

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1999

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HOUSE BILL 1859

Short Title: Eliminate Use Value Rollback.

(Public)

Sponsors: Representative Creech.

Referred to: Rules, Calendar, and Operations of the House.

1 A BILL TO BE ENTITLED

2 AN ACT TO PROVIDE THAT THE AMOUNT OF TAX REDUCTION DUE TO USE
3 VALUE ASSESSMENT OF FARM PROPERTY IS NOT A LIEN ON THE
4 PROPERTY AND IS NOT REQUIRED TO BE PAID WHEN THE PROPERTY IS
5 SOLD OR OTHERWISE FAILS TO QUALIFY FOR USE VALUE ASSESSMENT.

6 The General Assembly of North Carolina enacts:

7 Section 1. G.S. 105-277.3(b2) reads as rewritten:

8 "(b2) Exception to Ownership Requirements. — ~~G.S. 105-277.4(e) provides that~~
9 ~~deferred taxes are payable if land fails to meet any condition or requirement for~~
10 ~~classification. Accordingly, if~~ If land fails to meet an ownership requirement due to a
11 change of ownership, ~~G.S. 105-277.4(e) applies. Despite this failure and the resulting~~
12 ~~liability for taxes under G.S. 105-277.4(e), the ownership,~~ land may qualify for
13 classification in the hands of the new owner if both of the following conditions are met,
14 even if the new owner does not meet all of the ownership requirements of subsections (b)
15 and (b1) of this section with respect to the land:

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

19 (2) At the time title to the land passed to the new owner, the owner owned
20 other land classified under subsection (a)."

21 Section 2. G.S. 105-277.4 reads as rewritten:

1 **"§ 105-277.4. Agricultural, horticultural and forestland – Application; appraisal at**
2 **use value; ~~appeal; deferred taxes.~~ appeal.**

3 (a) Application. – Property coming within one of the classes defined in G.S. 105-
4 277.3 shall be eligible for taxation on the basis of the value of the property in its present
5 use if a timely and proper application is filed with the assessor of the county in which the
6 property is located. The application shall clearly show that the property comes within one
7 of the classes and shall also contain any other relevant information required by the
8 assessor to properly appraise the property at its present-use value. An initial application
9 shall be filed during the regular listing period of the year for which the benefit of this
10 classification is first claimed, or within 30 days of the date shown on a notice of a change
11 in valuation made pursuant to G.S. 105-286 or G.S. 105-287. A new application is not
12 required to be submitted unless the property is transferred or becomes ineligible for use-
13 value appraisal because of a change in use or acreage.

14 (b) Appraisal at Present-use Value. – Upon receipt of a properly executed
15 application, the assessor shall appraise the property at its present-use value as established
16 in the schedule prepared pursuant to G.S. 105-317. In appraising the property at its
17 present-use value, the assessor shall appraise the improvements located on qualifying
18 land according to the schedules and standards used in appraising other similar
19 improvements in the county. If all or any part of a qualifying tract of land is located
20 within the limits of an incorporated city or town, or is property annexed subject to G.S.
21 160A-37(f1) or G.S. 160A-49(f1), the assessor shall furnish a copy of the property record
22 showing both the present-use appraisal and the valuation upon which the property would
23 have been taxed in the absence of this classification to the collector of the city or town.
24 He shall also notify the tax collector of any changes in the appraisals or in the eligibility
25 of the property for the benefit of this classification. Upon a request for a certification
26 pursuant to G.S. 160A-37(f1) or G.S.160A-49(f1), or any change in the certification, the
27 assessor for the county where the land subject to the annexation is located shall, within 30
28 days, determine if the land meets the requirements of G.S. 160A-37(f1)(2) or G.S. 160A-
29 49(f1)(2) and report the results of its findings to the city.

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

34 (c) ~~Deferred Taxes Taxation.~~ – Land meeting the conditions for classification under
35 G.S. 105-277.3 shall be taxed on the basis of the value of the land for its present use. ~~The~~
36 ~~difference between the taxes due on the present-use basis and the taxes that would have been~~
37 ~~payable in the absence of this classification, together with any interest, penalties, or costs that~~
38 ~~may accrue thereon, are a lien on the real property of the taxpayer as provided in G.S. 105-~~
39 ~~355(a). The difference in taxes shall be carried forward in the records of the taxing unit or units~~
40 ~~as deferred taxes. The taxes become due and payable when the land fails to meet any condition~~
41 ~~or requirement for classification. The tax for the fiscal year that opens in the calendar year in~~
42 ~~which deferred taxes become due is computed as if the land had not been classified for that year,~~
43 ~~and taxes for the preceding three fiscal years that have been deferred are immediately payable,~~
44 ~~together with interest as provided in G.S. 105-360 for unpaid taxes. Interest accrues on the~~

1 ~~deferred taxes due as if they had been payable on the dates on which they originally became due.~~
2 ~~If only a part of the qualifying tract of land fails to meet a condition or requirement for~~
3 ~~classification, a determination shall be made of the amount of deferred taxes applicable to that~~
4 ~~part and that amount becomes payable with interest as provided above. Upon the payment of any~~
5 ~~taxes deferred in accordance with this section for the three years immediately preceding a~~
6 ~~disqualification, all liens arising under this subsection are extinguished.~~

7 ~~(d) Exceptions.—Notwithstanding the provisions of subsection (c) of this section,~~
8 ~~if property loses its eligibility for present use value classification solely due to one of the~~
9 ~~following reasons, no deferred taxes are due and the lien for the deferred taxes is~~
10 ~~extinguished:~~

11 ~~(1) There is a change in income caused by enrollment of the property in the~~
12 ~~federal conservation reserve program established under 16 U.S.C.~~
13 ~~Chapter 58.~~

14 ~~(2) The property is conveyed by gift to a nonprofit organization and~~
15 ~~qualifies for exclusion from the tax base pursuant to G.S. 105-275(12)~~
16 ~~or G.S. 105-275(29).~~

17 ~~(3) The property is conveyed by gift to the State, a political subdivision of~~
18 ~~the State, or the United States.~~

19 ~~(e) Repealed by Session Laws 1997-270, s. 3."~~

20 ~~Section 3. This act is effective for taxes imposed for taxable years beginning~~
21 ~~on or after July 1, 2001.~~