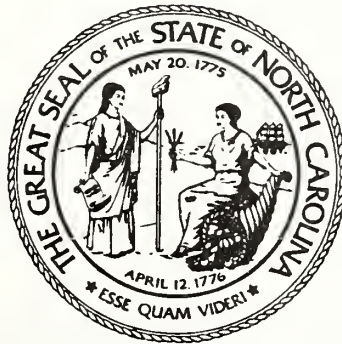


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# **REPORT OF THE PROPERTY TAX SYSTEM STUDY COMMITTEE**



## **REPORT TO THE 1987 GENERAL ASSEMBLY OF NORTH CAROLINA**

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STATE OF NORTH CAROLINA  
**PROPERTY TAX SYSTEM STUDY COMMITTEE**

STATE LEGISLATIVE BUILDING  
RALEIGH, 27611



REP. J. L. (JOE) MAVRETIC, COCHAIRMAN

SEN. J. RICHARD CONDER, COCHAIRMAN

February 20, 1987

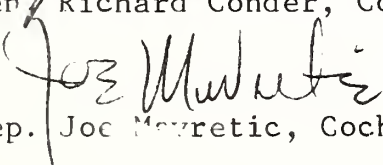
To the Honorable J. J. Harrington,  
President Pro Tempore of the Senate and the  
Honorable Liston B. Ramsey, Speaker of the  
House of Representatives and Members of the  
1987 General Assembly:

Transmitted herewith is the report of the  
findings, conclusions and recommendations of the  
North Carolina Property Tax System Study Committee.

The work of the Committee was authorized  
by House Bill 344, (Chapter 742 of the 1985 Session  
Laws) and was performed in accordance with the  
instructions of that Act.

Respectfully submitted,

  
Sen. Richard Conder, Cochairman

  
Rep. Joe Mavretic, Cochairman

RC/JM:sfp

COMMITTEE MEMBERS

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## PREFACE

The Property Tax System Study Committee was established by House Bill 344, enacted as Part XI of Chapter 792 of the 1985 Session Laws. The Committee consisted of twenty-two members; eight members of the Senate and three public members were appointed by the President of the Senate, and eight members of the House of Representatives and three public members were appointed by the Speaker of the House. Senator Richard Conder and Representative Joe Mavretic were appointed as Cochairmen of the Committee. Part XI of Chapter 792 is contained in Appendix A, and a list of the membership and staff of the Committee is shown in Appendix B.

Chapter 792 instructed the Committee to "make a detailed and comprehensive study of the efficiency, effectiveness, and fairness of the property tax system in North Carolina." Specifically, the Committee was directed to "examine all classes of property comprising the property tax base; all exemptions, exclusions, and preferential classifications; and the valuation of public service company property to determine whether the property tax system is just and equitable in taxing the citizens of the State." The Committee was also directed to review current procedures for listing and collecting taxes on property to determine how to increase the efficiency and equity of these procedures and to examine the octennial revaluation system.

At its discretion the Committee submitted an interim report to the June, 1986 Session of the General Assembly and is charged to submit a final report, with appropriate recommended bills, to the 1987 General Assembly on or before March 1, 1987. A copy of this final report is filed in the Legislative Library. A committee notebook containing the committee minutes and information presented to the Committee is also filed in the Legislative Library.

## COMMITTEE PROCEEDINGS

The Property Tax System Study Committee met eleven times. Eight meetings were held before the 1986 Legislative Session, and three meetings were held after that Session. In addition to these meetings, the Property Tax System Study Committee met briefly with the Legislative Research Commission's Revenue Laws Study Committee before the 1986 Session so that each committee could apprise the other of its work.

Before the 1986 Session, the Committee spent the first two meetings educating the members about property tax bills introduced during the 1985 Session and still not enacted in that Session. The Committee focused on House Bills 407, 408, and 409. House Bill 407 amended the statutes concerning notice of adoption of schedules of value to conform with the requirements of due process, clarified the procedure for adopting and giving notice of schedules of present-use value, and eliminated duplicative or incorrect provisions concerning appeals of property tax matters. House Bill 408 made technical improvements to the listing and assessing provisions of the Machinery Act. House Bill 409 set out a number of changes in tax collection methods that were recommended by the North Carolina Tax Collectors Association. The substance of all three of these bills were recommended by previous Property Tax System Study Committees.

