35 (11) ~~"Municipal corporation" and "municipality" mean city,~~ Municipal  
36 corporation or municipality. – A city, town, incorporated village,  
37 sanitary district, rural fire protection district, rural recreation district,  
38 mosquito control district, hospital district, metropolitan sewerage  
39 district, watershed improvement district, a consolidated city-county as  
40 defined by G.S. 160B-2, ~~or other another~~ district or unit of local  
41 government by or for which ad valorem taxes are levied. ~~The terms~~  
42 ~~also include a consolidated city county as defined by G.S. 160B-2(1).~~

43 (12) ~~"Person" and "he" include any~~ Person. – An individual, a trustee, an  
44 executor, an administrator, ~~other another~~ fiduciary, a corporation, a

- 1 limited liability company, an unincorporated association, a partnership,  
 2 a sole proprietorship, a company, a firm, or other another legal entity.  
 3 (13) ~~"Real property," "real estate," and "land" mean not only the~~Real  
 4 property, real estate, or land. – Any of the following:  
 5 a. The land itself, itself.  
 6 b. ~~but also buildings, Buildings,~~ structures, improvements, ~~and or~~  
 7 permanent fixtures on ~~the land, land.~~  
 8 c. ~~and all~~All rights and privileges belonging or in any way  
 9 appertaining to the property.  
 10 d. ~~These terms also mean a~~ manufactured home as defined in  
 11 G.S. 143-143.9(6)G.S. 143-143.9(6), unless it is considered  
 12 tangible personal property for failure to meet all of the  
 13 following requirements:  
 14 1. ~~if it~~It is a residential ~~structure; structure.~~  
 15 2. It has the moving hitch, wheels, and axles  
 16 ~~removed; removed.~~  
 17 3. ~~and~~It is placed upon a permanent foundation either on  
 18 land owned by the owner of the manufactured home or  
 19 on land in which the owner of the manufactured home  
 20 has a leasehold interest pursuant to a lease with a  
 21 primary term of at least 20 years ~~for the real property on~~  
 22 ~~which the manufactured home is affixed and where the~~  
 23 lease expressly provides for disposition of the  
 24 manufactured home upon termination of the lease. A  
 25 ~~manufactured home as defined in G.S. 143-143.9(6) that~~  
 26 ~~does not meet all of these conditions is considered~~  
 27 tangible personal property.  
 28 (13a) ~~"Retail Merchant" means a~~Retail merchant. – A taxpayer who is  
 29 regularly engaged in the sale of tangible personal property, acquired by  
 30 a means other than manufacture, processing, or producing by the  
 31 merchant, to users or consumers.  
 32 (13b) ~~"Substantial understatement" means the~~Substantial understatement. –  
 33 The omission of a material portion of the value, quantity, or other  
 34 measurement of taxable property. The determination of materiality in  
 35 each case shall be made by the assessor, subject to the taxpayer's right  
 36 to review of the determination by the county board of equalization and  
 37 review or board of commissioners and appeal to the Property Tax  
 38 Commission.  
 39 (14) ~~"Tangible personal property" means all~~Tangible personal property. –  
 40 All personal property that is not intangible and that is not permanently  
 41 affixed to real property.  
 42 (15) ~~"Tax" and "taxes" include the~~Tax or taxes. – The principal amount of  
 43 any tax, costs, penalties, and interest imposed upon property tax or dog

1 ~~license tax, property tax or dog license tax and costs, penalties, and~~  
2 ~~interest.~~

3 (16) ~~"Taxing unit" means a~~Taxing unit. – A county or municipality  
4 authorized to levy ad valorem property taxes.

5 (17) ~~"Taxpayer" means any~~Taxpayer. – A person whose property is subject  
6 to ad valorem property taxation by any county or municipality and any  
7 person who, under the terms of this Subchapter, has a duty to list  
8 property for taxation. ~~For purposes of collecting delinquent ad valorem~~  
9 ~~taxes assessed on real property under G.S. 105-366 through~~  
10 ~~G.S. 105-375, "taxpayer" means the owner of record on the date the~~  
11 ~~taxes become delinquent and any subsequent owner of record of the~~  
12 ~~real property if conveyed after that date.~~

13 (18) ~~"Valuation" means appraisal~~Valuation. – Appraisal and assessment.

