

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2005

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SENATE DRS85023-MA-11 (2/3)

Short Title: Wildlife Conservation Present-Use Value. (Public)

Sponsors: Senator Hartsell.

Referred to:

A BILL TO BE ENTITLED

AN ACT TO ESTABLISH WILDLIFE AND OTHER CONSERVATION LAND AS A
SPECIAL CLASS OF PROPERTY SUBJECT TO PRESENT-USE VALUE AND
TO MAKE OTHER CHANGES REGARDING PRESENT-USE VALUE.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 105-277.2 reads as rewritten:

"§ 105-277.2. Agricultural, horticultural, wildlife, and forestland – Definitions.

The following definitions apply in G.S. 105-277.3 through G.S. 105-277.7:

- (1) Agricultural land. – Land that is a part of a farm unit that is actively engaged in the commercial production or growing of crops, plants, or animals under a sound management program. Agricultural land includes ~~woodland~~ wildlife land, woodland, and wasteland that is a part of the farm unit, but the ~~woodland-wildlife land, woodland,~~ and wasteland included in the unit must be appraised under the use-value schedules as ~~woodland~~ wildlife land, woodland, or wasteland. A farm unit may consist of more than one tract of agricultural land, but at least one of the tracts must meet the requirements in G.S. 105-277.3(a)(1), and each tract must be under a sound management program. If the agricultural land includes less than 20 acres of woodland, then the woodland portion is not required to be under a sound management program. Also, woodland is not required to be under a sound management program if it is determined that the highest and best use of the woodland is to diminish wind erosion of adjacent agricultural land, protect water quality of adjacent agricultural land, or serve as buffers for adjacent livestock or poultry operations. If the agricultural land includes less than 10 acres of wildlife land, then the wildlife land portion is not required to be under a sound management program.

- 1 (1a) Bargain sale. – A transaction conveying an interest in real property
2 that consists of a sale for consideration below fair market value or of a
3 combined sale and donation. To qualify as a bargain sale, the total
4 consideration for all of the property conveyed may not exceed
5 seventy-five percent (75%) of its fair market value.
- 6 ~~(1a)~~ (1b) Business entity. – A corporation, a general partnership, a limited
7 partnership, or a limited liability company.
- 8 (2) Forestland. – Land that is a part of a forest unit that is actively engaged
9 in the commercial growing of trees under a sound management
10 program. Forestland includes wildlife land and wasteland that is a part
11 of the forest unit, but the wildlife land and wasteland included in the
12 unit must be appraised under the use-value schedules as wildlife land
13 or wasteland. A forest unit may consist of more than one tract of
14 forestland, but at least one of the tracts must meet the requirements in
15 G.S. 105-277.3(a)(3), and each tract must be under a sound
16 management program. If the forestland includes less than 10 acres of
17 wildlife land, then the wildlife land portion is not required to be under
18 a sound management program.
- 19 (3) Horticultural land. – Land that is a part of a horticultural unit that is
20 actively engaged in the commercial production or growing of fruits or
21 vegetables or nursery or floral products under a sound management
22 program. Horticultural land includes ~~woodland~~wildlife land,
23 woodland, and wasteland that is a part of the horticultural unit, but the
24 ~~woodland~~wildlife land, woodland, and wasteland included in the unit
25 must be appraised under the use-value schedules as ~~woodland~~wildlife
26 land, woodland, or wasteland. A horticultural unit may consist of more
27 than one tract of horticultural land, but at least one of the tracts must
28 meet the requirements in G.S. 105-277.3(a)(2), and each tract must be
29 under a sound management program. If the horticultural land includes
30 less than 20 acres of woodland, then the woodland portion is not
31 required to be under a sound management program. Also, woodland is
32 not required to be under a sound management program if it is
33 determined that the highest and best use of the woodland is to diminish
34 wind erosion of adjacent horticultural land or protect water quality of
35 adjacent horticultural land. If the horticultural land includes less than
36 10 acres of wildlife land, then the wildlife land portion is not required
37 to be under a sound management program.
- 38 (4) Individually owned. – Owned by one of the following:
- 39 a. A natural person. For the purpose of this section, a natural
40 person who is an income beneficiary of a trust that owns land
41 may elect to treat the person's beneficial share of the land as
42 owned by that person. If the person's beneficial interest is not an
43 identifiable share of land but can be established as a
44 proportional interest in the trust income, the person's beneficial