At the first two meetings the Property Tax System Study Committee also reviewed Chapter 601 (Senate Bill 764) of the 1985 Session Laws and House Bill 842. Chapter 601 reduced the property tax discrimination against public service company system property by providing for sales ratio studies to be performed by the Department of Revenue in the year of a real property revaluation, and the fourth and seventh years thereafter. Although it addressed a major problem with the property tax system, Senate Bill 764 had not been recommended by the previous Property Tax System Study Committee.

House Bill 842, which was not enacted, was recommended by the Property Tax System Study Committee in its report to the 1985 General Assembly and addressed a problem similar to that addressed in Senate Bill 764. House Bill 842, as introduced, required the Department of Revenue to make annual sales assessment ratio studies and required railroad property to be factored down annually to the effective assessment level of real property in each county, unless the assessment ratio for real property was at least 95%. House Bill 842 was amended during the 1985 Session to require the Department of Revenue to make sales assessment ratio studies every other year instead of every year. This Bill was an attempt to allow the railroads relief to which they claim they are entitled under federal law.

In subsequent meetings held prior to the 1986 Session, the Committee continued to examine House Bills 407, 408, 409, and 842 and to study the efficiency, effectiveness, and fairness of the State's property tax system. The Committee compared methods of

property tax assessment and the qualifications of tax appraisers and appraisal companies in North Carolina to those in other states. The Committee learned that according to a 1985 survey by the Ad Valorem Tax Division of the Department of Revenue, the taxation of motor vehicles and household personal property are the most inefficient categories of property taxation.

Recognizing this inefficiency, the North Carolina Tax Supervisors Association informed the Committee that its two primary legislative goals for 1986 were: (1) to eliminate the requirement that motor vehicles be listed for ad valorem taxes and to require that taxes be paid to and collected by the Division of Motor Vehicles at the time the vehicle's registration is renewed; and (2) to exempt household personal property from the tax base.

In reference to the collection of taxes on motor vehicles by the Division of Motor Vehicles, the Committee examined House Bill 595 of the 1985 Session. House Bill 595 required an individual to pay taxes on his motor vehicle at the time he renewed his vehicle registration. Under this Bill, the Division of Motor Vehicles would collect the tax and distribute it back to the counties and cities after withholding administrative and equipment costs. A committee substitute for House Bill 595 was adopted that required that a study be conducted to determine the cost of the collection of property taxes by the Division of Motor Vehicles.

In discussing House Bill 595, the Division of Motor Vehicles indicated to the Committee that it now favored a verification system. Under such a system a taxpayer, when renewing his license, would show his tax receipt to the license bureau as a

prerequisite to buying or renewing a tag. It was pointed out to the Committee that the verification system would not remedy the problem some counties have of getting the vehicles listed.

The Committee made an interim report to the 1986 Session that contained only one recommendation and proposed bill. The Committee recommended that House Bill 842, as amended during the 1985 Session and as amended by the suggested technical amendments of the North Carolina Railroad Association, be adopted. The proposed bill was submitted in the form of a committee substitute to House Bill 842. The Committee made this recommendation in light of the federal remedial legislation for railroads, the lawsuits that have been filed by the railroads seeking relief under the federal legislation, the outcome of these lawsuits against the State and counties, and the costs to the State and counties in defending these cases. The interim report includes an explanation and fiscal note for the proposed bill and is on file in the Legislative Library.

During the 1986 Session, few property tax bills were enacted. The committee substitute for House Bill 842, as recommended by the Property Tax System Study Committee, died in the Senate Ways and Means Committee. House Bills 407, 408, and 409 were postponed indefinitely. The General Assembly did repeal the tax on household personal property, however, even though the Committee made no recommendation about household personal property in its interim report.