14 (19) ~~"Wholesale Merchant" means a~~Wholesale merchant. – A taxpayer who  
15 is regularly engaged in the sale of tangible personal property, acquired  
16 by a means other than manufacture, processing, or producing by the  
17 merchant, to other retail or wholesale merchants for resale or to  
18 manufacturers for use as ingredient or component parts of articles  
19 being manufactured for sale."

20 **SECTION 1.2.** G.S. 105-277.1B reads as rewritten:

21 **"§ 105-277.1B. Property tax homestead circuit breaker.**

22 (a) Classification. – A permanent residence owned and occupied by a qualifying  
23 owner is designated a special class of property under Article V, Section 2(2) of the  
24 North Carolina Constitution and is taxable in accordance with this section.

25 (b) Definitions. – The definitions provided in G.S. 105-277.1 apply to this  
26 section.

27 (c) Income Eligibility Limit. – The income eligibility limit provided in  
28 G.S. 105-277.1(a2) applies to this section.

29 (d) Qualifying Owner. – For the purpose of qualifying for the property tax  
30 homestead circuit breaker under this section, a qualifying owner is an owner who meets  
31 all of the following requirements as of January 1 preceding the taxable year for which  
32 the benefit is claimed:

33 (1) The owner has an income for the preceding calendar year of not more  
34 than one hundred fifty percent (150%) of the income eligibility limit  
35 specified in subsection (c) of this section.

36 (2) The owner has owned and occupied the property as a permanent  
37 residence for at least five years.

38 (3) The owner is at least 65 years of age or totally and permanently  
39 disabled.

40 (4) The owner is a North Carolina resident.

41 (e) Multiple Owners. – A permanent residence owned and occupied by husband  
42 and wife as tenants by the entirety is entitled to the full benefit of the property tax  
43 homestead circuit breaker notwithstanding that only one of them meets the occupation  
44 requirement and the age or disability requirement of this section. When a permanent

1 residence is owned and occupied by two or more persons other than husband and wife,  
 2 no property tax homestead circuit breaker is allowed unless all of the owners qualify  
 3 and elect to defer taxes under this section.

4 (f) Tax Limitation. – A qualifying owner may defer the portion of tax imposed  
 5 on his or her permanent residence if it exceeds ~~a~~the percentage of the qualifying  
 6 owner's income ~~as provided in this section,~~set out in the table in this subsection. If a  
 7 permanent residence is subject to tax by more than one taxing unit and the total tax  
 8 liability exceeds the tax limit imposed by this section, then both the taxes due under this  
 9 section and the taxes deferred under this section must be apportioned among the taxing  
 10 units based upon the ratio each taxing unit's tax rate bears to the total tax rate of all  
 11 units.

<b>Income</b>	<b>Percentage</b>
<del>Less than the income eligibility limit</del>	<del>4.0%</del>
<del>100% to 150% of the income eligibility limit</del>	<del>5.0%</del>
<b><u>Income Over</u></b>	<b><u>Income Up To</u></b>
<u>-0-</u>	<u>Income Eligibility Limit</u>
<u>Income Eligibility Limit</u>	<u>150% of Income Eligibility Limit</u>
	<b><u>Percentage</u></b>
	<u>4.0%</u>
	<u>5.0%</u>

12 (g) Temporary Absence. – An otherwise qualifying owner does not lose the  
 13 benefit of this circuit breaker because of a temporary absence from his or her permanent  
 14 residence for reasons of health, or because of an extended absence while confined to a  
 15 rest home or nursing home, so long as the residence is unoccupied or occupied by the  
 16 owner's spouse or other dependent.