1 share of land is a percentage of the land owned by the trust that
2 corresponds to the beneficiary's proportional interest in the trust
3 income. For the purpose of this section, a natural person who is
4 a member of a business entity, other than a corporation, that
5 owns land may elect to treat the person's share of the land as
6 owned by that person. The person's share is a percentage of the
7 land owned by the business entity that corresponds to the
8 person's percentage of ownership in the entity.

9 b. **(Effective for taxes imposed for taxable years beginning on**
10 **or after July 1, 2004)** A business entity having as its principal
11 business one of the activities described in subdivisions (1), (2),
12 and (3) and whose members are all natural persons who meet
13 one or more of the conditions listed in this sub-subdivision. For
14 the purpose of this sub-subdivision, the terms "having as its
15 principal business" and "actively engaged in the business of the
16 entity" include the leasing of the land for one of the activities
17 described in subdivisions (1), (2), and (3) only if all members of
18 the business entity are relatives.

- 19 1. The member is actively engaged in the business of the
20 entity.
- 21 2. The member is a relative of a member who is actively
22 engaged in the business of the entity.
- 23 3. The member is a relative of, and inherited the
24 membership interest from, a decedent who met one or
25 both of the preceding conditions after the land qualified
26 for classification in the hands of the business entity.

27 c. A trust that was created by a natural person who transferred the
28 land to the trust and each of whose beneficiaries who is
29 currently entitled to receive income or principal meets one of
30 the following conditions:

- 31 1. Is the creator of the trust or the creator's relative.
- 32 2. Is a second trust whose beneficiaries who are currently
33 entitled to receive income or principal are all either the
34 creator of the first trust or the creator's relatives.

35 d. A testamentary trust that meets all of the following conditions:

- 36 1. It was created by a natural person who transferred to the
37 trust land that qualified in that person's hands for
38 classification under G.S. 105-277.3.
- 39 2. At the time of the creator's death, the creator had no
40 relatives as defined in this section as of the date of death.
- 41 3. The trust income, less reasonable administrative
42 expenses, is used exclusively for educational, scientific,
43 literary, cultural, charitable, or religious purposes as
44 defined in G.S. 105-278.3(d).

1 e. Tenants in common, if each tenant is either a natural person or a
2 business entity described in sub-subdivision b. of this
3 subdivision. Tenants in common may elect to treat their
4 individual shares as owned by them individually in accordance
5 with G.S. 105-302(c)(9). The ownership requirements of
6 G.S. 105-277.3(b) apply to each tenant in common who is a
7 natural person, and the ownership requirements of
8 G.S. 105-277.3(b1) apply to each tenant in common who is a
9 business entity.

10 (4a) Member. – A shareholder of a corporation, a partner of a general or
11 limited partnership, or a member of a limited liability company.

12 (5) Present-use value. – The value of land in its current use as agricultural
13 land, horticultural land, ~~or forestland,~~ forestland, or wildlife land, based
14 solely on its ability to produce income and assuming an average level
15 of management. A rate of nine percent (9%) shall be used to capitalize
16 the expected net income of forestland. The capitalization rate for
17 agricultural ~~land and land,~~ land and land, and wildlife land is
18 to be determined by the Use-Value Advisory Board as provided in
19 G.S. 105-277.7.

20 (5a) Relative. – Any of the following:

21 a. A spouse or the spouse's lineal ancestor or descendant.

22 b. A lineal ancestor or a lineal descendant.

23 c. A brother or sister, or the lineal descendant of a brother or
24 sister. For the purposes of this sub-subdivision, the term brother
25 or sister includes stepbrother or stepsister.

26 d. An aunt or an uncle.

27 e. A spouse of a person listed in paragraphs a. through d. For the
28 purpose of this subdivision, an adoptive or adopted relative is a
29 relative and the term "spouse" includes a surviving spouse.

