

NORTH CAROLINA GENERAL ASSEMBLY

LEGISLATIVE FISCAL NOTE

BILL NUMBER: H.B. 1132 – CSSJ - 3

SHORT TITLE: Preserve Farmlands/Promote Small Farms

SPONSOR(S): Rep. Insko

FISCAL IMPACT

Yes () No () No Estimate Available (X)

FY 1999-00 FY 2000-01 FY 2001-02 FY 2002-03 FY 2003-04

REVENUES

General Fund	* No General Fund Impact *
Local Governments	* See Assumptions and Methodology *

PRINCIPAL DEPARTMENT(S) & PROGRAM(S) AFFECTED: Participating local governments.

EFFECTIVE DATE: July 1, 1999.

BILL SUMMARY: The bill amends the Farmland Preservation Enabling Act. The bill makes county matching funds a requirement for receiving funds from the North Carolina Farmland Preservation Trust Fund. The county match requirements outlined in the legislation are as follows: 15% if the county has prepared a countywide farmland protection plan, 30% if the county has not created such a plan. Tier 1, 2, and 3 counties (under the Bill Lee Act) are not required to provide any matching funds if they have prepared a countywide farmland protection plan. The bill requires that private non-profit organizations that draw Trust Fund monies must also provide a 30% match. The bill defines a Farmland Protection Plan, and authorizes counties that have prepared such a plan to impose a fee of no more than \$10.00 for each subdivision plat filed with the Register of Deeds. This revenue must be used to meet the county match requirements. Finally, the legislation clarifies that countywide farmland protection plans may be formulated with the assistance of an agricultural advisory board designated by the Farmland Protection Enabling Act.

ASSUMPTIONS AND METHODOLOGY: The two potential fiscal impacts of the bill relate to the \$10.00 fee and the potential property tax loss.

According to the North Carolina Department of Agriculture and Consumer Services three counties currently participate in the North Carolina Farmland Preservation Trust Fund. The

three counties are Davie, Rowan, and Iredell. Forsyth and Orange counties are also developing their own farmland preservation programs independent of the statewide program.

Under current law no county match is needed to participate in the program. Both the Department of Agriculture and representatives of the Sierra Club and Wildlife Federation believe that no county in the state current has a program that would qualify under the proposed legislation, although some may be considering such a direction. Both the indicated interest groups and the Department agree that there is no reliable estimate of how many counties may or which counties may choose to participate in the revised system. Therefore, no accurate fiscal estimate is on the fee portion of the bill.

If a county chooses to participate there may be a potential property tax loss. If the county or a non-profit to purchase the land uses monies from the Trust, that land may become exempt from property tax. If monies are used to purchase an easement the land value may decrease, as the easement limits how the property can be used. However, the potential loss should be minimal for two reasons. First, because the land must be farmland in order to qualify under the rules of the Trust, the property is already listed at the reduced farm use value. Second, since most counties will only purchase easements, the land will still be taxable as farmland. Since the land is already listed as farmland, there would be no property tax loss.

TECHNICAL CONSIDERATIONS: none

FISCAL RESEARCH DIVISION: 733-4910

PREPARED BY: Linda Struyk Millsaps

APPROVED BY: Tom Covington

DATE: Wednesday, July 14, 1999



Signed Copy Located in the NCGA Principal Clerk's Offices