17 (h) Deferred Taxes. – The difference between the taxes due under this section  
 18 and the taxes that would have been payable in the absence of this section are a lien on  
 19 the real property of the taxpayer as provided in G.S. 105-355(a). The difference in taxes  
 20 for the three fiscal years preceding the current tax year shall be carried forward in the  
 21 records of the taxing unit or units as deferred taxes. ~~Interest accrues on the deferred~~  
 22 ~~taxes due as if they had been payable on the dates on which they originally became due.~~  
 23 The deferred taxes are due and payable in accordance with G.S. 105-277.1C when the  
 24 property loses its eligibility for deferral because of the occurrence of a disqualifying  
 25 event as provided in subsection (i) of this section. On or before September 1 of each  
 26 year, the ~~assessor-collector~~ shall notify each residence owner to whom a tax deferral has  
 27 previously been granted of the accumulated sum of deferred taxes and interest.

28 (i) Disqualifying Events. – ~~Taxes deferred under this section are payable within~~  
 29 ~~nine months after a disqualifying event. The tax for the fiscal year that opens in a~~  
 30 ~~calendar year in which deferred taxes become due is computed as if the property was~~  
 31 ~~not eligible for property tax relief under this section.~~ Each of the following constitutes a  
 32 disqualifying event:

- 33 (1) The owner transfers the residence. Transfer of the residence ~~under this~~  
 34 ~~subdivision~~ is not a disqualifying event if (i) the owner transfers the  
 35 residence ~~as part of a divorce proceeding to a co-owner of the~~  
 36 residence or, as part of a divorce proceeding, to either his or her spouse  
 37 ~~who qualifies for tax deferral under this section or to a co-owner of the~~  
 38 residence, and (ii) that individual occupies or continues to occupy the

1 property as his or her permanent residence, and (iii) that individual  
2 elects to continue deferring payment of the tax residence.

3 (2) The owner dies. Death of the owner under this subdivision is not a  
4 disqualifying event if (i) the owner's share passes to either a co-owner  
5 of the residence or to his or her spouse who qualifies for tax deferral  
6 under this section or to a co-owner of the residence, residence and (ii)  
7 that individual occupies or continues to occupy the property as his or  
8 her permanent residence, and (iii) that individual elects to continue  
9 deferring payment of the tax residence.

10 (3) The owner ceases to use the property as a permanent residence.

11 (j) Interruption of Qualification. — If the owner of a tax-deferred residence does  
12 not qualify under this section for deferral as of January 1 preceding a taxable year for  
13 reasons other than a disqualifying event or if the owner of a tax-deferred residence  
14 revokes an application for deferral by notifying the assessor in writing, the owner may  
15 not defer any additional property taxes under this section without submitting a new  
16 application. Deferred taxes from earlier years do not become due because of an  
17 interruption of qualification; however, deferred taxes existing at the time of an  
18 interruption of qualification shall be carried forward until the occurrence of a  
19 disqualifying event. If the owner qualifies for tax deferral under this section following  
20 an interruption of qualification, the taxing unit or units shall disregard the years during  
21 which there was an interruption of qualification for purposes of determining the three  
22 fiscal years preceding the current tax year under subsection (g) of this section. Gap in  
23 Deferral. — If an owner of a residence on which taxes have been deferred under this  
24 section is not eligible for continued deferral for a tax year, the taxes deferred from the  
25 prior tax years are not due and payable but are carried forward until a disqualifying  
26 event occurs. If the owner of the residence qualifies for deferral after one or more years  
27 in which he or she did not qualify for deferral, the years in which the owner did not  
28 qualify are disregarded in determining the three years for which the deferred taxes are  
29 carried forward.

30 (k) Prepayment. — All or part of the deferred taxes and accrued interest may be  
31 paid to the tax collector at any time. Any partial payment is applied first to accrued  
32 interest. A residence owner to whom a tax deferral has previously been granted may  
33 revoke the application for deferral at any time by notifying the assessor in writing.

34 (l) Creditor Limitations. — A mortgagee or trustee that elects to pay any tax  
35 deferred by the owner of a residence subject to a mortgage or deed of trust does not  
36 acquire a right to foreclose as a result of the election. Except for requirements dictated  
37 by federal law or regulation, any provision in a mortgage, deed of trust, or other  
38 agreement that prohibits the owner from deferring taxes on property under this section  
39 is void.