30 (6) Sound management program. – A program of production designed to
31 obtain the greatest net return from the land consistent with its
32 conservation and long-term improvement.

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

38 a. Type of classification.

39 b. Use of the same equipment or labor force.

40 (8) Wildlife land. – Land that is part of a wildlife unit that is actively
41 managed for the conservation of wildlife or other natural resources
42 under a sound management program. Wildlife land includes wasteland
43 that is a part of the wildlife unit, but the wasteland included in the unit
44 must be appraised under the use-value schedules as wasteland. A

1 wildlife unit may consist of more than one tract of wildlife land, but at
2 least one of the tracts must meet the requirements in
3 G.S. 105-277.3(a)(4), and each tract must be under a sound
4 management program."

5 **SECTION 2.** G.S. 105-277.3 reads as rewritten:

6 **"§ 105-277.3. Agricultural, horticultural, wildlife, and forestland – Classifications.**

7 (a) Classes Defined. – The following classes of property are designated special
8 classes of property under authority of Section 2(2) of Article V of the North Carolina
9 Constitution and must be appraised, assessed, and taxed as provided in G.S. 105-277.2
10 through G.S. 105-277.7.

11 (1) Agricultural land. – Individually owned agricultural land consisting of
12 one or more tracts, one of which consists of at least 10 acres that are in
13 actual production and that, for the three years preceding January 1 of
14 the year for which the benefit of this section is claimed, have produced
15 an average gross income of at least one thousand dollars (\$1,000).
16 Gross income includes income from the sale of the agricultural
17 products produced from the land and any payments received under a
18 governmental soil conservation or land retirement program. Land in
19 actual production includes land under improvements used in the
20 commercial production or growing of crops, plants, or animals.

21 (2) Horticultural land. – Individually owned horticultural land consisting
22 of one or more tracts, one of which consists of at least five acres that
23 are in actual production and that, for the three years preceding January
24 1 of the year for which the benefit of this section is claimed, have met
25 the applicable minimum gross income requirement. Land in actual
26 production includes land under improvements used in the commercial
27 production or growing of fruits or vegetables or nursery or floral
28 products. Land that has been used to produce evergreens intended for
29 use as Christmas trees must have met the minimum gross income
30 requirements established by the Department of Revenue for the land.
31 All other horticultural land must have produced an average gross
32 income of at least one thousand dollars (\$1,000). Gross income
33 includes income from the sale of the horticultural products produced
34 from the land and any payments received under a governmental soil
35 conservation or land retirement program.

36 (3) Forestland. – Individually owned forestland consisting of one or more
37 tracts, one of which consists of at least 20 acres that are in actual
38 production and are not included in a farm unit.

39 (4) Wildlife land. – Individually owned wildlife land consisting of one or
40 more tracts, one of which consists of at least 10 acres that are managed
41 under a sound management program and are not included in a farm
42 unit.

1 (b) Natural Person Ownership Requirements. – In order to come within a
2 classification described in subsection (a) of this section, the land must, if owned by a
3 natural person, also satisfy one of the following conditions:

4 (1) It is the owner's place of residence.

5 (2) It has been owned by the current owner or a relative of the current
6 owner for the four years preceding January 1 of the year for which the
7 benefit of this section is claimed.

8 (3) At the time of transfer to the current owner, it qualified for
9 classification in the hands of a business entity or trust that transferred
10 the land to the current owner who was a member of the business entity
11 or a beneficiary of the trust, as appropriate.

12 (b1) Entity Ownership Requirements. – In order to come within a classification
13 described in subsection (a) of this section, the land must, if owned by a business entity
14 or trust, have been owned by the business entity or trust or by one or more of its
15 members or creators, respectively, for the four years immediately preceding January 1
16 of the year for which the benefit of this section is claimed.