At meetings of the Committee following the 1986 Session, the issue of taxation of railroads was again discussed. The Ad

Valorem Tax Division advised the Committee of difficulty it had with accepting the committee substitute for House Bill 842 in the 1986 Session. The Division claimed that the Bill was unconstitutional because it establishes two separate systems of property tax relief for railroads and for other public service companies, and that the Bill increases the number of sales ratio studies the Department would have to conduct by about 50% a year. In lieu of the committee substitute for House Bill 842, the Ad Valorem Tax Division recommended that the State enter into a consent order with the railroads that would basically give the railroads the relief granted under the federal law without having to amend the North Carolina statutes to give railroads property tax treatment different from other public service companies.

The Committee subsequently decided to request an Attorney General's Opinion on the constitutionality of the committee substitute for House Bill 842. The Attorney General responded that the Bill's different tax treatment of railroads and other public service company utilities appears susceptible to an equal protection challenge by the other public service companies. He added that he doubted such a dual system of taxation could be defended.

Following receipt of the Attorney General's Opinion, the railroads submitted a revised version of the committee substitute for House Bill 842. The Committee requested an Attorney General's Opinion on the revised bill, and the opinion was that the revised bill was constitutional. The Attorney General noted that this new version more closely followed the pertinent

provisions of the federal legislation. A motion to give the revised bill a favorable report was defeated.

In addition to discussing the taxation of railroad property, the Committee spent considerable time after the 1986 Session discussing the collection of taxes on motor vehicles. A proposal was submitted to the Committee to exclude classified motor vehicles from the property tax base and increase the sales and use tax on these vehicles from 2% with a \$300 limit to 4% with no limit. One-half of the 4% sales and use tax would then be allocated to local governments. This proposal defined "classified motor vehicles" as "either of the following types of vehicles that is not owned by a public service company and is not part of the inventory of a retail merchant: (1) A property-hauling vehicle licensed for 4,000 pounds gross weight; or (2) A passenger vehicle." The motion to give this proposal a favorable report failed.

Other proposals considered by the Committee but not recommended were a proposal for the voluntary sale of a taxpayer's property and a proposal to allow renters to deduct the property taxes on real property rented to them when computing their state income tax. The proposal for a voluntary sale permitted a taxpayer to request the county to sell his single family dwelling, agricultural land, horticultural land, or forestland at public auction if the county board of equalization and review refused to reduce the appraised value of the taxpayer's property to a value satisfactory to the taxpayer. If, at auction, a bid equal to or greater than the appraised value is submitted, then the taxpayer's



property is sold. If no bid equal to or greater than the appraised value is submitted, then the taxpayer keeps his property and its appraised value is reduced to the highest bid submitted.

Proposals recommended by the Committee consist of the provisions set out in House Bills 407, 408, and 409 of the 1985 Session. The Committee also recommends the provisions set out in House Bill 410 of the 1985 Session. House Bill 410 taxes lessees and users of property owned by the United States, the State, or its political subdivisions and used by the lessees or users for private business purposes. This Bill was postponed indefinitely during the 1986 Session.

Appendix C lists the speakers appearing before the Committee. The list does not include personnel in the Ad Valorem Tax Division, who explained many proposals and answered questions raised by Committee members on various subjects. The Committee expresses its appreciation for the assistance of Mr. Doug Holbrook and the Staff of the Ad Valorem Tax Division, Department of Revenue.



## COMMITTEE RECOMMENDATIONS AND LEGISLATIVE PROPOSALS

The Property Tax System Study Committee recommends the following legislation to the 1987 General Assembly. The Committee's legislative proposals consist of twenty bills. All of the proposals, except Proposal 19, have been recommended by previous property tax system study committees. Proposal 1 was introduced as House Bill 407 during the 1985 Session. Proposals 2 through 9 are comprised of the sections set out in House Bill 408, which was introduced during the 1985 Session. Proposals 10 through 18 are comprised of the sections set out in House Bill 409, which was introduced during the 1985 Session. Proposal 19 clarifies the changes made by Chapters 628 and 667 of the 1985 Session Laws to the property tax statutes concerning the appraisal of property at use value. Proposal 20 was introduced as House Bill 410 during the 1985 Session. Each proposed bill is followed by an explanation of the proposal.



