

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2005

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HOUSE BILL 116

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

Sponsors: Representatives Brubaker; Hill, Luebke, McGee, Wainwright, Alexander, Coleman, Glazier, Moore, Steen, and Stiller.

Referred to: Finance.

February 9, 2005

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

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

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

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

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

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

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

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

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

38 The assessor may require the owner of classified property to submit any information,
39 including sound management plans for forestland, needed by the assessor to verify that
40 the property continues to qualify for present-use value taxation. The owner has 60 days
41 from the date a written request for the information is made to submit the information to
42 the assessor. If the assessor determines the owner failed to make the information
43 requested available in the time required without good cause, the property loses its
44 present-use value classification and the property's deferred taxes become due and

1 payable as provided in G.S. 105-277.4(c). ~~The~~ If the property loses its present-use value
2 classification for failure to provide the requested information, the assessor must
3 reinstate the property's present-use value classification when the owner submits the
4 requested information within 60 days after the disqualification unless the information
5 discloses that the property no longer qualifies for present-use value classification. When
6 a property's present-use value classification is reinstated, it is reinstated retroactive to
7 the date the classification was revoked and any deferred taxes that were paid as a result
8 of the revocation must be refunded to the property owner. The owner may appeal the
9 final decision of the assessor to the county board of equalization and review as provided
10 in G.S. 105-277.4(b1).

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

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

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