17 (b2) Exception to Ownership Requirements. – Notwithstanding the provisions of
18 subsections (b) and (b1) of this section, land may qualify for classification in the hands
19 of the new owner if all of the conditions listed in this subsection are met, even if the
20 new owner does not meet all of the ownership requirements of subsections (b) and (b1)
21 of this section with respect to the land. If the land qualifies for classification in the
22 hands of the new owner under the provisions of this subsection, then the deferred taxes
23 remain a lien on the land under G.S. 105-277.4(c), the new owner becomes liable for the
24 deferred taxes, and the deferred taxes become payable if the land fails to meet any other
25 condition or requirement for classification.

26 (1) The land was appraised at its present use value or was eligible for
27 appraisal at its present use value at the time title to the land passed to
28 the new owner.

29 (2) At the time title to the land passed to the new owner, the new owner
30 acquires the land for the purposes of and continues to use the land for
31 the purposes it was classified under subsection (a) of this section while
32 under previous ownership.

33 (3) The new owner has timely filed an application as required by
34 G.S. 105-277.4(a) and has certified that the new owner accepts liability
35 for the deferred taxes and intends to continue the present use of the
36 land.

37 (c) Repealed by Session Laws 1995, c. 454, s. 2.

38 (d) Exception for Conservation Reserve Program. – Land enrolled in the federal
39 Conservation Reserve Program authorized by 16 U.S.C. Chapter 58 is considered to be
40 in actual production, and income derived from participation in the federal Conservation
41 Reserve Program may be used in meeting the minimum gross income requirements of
42 this section either separately or in combination with income from actual production.
43 Land enrolled in the federal Conservation Reserve Program must be assessed as

1 agricultural land if it is planted in vegetation other than trees, or as forestland if it is
2 planted in trees.

3 (d1) Exception for Easements on Qualified Conservation Lands Previously
4 Appraised at Use Value. – Property that is appraised at its present-use value under
5 G.S. 105-277.4(b) shall continue to qualify for appraisal, assessment, and taxation as
6 provided in G.S. 105-277.2 through G.S. 105-277.7 as long as the property is subject to
7 an enforceable conservation easement that would ~~qualify~~qualify, or that would have
8 qualified had it been conveyed through donation rather than a bargain sale, for the
9 conservation tax credit provided in G.S. 105-130.34 and G.S. 105-151.12, without
10 regard to actual production or income requirements of this section. Notwithstanding
11 G.S. 105-277.3(b) and (b1), subsequent transfer of the property does not extinguish its
12 present-use value eligibility as long as the property remains subject to an enforceable
13 conservation easement that ~~qualifies~~qualifies, or that would have qualified had it been
14 conveyed through donation rather than a bargain sale, for the conservation tax credit
15 provided in G.S. 105-130.34 and G.S. 105-151.12. The exception provided in this
16 subsection applies only to that part of the property that is subject to the easement.

17 (e) Exception for Turkey Disease. – Agricultural land that meets all of the
18 following conditions is considered to be in actual production and to meet the minimum
19 gross income requirements:

20 (1) The land was in actual production in turkey growing within the
21 preceding two years and qualified for present use value treatment
22 while it was in actual production.

23 (2) The land was taken out of actual production in turkey growing solely
24 for health and safety considerations due to the presence of Poulter
25 Enteritis Mortality Syndrome among turkeys in the same county or a
26 neighboring county.

27 (3) The land is otherwise eligible for present use value treatment.

28 (f) Sound Management Program for Agricultural Land and Horticultural Land. –
29 If the property owner demonstrates any one of the following factors with respect to
30 agricultural land or horticultural land, then the land is operated under a sound
31 management program:

32 (1) Enrollment in and compliance with an agency-administered and
33 approved farm management plan.

34 (2) Compliance with a set of best management practices.

35 (3) Compliance with a minimum gross income per acre test.

36 (4) Evidence of net income from the farm operation.

37 (5) Evidence that farming is the farm operator's principal source of
38 income.

39 (6) Certification by a recognized agricultural or horticultural agency
40 within the county that the land is operated under a sound management
41 program.

42 Operation under a sound management program may also be demonstrated by evidence
43 of other similar factors. As long as a farm operator meets the sound management

1 requirements, it is irrelevant whether the property owner received income or rent from
2 the farm operator.

