

GENERAL ASSEMBLY OF NORTH CAROLINA
1985 SESSION

CHAPTER 628
SENATE BILL 298

AN ACT TO ESTABLISH A UNIFORM STATEWIDE SYSTEM OF APPRAISING
LAND CLASSIFIED FOR TAXATION AT ITS PRESENT-USE VALUE.

The General Assembly of North Carolina enacts:

Section 1. G.S. 105-277.2(5) is rewritten to read:

"(5) 'Present-use value' means the value of land in its current use as agricultural land, horticultural land, or forestland, based solely on its ability to produce income, using a rate of nine percent (9%) to capitalize the expected net income of the property and assuming an average level of management."

Sec. 2. G.S. 105-277.7 is rewritten to read:

"§ **105-277.7. Use-Value Advisory Board.** – The Use-Value Advisory Board is established under the supervision of the Agricultural Extension Service of North Carolina State University. The Board shall annually submit to the Department of Revenue a recommended use-value manual developed in accordance with the guidelines in G.S. 105-289(a)(5). In developing the manual, the Board may consult with federal and State agencies as needed.

The Board shall be chaired by the Director of the Agricultural Extension Service of North Carolina State University and shall consist of the following additional members: a representative of the Department of Agriculture, designated by the Commissioner of Agriculture; a representative of the Forest Resources Division of the Department of Natural Resources and Community Development, designated by the Director of that Division; and a representative of the Agricultural Extension Service at North Carolina Agricultural and Technical State University, designated by the Director of the Extension Service. All members shall serve ex officio. The Agricultural Extension Service at North Carolina State University shall provide clerical assistance to the Board."

Sec. 3. G.S. 105-289(a) is amended by adding a new subdivision to read:

"(5) To prepare and distribute annually to each assessor a manual that establishes five expected net income per acre ranges for agricultural land, horticultural land, and forestland, and establishes a method for appraising nonproductive land as a percentage of the lowest use-value established for productive land. The high and low net income amount in each range may differ by no more than fifteen dollars (\$15.00). The basis for establishing each range shall be soil productivity.

For agricultural land, the expected net income per acre ranges shall be based on the actual yields and prices of corn and soybeans over a period of at least the five previous years, and the actual fixed and variable costs, including an imputed management cost, incurred in growing corn and soybeans over the same period of time. The manual shall

contain recommended adjustments to the net income per acre ranges for the growing of crops subject to acreage or poundage allotments.

Expected net income per acre ranges shall be similarly established for horticultural land and forestland, using typical horticultural or forest products in various growing regions of the State instead of corn and soybeans."

Sec. 4. G.S. 105-317(a)(1) is amended by deleting the last sentence of that subdivision.

Sec. 5. Sections 2 and 3 of this act are effective upon ratification; the first manual required by those sections shall be prepared for use in tax year 1987-88. The remaining sections of this act shall become effective January 1, 1987, and shall apply to each county when that county conducts a general reappraisal of property or on January 1, 1994, whichever occurs earlier.

In the General Assembly read three times and ratified, this the 5th day of July, 1985.