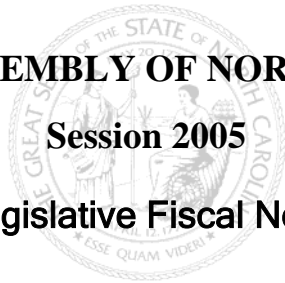


GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2005

Legislative Fiscal Note



BILL NUMBER: Senate Bill 551 (First Edition)

SHORT TITLE: Present-Use Value Buyout Credits.

SPONSOR(S): Senator East

FISCAL IMPACT					
	Yes ()	No (X)	No Estimate Available ()		
	<u>FY 2005-06</u>	<u>FY 2006-07</u>	<u>FY 2007-08</u>	<u>FY 2008-09</u>	<u>FY 2009-10</u>
REVENUES:	See Assumptions and Methodology				
PRINCIPAL DEPARTMENT(S) & PROGRAM(S) AFFECTED: NC Department of Revenue, Local Governments					
EFFECTIVE DATE: Becomes effective when law.					

BILL SUMMARY: This bill would allow payments received under the tobacco quota buyout program to be counted towards the \$1,000 income requirement, which must be met before agricultural land can be assessed at present-use value for property tax purposes.

ASSUMPTIONS AND METHODOLOGY: Agricultural land must be part of a farm unit, under a sound management program, individually owned, consist of one or more tracts (one of which must consist of at least 10 acres that are in actual production) and for the three years preceding January 1 of the year for which the present-use value benefit is claimed, have produced an average gross income of at least \$1,000. The income may include income from the sale of agricultural products produced from the land, and payments received under a governmental soil conservation or land retirement program.

In order to qualify for present-use value assessment, the land must have generated an average of \$1,000 gross income for the last three years. Furthermore, to qualify as agricultural land, the land must be in commercial production and is likely to be generating income already. Therefore, the Department of Revenue does not expect that this bill would result in any significant amount of additional acreage being assessed at present-use value.

SOURCES OF DATA: NC Department of Revenue

TECHNICAL CONSIDERATIONS: None

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DATE: May 25, 2005



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