40 (m) Construction. — This section does not affect the attachment of a lien for  
41 personal property taxes against a tax-deferred residence.

42 (n) Application. — An application for property tax relief provided by this section  
43 should be filed during the regular listing period, but may be filed and must be accepted  
44 at any time up to and through June 1 preceding the tax year for which the relief is

1 claimed. Persons may apply for this property tax relief by entering the appropriate  
2 information on a form made available by the assessor under G.S. 105-282.1."

3 **SECTION 1.3.** G.S. 105-282.1(a)(2)e. is repealed.

4 **SECTION 1.4.** G.S. 153A-148.1(a) is amended by adding a new subdivision  
5 to read:

6 "(a) Disclosure Prohibited. – Notwithstanding Chapter 132 of the General Statutes  
7 or any other law regarding access to public records, local tax records that contain  
8 information about a taxpayer's income or receipts are not public records. A current or  
9 former officer, employee, or agent of a county who in the course of service to or  
10 employment by the county has access to information about the amount of a taxpayer's  
11 income or receipts may not disclose the information to any other person unless the  
12 disclosure is made for one of the following purposes:

- 13 ...  
14 (6) To include on a property tax receipt the amount of property taxes due  
15 and the amount of property taxes deferred on a residence classified  
16 under G.S. 105-277.1B, the property tax homestead circuit breaker."

17 **SECTION 1.5.** G.S. 160A-208.1(a) is amended by adding a new subdivision  
18 to read:

19 "(a) Disclosure Prohibited. – Notwithstanding Chapter 132 of the General Statutes  
20 or any other law regarding access to public records, local tax records that contain  
21 information about a taxpayer's income or receipts are not public records. A current or  
22 former officer, employee, or agent of a city who in the course of service to or  
23 employment by the city has access to information about the amount of a taxpayer's  
24 income or receipts may not disclose the information to any other person unless the  
25 disclosure is made for one of the following purposes:

- 26 ...  
27 (4) To include on a property tax receipt the amount of property taxes due  
28 and the amount of property taxes deferred on a residence classified  
29 under G.S. 105-277.1B, the property tax homestead circuit breaker."

30  
31 **PART II: DEFERRAL PROGRAM MODIFICATIONS**

32 **SECTION 2.1.** G.S. 105-275(29a) reads as rewritten:

33 **"§ 105-275. Property classified and excluded from the tax base.**

34 The following classes of property are hereby designated special classes under  
35 authority of Article V, Sec. 2(2), of the North Carolina Constitution and shall not be  
36 listed, appraised, assessed, or taxed:

- 37 ...  
38 (29a) Land that is within an historic district ~~held,~~ and is held by a nonprofit  
39 corporation organized for historic preservation ~~purposes,~~ purposes for  
40 use as a future site for an historic structure that is to be moved to the  
41 site from another location. Property may be classified under this  
42 subdivision for no more than five years. The taxes that would  
43 otherwise be due on land classified under this subdivision shall be a  
44 lien on the real property of the taxpayer as provided in



1 G.S. 105-355(a). The taxes shall be carried forward in the records of  
2 the taxing unit or units as deferred taxes and shall be payable five  
3 years from the fiscal year the exclusion is first claimed unless an  
4 historic structure is moved onto the site during that time. If an historic  
5 structure has not been moved to the site within five years, then  
6 deferred taxes for the preceding five fiscal years shall immediately be  
7 payable, together with interest as provided in G.S. 105-360 for unpaid  
8 taxes that shall accrue on the deferred taxes as if they had been payable  
9 on the dates on which they would originally become due. All liens  
10 arising under this subdivision are extinguished upon either the  
11 payment of any deferred taxes under this subdivision or the location of  
12 an historic structure on the site within the five-year period allowed  
13 under this subdivision. The deferred taxes are due and payable in  
14 accordance with G.S. 105-277.1C when the property loses its  
15 eligibility for deferral as a result of a disqualifying event. A  
16 disqualifying event occurs when an historic structure is not moved to  
17 the property within five years from the first day of the fiscal year the  
18 property was classified under this subdivision."