3 (g) Sound Management Program for Forestland. – If the owner of forestland
4 demonstrates that the forestland complies with a written sound forest management plan
5 for the production and sale of forest ~~products,~~ products that includes the use of best
6 management practices for water quality as adopted by the Department of Environment
7 and Natural Resources, then the forestland is operated under a sound management
8 program.

9 (h) Sound Management Program for Wildlife Land. – If the owner of wildlife
10 land demonstrates that the wildlife land complies with a written sound wildlife
11 management plan that complies with standards established by the Wildlife Resources
12 Commission and the Department of Environment and Natural Resources, then the
13 wildlife land is operated under a sound management program."

14 **SECTION 3.** G.S. 105-277.4 reads as rewritten:

15 "**§ 105-277.4. Agricultural, ~~horticultural~~ horticultural, wildlife, and forestland –**
16 **Application; appraisal at use value; appeal; deferred taxes.**

17 (a) Application. – Property coming within one of the classes defined in
18 G.S. 105-277.3 is eligible for taxation on the basis of the value of the property in its
19 present use if a timely and proper application is filed with the assessor of the county in
20 which the property is located. The application must clearly show that the property
21 comes within one of the classes and must also contain any other relevant information
22 required by the assessor to properly appraise the property at its present-use value. An
23 initial application must be filed during the regular listing period of the year for which
24 the benefit of this classification is first claimed, or within 30 days of the date shown on
25 a notice of a change in valuation made pursuant to G.S. 105-286 or G.S. 105-287. A
26 new application is not required to be submitted unless the property is transferred or
27 becomes ineligible for use-value appraisal because of a change in use or acreage. An
28 application required due to transfer of the land may be submitted at any time during the
29 calendar year but must be submitted within 60 days of the date of the property's transfer.

30 (b) Appraisal at Present-use Value. – Upon receipt of a properly executed
31 application, the assessor must appraise the property at its present-use value as
32 established in the schedule prepared pursuant to G.S. 105-317. In appraising the
33 property at its present-use value, the assessor must appraise the improvements located
34 on qualifying land according to the schedules and standards used in appraising other
35 similar improvements in the county. If all or any part of a qualifying tract of land is
36 located within the limits of an incorporated city or town, or is property annexed subject
37 to G.S. 160A-37(f1) or G.S. 160A-49(f1), the assessor must furnish a copy of the
38 property record showing both the present-use appraisal and the valuation upon which
39 the property would have been taxed in the absence of this classification to the collector
40 of the city or town. The assessor must also notify the tax collector of any changes in the
41 appraisals or in the eligibility of the property for the benefit of this classification. Upon
42 a request for a certification pursuant to G.S. 160A-37(f1) or G.S. 160A-49(f1), or any
43 change in the certification, the assessor for the county where the land subject to the
44 annexation is located must, within 30 days, determine if the land meets the requirements

1 of G.S. 160A-37(f1)(2) or G.S. 160A-49(f1)(2) and report the results of its findings to
2 the city.

3 (b1) Appeal. – Decisions of the assessor regarding the qualification or appraisal of
4 property under this section may be appealed to the county board of equalization and
5 review or, if that board is not in session, to the board of county commissioners.
6 Decisions of the county board may be appealed to the Property Tax Commission.

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

28 (d) Exceptions. – Notwithstanding the provisions of subsection (c) of this section,
29 if property loses its eligibility for present use value classification solely due to one of
30 the following reasons, no deferred taxes are due and the lien for the deferred taxes is
31 extinguished:

- 32 (1) There is a change in income caused by enrollment of the property in
33 the federal conservation reserve program established under 16 U.S.C.
34 Chapter 58.
- 35 (2) The property is conveyed by gift or bargain sale to a nonprofit
36 organization and qualifies for exclusion from the tax base pursuant to
37 G.S. 105-275(12) or G.S. 105-275(29).
- 38 (3) The property is conveyed by gift or bargain sale to the State, a political
39 subdivision of the State, or the United States.

40 (e) Repealed by Session Laws 1997-270, s. 3, effective July 3, 1997."

