

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2015**

**SESSION LAW 2015-266
SENATE BILL 159**

AN ACT TO REQUIRE PAYMENT OF ADDITIONAL TAXES BY THE APPROPRIATE OWNERS OF RECORD FOR CORRECTED REVALUATIONS AND TO PROVIDE OPTIONS FOR THE DISPOSITION OF MINIMAL PROPERTY TAX REFUNDS.

The General Assembly of North Carolina enacts:

SECTION 1. Section 3 of S.L. 2013-362 reads as rewritten:

"SECTION 3. Interest on taxes paid on parcels with errors that resulted in the parcels having an overstated value shall be calculated at a rate of five percent (5%) per annum. Additional taxes levied on parcels as a result of errors causing the parcels to have an understated value (i) shall be treated as taxes on discovered property pursuant to G.S. 105-312, except that the discovery penalties set forth in subsection (h) of G.S. 105-312 shall not ~~apply~~, (ii) are due and payable on September 1 of the fiscal year for which the taxes are levied, but not earlier than four years from the last general reappraisal date, and (iii) shall be payable, at the taxpayer's option, by means of an agreement over a period of not more than 36 months, in equal monthly installments, if the total of the additional taxes levied is greater than one thousand dollars (\$1,000). Interest shall not accrue for the period a taxpayer is making timely payments under a payment plan. The tax collector is authorized to issue forms and develop procedures to implement a payment plan authorized under this section. Notwithstanding G.S. 105-365.1(b), for parcels that have been transferred in a tax year for which errors requiring reappraisals under this act resulted in an underpayment of taxes, the following apply:

- (1) The taxes for each tax year prior to and in the fiscal year in which the transfer occurred shall be collected from the owner of record as of January 1 of each tax year for which unpaid taxes exist. Only the remedies available in G.S. 105-367 and G.S. 105-368 may be used to collect against the owner of record as of January 1 of each tax year for which unpaid taxes exist.
- (2) Notwithstanding G.S. 105-355(a), there shall be no lien on the real property for underpaid taxes that arose in a year in which the property is owned by a person other than the current owner as of January 1 of that year. The current owner shall not be held personally responsible for such underpaid taxes.
- (3) If an owner not responsible for underpaid taxes pursuant to this section paid the underpaid taxes, the owner may assert a valid defense for a refund pursuant to G.S. 105-381, as a tax imposed through clerical error. Interest on the refund shall be calculated at a rate of five percent (5%) per annum from the date the owner asserting the defense paid the underpaid taxes until the date the refund is issued."

SECTION 2. G.S. 105-321 is amended by adding a new subsection to read:

"(g) Minimal Refunds. – The governing body of a taxing unit that collects its own taxes may, by resolution, direct the taxing unit not to mail a refund for an overpayment of tax if the refund is less than fifteen dollars (\$15.00). Upon adoption of a resolution pursuant to this subsection, the taxing unit shall keep a record of all minimal refunds by receipt number and amount and shall make a report of the amount of these refunds to the governing body at the time of the settlement and shall implement a system by which payment of the refund may be made to a taxpayer who comes into the office of the taxing unit seeking the refund. Unless the taxpayer requests the minimal refund in person at the office of the taxing unit before the end of the fiscal year in which the refund is due, the taxing unit must implement a system to apply the minimal refund as a credit against the tax liability of the taxpayer for taxes due to the taxing



unit for the next succeeding year. An overpayment of tax bears interest at the rate set under G.S. 105-241.21 from the date the interest begins to accrue until a refund is paid or applied in accordance with this section. Interest accrues from the later of the date the tax was paid and the date the tax would have been considered delinquent under G.S. 105-360. A resolution adopted pursuant to this subsection must be adopted on or before June 15 preceding the first taxable year to which it applies and remains in effect until amended or repealed by resolution of the taxing unit."

SECTION 3. This act is effective when it becomes law.

In the General Assembly read three times and ratified this the 29th day of September, 2015.

s/ Philip E. Berger
President of the Senate

s/ Tim Moore
Speaker of the House of Representatives

s/ Pat McCrory
Governor

Approved 11:05 a.m. this 1st day of October, 2015