LEGISLATIVE PROPOSAL 1

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1987

Short Title: More Notice of Schedule of Value. (Public)

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Sponsors: .

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1 A BILL TO BE ENTITLED  
2 AN ACT TO PROVIDE TAXPAYERS MORE NOTICE OF THE ADOPTION OF  
3 SCHEDULES OF VALUE AND TO CLARIFY THE PROCEDURE FOR APPEALS  
4 CONCERNING SCHEDULES OF VALUE AND OTHER PROPERTY TAX  
5 MATTERS.

6 The General Assembly of North Carolina enacts:

7 Section 1. G.S. 105-317 is amended as follows:

8 (1) by rewriting subdivision (b)(1) to read:

9 "(1) Uniform schedules of values, standards, and rules  
10 to be used in appraising real property at its true  
11 value and at its present-use value are prepared and  
12 are sufficiently detailed to enable those making  
13 appraisals to adhere to them in appraising real  
14 property.";

15 (2) by deleting the phrase "adopted pursuant to  
16 subsection (b)" in subdivision (b)(4);

1 (3) by rewriting subsection (c) to read:

2 "(c) The values, standards, and rules required by  
3 subdivision (b)(1) shall be reviewed and approved by the board of  
4 county commissioners before January 1 of the year they are  
5 applied. The board of county commissioners may approve the  
6 schedules of values, standards, and rules to be used in  
7 appraising real property at its true value and at its present-use  
8 value either separately or simultaneously. Notice of the receipt  
9 and adoption by the board of county commissioners of either or  
10 both the true value and present-use value schedules, standards,  
11 and rules, and notice of a property owner's right to comment on  
12 and contest the schedules, standards, and rules shall be given as  
13 follows:

14 (1) The assessor shall submit the schedules, standards,  
15 and rules to the board of county commissioners not  
16 less than 21 days before the meeting at which they  
17 will be considered by the board. On the same day  
18 that they are submitted to the board for its  
19 consideration, the assessor shall file a copy of  
20 the schedules, standards, and rules in his office  
21 where they shall remain available for public  
22 inspection.

23 (2) Upon receipt of the schedules, standards, and  
24 rules, the board of commissioners shall publish a  
25 statement in a newspaper having general circulation  
26 in the county stating:

- 1           a.    That the schedules, standards, and rules to be  
2                    used in appraising real property in the county  
3                    have been submitted to the board of county  
4                    commissioners and are available for public  
5                    inspection in the assessor's office; and
- 6           b.    The time and place of a public hearing on the  
7                    schedules, standards, and rules that shall be  
8                    held by the board of county commissioners at  
9                    least seven days before adopting the  
10                  schedules, standards, and rules.
- 11           (3)  When the board of county commissioners approves the  
12                  schedules, standards, and rules, it shall issue an  
13                  order adopting them. Notice of this order shall be  
14                  published once a week for four successive weeks in  
15                  a newspaper having general circulation in the  
16                  county, with the last publication being not less  
17                  than seven days before the last day for challenging  
18                  the validity of the schedules, standards, and rules  
19                  by appeal to the Property Tax Commission. The  
20                  notice shall state:
- 21           a.    That the schedules, standards, and rules to be  
22                    used in the next scheduled reappraisal of real  
23                    property in the county have been adopted and  
24                    are open to examination in the office of the  
25                    assessor; and

1           b. That a property owner who asserts that the  
2           schedules, standards, and rules are invalid  
3           may except to the order and appeal therefrom  
4           to the Property Tax Commission within 30 days  
5           of the date when the notice of the order  
6           adopting the schedules, standards, and rules  
7           was first published."; and

8           (4) by adding the following subsection to read:

9           "(d) Before the board of county commissioners adopts  
10          the schedules of values, standards, and rules, the assessor may  
11          collect data needed to apply the schedules, standards, and rules  
12          to each parcel in the county."