41 **SECTION 4.** G.S. 105-277.5 reads as rewritten:

42 "**§ 105-277.5. Agricultural, ~~horticultural~~ horticultural, wildlife, and forestland –**
43 **Notice of change in use.**

1 Not later than the close of the listing period following a change ~~which that~~ would
2 disqualify all or a part of a tract of land receiving the benefit of this classification, the
3 property owner shall furnish the assessor with complete information regarding such
4 change. Any property owner who fails to notify the assessor of changes as aforesaid
5 regarding land receiving the benefit of this classification shall be subject to a penalty of
6 ten percent (10%) of the total amount of the deferred taxes and interest thereon for each
7 listing period for which the failure to report continues."

8 **SECTION 5.** G.S. 105-277.6 reads as rewritten:

9 "**§ 105-277.6. Agricultural, ~~horticultural~~ horticultural, wildlife, and forestland –**
10 **Appraisal; computation of deferred tax.**

11 (a) In determining the amount of the deferred taxes herein provided, the assessor
12 shall use the appraised valuation established in the county's last general revaluation
13 except for any changes made under the provisions of G.S. 105-287.

14 (b) In revaluation years, as provided in G.S. 105-286, all property entitled to
15 classification under G.S. 105-277.3 shall be reappraised at its true value in money and at
16 its present use value as of the effective date of the revaluation. The two valuations shall
17 continue in effect and shall provide the basis for deferred taxes until a change in one or
18 both of the appraisals is required by law. The present use-value schedule, standards, and
19 rules shall be used by the tax assessor to appraise property receiving the benefit of this
20 classification until the next general revaluation of real property in the county as required
21 by G.S. 105-286.

22 (c) Repealed by Session Laws 1987, c. 295, s. 2."

23 **SECTION 6.** G.S. 160A-37(f1) reads as rewritten:

24 "(f1) Property Subject to Present-Use Value Appraisal. – If an area described in an
25 annexation ordinance includes agricultural land, horticultural land, ~~or forestland~~
26 forestland, or wildlife land that meets either of the conditions listed below on the
27 effective date of annexation, then the annexation becomes effective as to that property
28 pursuant to subsection (f2) of this section:

29 (1) ~~Land that~~ The land is being taxed at present-use value pursuant to
30 G.S. 105-277.4.

31 (2) ~~Land that~~ The land ~~meets [both of the following conditions];~~ meets
32 both of the following conditions:

33 a. On the date of the resolution of intent for annexation it was
34 being used for actual production and is eligible for present-use
35 value taxation under G.S. 105-277.4, but the land ~~has [had]~~ had
36 not been in use for actual production for the required time under
37 G.S. 105-277.3.

38 b. The assessor for the county where the land subject to
39 annexation is located has certified to the city that the land meets
40 the requirements of this subdivision."

41 **SECTION 7.** G.S. 160A-49(f1) reads as rewritten:

42 "(f1) Property Subject to Present-Use Value Appraisal. – If an area described in an
43 annexation ordinance includes agricultural land, horticultural land, ~~or forestland~~
44 forestland, or wildlife land that meets either of the conditions listed below on the

1 effective date of ~~annexation is:~~annexation, then the annexation becomes effective as to
2 that property pursuant to subsection (f2) of this section:

3 (1) ~~Land that~~The land is being taxed at present-use value pursuant to
4 G.S. ~~105-277.4; or~~105-277.4.

5 (2) ~~Land that:~~The land meets both of the following conditions:

6 a. ~~Was on~~On the date of the resolution of intent for annexation it
7 was being used for actual production and is eligible for
8 present-use value taxation under G.S. 105-277.4, but the land
9 ~~has had~~ not been in use for actual production for the required
10 time under G.S. ~~105-277.3; and~~105-277.3.

11 b. The assessor for the county where the land subject to
12 annexation is located has certified to the city that the land meets
13 the requirements of this ~~subdivision~~subdivision

14 ~~the annexation becomes effective as to that property pursuant to subsection (f2) of this~~
15 ~~section."~~

16 **SECTION 8.** This act is effective for taxes imposed for taxable years
17 beginning on or after July 1, 2006.