19 **SECTION 2.2.** Chapter 105 of the North Carolina General Statutes is  
20 amended by adding a new section to read:

21 **"§ 105-277.1C. Uniform provisions for payment of deferred taxes.**

22 (a) Scope. – This section applies to the following deferred tax programs:

- 23 (1) G.S. 105-275(29a), historic district property held as future site of  
24 historic structure.  
25 (2) G.S. 105-277.1B, the property tax homestead circuit breaker.  
26 (3) G.S. 105-277.4(c), present-use value property.  
27 (4) G.S. 105-277.14, working waterfront property.  
28 (5) G.S. 105-278(b), historic property.  
29 (6) G.S. 105-278.6(e), nonprofit property held as future site of low- or  
30 moderate-income housing.

31 (b) Payment. – Taxes deferred on property under a deferral program listed in  
32 subsection (a) of this section are due and payable on the day the property loses its  
33 eligibility for the deferral program as a result of a disqualifying event. If only a part of  
34 property for which taxes are deferred loses its eligibility for deferral, the assessor must  
35 determine the amount of deferred taxes that apply to that part and that amount is due  
36 and payable. Interest accrues on deferred taxes as if they had been payable on the dates  
37 on which they would have originally become due.

38 The tax for the fiscal year that begins in the calendar year in which the deferred  
39 taxes are due and payable is computed as if the property had not been classified for that  
40 year. A lien for deferred taxes is extinguished when the taxes are paid.

41 All or part of the deferred taxes that are not due and payable may be paid to the tax  
42 collector at any time without affecting the property's eligibility for deferral. A partial  
43 payment is applied first to accrued interest."

44 **SECTION 2.3.** G.S. 105-277.4(c) reads as rewritten:

1       "(c) Deferred Taxes. – Land meeting the conditions for classification under  
2 G.S. 105-277.3 must be taxed on the basis of the value of the land for its present use.  
3 The difference between the taxes due on the present-use basis and the taxes that would  
4 have been payable in the absence of this classification, together with any interest,  
5 penalties, or costs that may accrue thereon, are a lien on the real property of the  
6 taxpayer as provided in G.S. 105-355(a). The difference in taxes must be carried  
7 forward in the records of the taxing unit or units as deferred taxes. The deferred taxes  
8 for the preceding three fiscal years are due and payable in accordance with  
9 G.S. 105-277.1C when the property loses its eligibility for deferral as a result of a  
10 disqualifying event. A disqualifying event occurs when the land fails to meet any  
11 condition or requirement for classification or when an application is not approved. The  
12 taxes become due and payable when the land fails to meet any condition or requirement  
13 for classification. Failure to have an application approved is ground for disqualification.  
14 The tax for the fiscal year that opens in the calendar year in which deferred taxes  
15 become due is computed as if the land had not been classified for that year, and taxes  
16 for the preceding three fiscal years that have been deferred are immediately payable,  
17 together with interest as provided in G.S. 105-360 for unpaid taxes. Interest accrues on  
18 the deferred taxes due as if they had been payable on the dates on which they originally  
19 became due. If only a part of the qualifying tract of land fails to meet a condition or  
20 requirement for classification, the assessor must determine the amount of deferred taxes  
21 applicable to that part and that amount becomes payable with interest as provided  
22 above. Upon the payment of any taxes deferred in accordance with this section for the  
23 three years immediately preceding a disqualification, all liens arising under this  
24 subsection are extinguished. The deferred taxes for any given year may be paid in that  
25 year without the qualifying tract of land becoming ineligible for deferred status."

