

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2011

SESSION LAW 2011-274
HOUSE BILL 350

AN ACT TO MODIFY WHEN LAND USED FOR CONSERVATION PURPOSES IS TO BE EXCLUDED FROM THE PROPERTY TAX BASE.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 105-275 reads as rewritten:

"§ 105-275. Property classified and excluded from the tax base.

The following classes of property are designated special classes under Article V, Sec. 2(2), of the North Carolina Constitution and are excluded from tax:

- ...
- (12) Real property that (i) is owned by a nonprofit corporation or association organized to receive and administer lands for conservation purposes, (ii) is exclusively held and used by its owner for educational and scientific purposes as a protected natural area, for one or more of the purposes listed in this subdivision, and (iii) produces no income or produces income that is incidental to and not inconsistent with the purpose or purposes for which the land is held and used. (For purposes of this subdivision, the term "protected natural area" means a nature reserve or park in which all types of wild nature, flora and fauna, and biotic communities are preserved for observation and study.)The taxes that would otherwise be due on land classified under this subdivision shall be a lien on the real property of the taxpayer as provided in G.S. 105-355(a). The taxes shall be carried forward in the records of the taxing unit or units as deferred taxes. The deferred taxes for the preceding five fiscal years are due and payable in accordance with G.S. 105-277.1F when the property loses its eligibility for deferral as a result of a disqualifying event. A disqualifying event occurs when the property (i) is no longer exclusively held and used for one or more of the purposes listed in this subdivision, (ii) produces income that is not incidental to and consistent with the purpose or purposes for which the land is held and used, or (iii) is sold or transferred without an easement recorded at the time of sale that requires perpetual use of the land for one or more of the purposes listed in this subdivision and that prohibits any use of the land that would generate income that is not incidental to and consistent with the purpose or purposes for which the land is held and used. In addition to the provisions in G.S. 105-277.1F, all liens arising under this subdivision are extinguished upon the real property being sold or transferred to a local, state, or federal government unit for conservation purposes or subject to an easement recorded at the time of sale that requires perpetual use of the land for one or more of the purposes listed in this subdivision. The purposes allowed under this subdivision are any of the following:
- a. Used for an educational or scientific purpose as a nature reserve or park in which wild nature, flora and fauna, and biotic communities



are preserved for observation and study. For purposes of this sub-subdivision, the terms "educational purpose" and "scientific purpose" are defined in G.S. 105-278.7(f).

- b. Managed under a written wildlife habitat conservation agreement with the North Carolina Wildlife Resources Commission.
- c. Managed under a forest stewardship plan developed by the Forest Stewardship Program.
- d. Used for public access to public waters or trails.
- e. Used for protection of water quality and subject to a conservation agreement under the provision of the Conservation and Historic Preservation Agreements Act, Article 4, Chapter 121 of the General Statutes.
- f. Held by a nonprofit land conservation organization for sale or transfer to a local, state, or federal government unit for conservation purposes.

...."

SECTION 2. G.S. 105-277.1F(a) is amended by adding a new subdivision to read:

"(a) Scope. – This section applies to the following deferred tax programs:

- (1) G.S. 105-275(12)f., real property held for future transfer to government unit for conservation purposes.
- (1a) G.S. 105-275(29a), historic district property held as future site of historic structure.
- (2) G.S. 105-277.1B, the property tax homestead circuit breaker.
- (2a) G.S. 105-277.1D, the inventory property tax deferral.
- (3) G.S. 105-277.4(c), present-use value property.
- (4) G.S. 105-277.14, working waterfront property.
- (4a) G.S. 105-277.15, wildlife conservation land.
- (5) G.S. 105-278(b), historic property.
- (6) G.S. 105-278.6(e), nonprofit property held as future site of low- or moderate-income housing."

SECTION 3. This act is effective for taxes imposed for taxable years beginning on or after July 1, 2011.

In the General Assembly read three times and ratified this the 18th day of June, 2011.

s/ Philip E. Berger
President Pro Tempore of the Senate

s/ Thom Tillis
Speaker of the House of Representatives

s/ Beverly E. Perdue
Governor

Approved 5:12 p.m. this 23rd day of June, 2011