26       **SECTION 2.4.** G.S. 105-277.14(c) reads as rewritten:

27       "(c) Deferred Taxes. – The difference between the taxes that are due on working  
28 waterfront property taxed on the basis of its present use and that would be due if the  
29 property were taxed on the basis of its true value is a lien on the property. The  
30 difference in taxes must be carried forward in the records of each taxing unit as deferred  
31 taxes. The deferred taxes for the preceding three fiscal years are due and payable in  
32 accordance with G.S. 105-277.1C when the property loses its eligibility for deferral as a  
33 result of a disqualifying event. A disqualifying event occurs when the property no  
34 longer qualifies as working waterfront property. The deferred taxes become due when  
35 the property no longer qualifies as working waterfront property. The tax for the fiscal  
36 year that opens in the calendar year in which deferred taxes become due is computed as  
37 if the property had not been classified for that year, and taxes for the preceding three  
38 fiscal years that have been deferred are immediately payable, together with interest, as  
39 provided in G.S. 105-360 for unpaid taxes. Interest accrues on the deferred taxes due as  
40 if they had been payable on the dates on which they originally became due. If only a  
41 part of the property no longer qualifies as working waterfront property, the assessor  
42 must determine the amount of deferred taxes applicable to that part and that amount  
43 becomes payable with interest. Upon the payment of any taxes deferred under this

1 section for the three years immediately preceding a disqualification, all liens arising  
2 under this subsection are extinguished."

3 **SECTION 2.5.** G.S. 105-278(b) reads as rewritten:

4 "(b) The difference between the taxes due on the basis of fifty percent (50%) of  
5 the true value of the property and the taxes that would have been payable in the absence  
6 of the classification provided for in subsection (a) shall be a lien on the property of the  
7 taxpayer as provided in ~~G.S. 105-355(a)~~ and G.S. 105-355(a). The taxes shall be carried  
8 forward in the records of the taxing unit or units as deferred taxes, ~~but shall not be~~  
9 ~~payable until the property loses its eligibility for the benefit of this classification~~  
10 ~~because of a change in an ordinance designating a historic property or a change in the~~  
11 ~~property, except by fire or other natural disaster, which causes its historical significance~~  
12 ~~to be lost or substantially impaired.~~ taxes. The deferred taxes for the preceding three  
13 fiscal years are due and payable in accordance with G.S. 105-277.1C when the property  
14 loses the benefit of this classification as a result of a disqualifying event. A  
15 disqualifying event occurs when there is a change in an ordinance designating a historic  
16 property or a change in the property, other than by fire or other natural disaster, that  
17 causes the property's historical significance to be lost or substantially impaired. The tax  
18 for the fiscal year that opens in the calendar year in which a disqualification occurs shall  
19 be computed as if the property had not been classified for that year, and taxes for the  
20 preceding three fiscal years that have been deferred as provided herein shall be payable  
21 immediately, together with interest thereon as provided in G.S. 105-360 for unpaid  
22 taxes, which shall accrue on the deferred taxes as if they had been payable on the dates  
23 on which they originally became due. If only a part of the historic property loses its  
24 eligibility for the classification, a determination shall be made of the amount of deferred  
25 taxes applicable to that part, and the amount shall be payable with interest as provided  
26 above."

27 **SECTION 2.6.** G.S. 105-278.6(e) reads as rewritten:

28 "(e) Real property held by an organization described in subdivision (a)(8) is held  
29 for a charitable purpose under this section if it is ~~held for no more than five years as a~~  
30 ~~future site for housing for individuals or families with low or moderate~~  
31 ~~incomes.~~ incomes may be classified under this section for no more than five years. The  
32 taxes that would otherwise be due on real property exempt under this subsection shall be  
33 a lien on the property as provided in G.S. 105-355(a). The taxes shall be carried forward  
34 in the records of the taxing unit as deferred taxes ~~and shall be payable five years after~~  
35 ~~the tax year the exemption is first claimed unless the organization has constructed low-~~  
36 ~~or moderate income housing on the site. If this condition has not been met, the deferred~~  
37 ~~taxes for the preceding five fiscal years shall be payable immediately, together with~~  
38 ~~interest as provided in G.S. 105-360 for unpaid taxes that accrues on the deferred taxes~~  
39 ~~as if they had been payable on the dates they would have originally become due. All~~  
40 ~~liens arising under this subsection are extinguished upon one of the following:~~

41 (1) ~~Payment of all deferred taxes under this subsection.~~

42 (2) ~~Construction by the organization of low or moderate income housing~~  
43 ~~on the site within five years after the tax year the exemption is first~~  
44 ~~claimed.~~ taxes. The deferred taxes are due and payable in accordance

1 with G.S. 105-277.1C when the property loses its eligibility for  
2 deferral as a result of a disqualifying event. A disqualifying event  
3 occurs when the organization fails to construct low- or  
4 moderate-income housing on the site within five years from the first  
5 day of the fiscal year the property was classified under this  
6 subsection."

7 **SECTION 2.7.** G.S. 105-360(a) reads as rewritten:

8 "(a) Taxes levied under this Subchapter by a taxing unit are due and payable on  
9 September 1 of the fiscal year for which the taxes are levied. Taxes are payable at par or  
10 face amount if paid before January 6 following the due date. Taxes paid on or after  
11 January 6 following the due date ~~are delinquent and~~ are subject to interest charges.  
12 Interest accrues on taxes paid on or after January 6 as follows:

- 13 (1) For the period January 6 to February 1, interest accrues at the rate of  
14 two percent ~~(2%); and~~ (2%).  
15 (2) For the period February 1 until the principal amount of the taxes, the  
16 accrued interest, and any penalties are paid, interest accrues at the rate  
17 of three-fourths of one percent (3/4%) a month or fraction thereof."

18 **SECTION 2.8.** Article 26 of Chapter 105 of the General Statutes is amended  
19 by adding a new section to read:

20 "**§ 105-365.1. When and against whom collection remedies may be used.**

21 (a) Date of Delinquency. – A tax collector may collect a tax using the remedies  
22 provided in G.S. 105-366 through G.S. 105-375 on or after the date the tax is  
23 delinquent. A tax is delinquent on the following date:

- 24 (1) For a tax that is not a deferred tax, the date the tax accrues interest.  
25 (2) For a deferred tax, other than a tax described in subdivision (3) of this  
26 subsection, the date a disqualifying event occurs.  
27 (3) For a deferred tax under G.S. 105-277.1B that lost its eligibility for  
28 deferral due to the death of the owner, the first day of the ninth month  
29 following the date of death.

30 (b) Enforced Collection. – For purposes of using the collection remedies  
31 provided in G.S. 105-366 through G.S. 105-375 to collect delinquent taxes, the taxing  
32 unit shall proceed against property of the following taxpayer:

- 33 (1) To collect delinquent taxes assessed on real property, the owner of  
34 record of property on which tax is due as of the date of delinquency  
35 and any subsequent owner of record of the property.  
36 (2) To collect delinquent taxes assessed on personal property, the owner of  
37 record as of January 1 of the calendar year in which the fiscal year of  
38 taxation begins.  
39 (3) To collect delinquent taxes assessed on a registered motor vehicle, the  
40 owner of record as of the date on which the current vehicle registration  
41 is renewed or the date on which a new registration is applied for."  
42

43 **PART III: TECHNICAL CORRECTION**

44 **SECTION 3.** G.S. 105-277.1(a2) reads as rewritten:

1       "(a2) **(Effective for taxes imposed for taxable years beginning on or after July**  
2 **1, 2008)** Income Eligibility Limit. – ~~Until~~ For the taxable year beginning on July 1,  
3 2008, the income eligibility limit is twenty-five thousand dollars (\$25,000). For taxable  
4 years beginning on or after July 1, ~~2008,2009,~~ the income eligibility limit is the amount  
5 for the preceding year, adjusted by the same percentage of this amount as the percentage  
6 of any cost-of-living adjustment made to the benefits under Titles II and XVI of the  
7 Social Security Act for the preceding calendar year, rounded to the nearest one hundred  
8 dollars (\$100.00). On or before July 1 of each year, the Department of Revenue must  
9 determine the income eligibility amount to be in effect for the taxable year beginning  
10 the following July 1 and must notify the assessor of each county of the amount to be in  
11 effect for that taxable year."

12  
13 **PART IV: EFFECTIVE DATE**

14       **SECTION 4.** This act is effective for taxes imposed for taxable years  
15 beginning on or after July 1, 2008