13          Sec. 2. G.S. 105-277.6(c) is deleted.

14          Sec. 3. G.S. 105-290 is amended as follows:

15          (1) by rewriting subdivision (c)(1) to read:

16          "(1) A property owner of the county who, either  
17          separately or in conjunction with other property  
18          owners of the county, asserts that the schedules of  
19          values, standards, and rules adopted by order of  
20          the board of county commissioners do not meet the  
21          true value or present-use value appraisal standards  
22          established by G.S. 105-283 and G.S. 105-277.2(5),  
23          respectively, may appeal the order to the Property  
24          Tax Commission within 30 days of the date when the  
25          order adopting the schedules, standards, and rules  
26          was first published, as required by G.S. 105-  
27          317(c)."; and



1 (2) by adding the following new subsections to read:

2 "(e) Time Limits for Appeals. A notice of appeal from  
3 an order of a board of equalization and review shall be filed  
4 with the Property Tax Commission within 30 days after the board  
5 of equalization and review has mailed a notice of its decision to  
6 the property owner. A notice of appeal from an order of a board  
7 of commissioners concerning the listing, appraisal, or assessment  
8 of property shall be filed with the Property Tax Commission  
9 within 30 days after the board of county commissioners enters the  
10 order.

11 (f) Notice of Appeal. A notice of appeal filed with  
12 the Property Tax Commission shall be in writing and shall state  
13 the grounds for the appeal. A property owner who files a notice  
14 of appeal shall send a copy of the notice to the appropriate  
15 county assessor.

16 (g) What Constitutes Filing. A notice of appeal is  
17 considered to be filed with the Property Tax Commission when it  
18 is received in the office of the Commission."

19 Sec. 4. G.S. 105-324 is repealed.

20 Sec. 5. The second sentence of G.S. 105-277.4(b1) and  
21 the fifth sentence of G.S. 105-282.1(b) are each amended by  
22 deleting the phrase "as provided in G.S. 105-324".

23 Sec. 6. The second sentence of G.S. 105-282.1(b) is  
24 amended by deleting the phrase "as provided in G.S. 105-322 and  
25 105-324".

1           Sec. 7.    The first sentence of G.S. 105-289.1(c) is  
2 amended by deleting the phrase "and a written statement of the  
3 grounds of appeal" and substituting the phrase "stating the  
4 grounds for appeal".

5           Sec. 8.    G.S. 105-325 is amended as follows:

6           (1) by deleting the reference "105-324" in subdivision  
7           (a)(1) and substituting the reference "105-290";  
8           and;

9           (2) by deleting the reference "G.S. 105-324(c)" in  
10           subsection (c) and substituting the reference "G.S.  
11           105-290".

12          Sec. 9.    G.S. 105-290(b) is amended by adding the  
13 following sentence immediately after the first sentence of that  
14 subsection to read:

15            "Any property owner of the county may except to an order  
16 of the county board of equalization and review or the board of  
17 county commissioners concerning the listing, appraisal, or  
18 assessment of property and appeal the order to the Property Tax  
19 Commission."

20          Sec. 10.   This act shall become effective January 1,  
21 1988.

## EXPLANATION OF PROPOSAL 1

AN ACT TO PROVIDE TAXPAYERS MORE NOTICE OF THE ADOPTION OF SCHEDULES OF VALUE AND TO CLARIFY THE PROCEDURE FOR APPEALS CONCERNING SCHEDULES OF VALUE AND OTHER PROPERTY TAX MATTERS.

This bill amends the statutes concerning notice of adoption of schedules of value to conform with the requirements of due process, clarifies the procedure for adopting and giving notice of schedules of present-use value, and eliminates duplicative or incorrect provisions concerning appeals of property tax matters. In general, the bill is arranged in accordance with the numerical sequence of statutes amended by the bill.

SECTION 1. This section makes significant changes in the type of notice that must be given by a board of county commissioners when it adopts schedules of value. It requires that notice of the proposed adoption of revaluation schedules be given and that more notice of their actual adoption be given. It also requires that a public hearing on the schedules be held before the schedules are adopted, that the notice stating the schedules have been adopted be published four times instead of one time, and that the notice of adoption tell property owners of their right to appeal the schedules. Finally, the section makes clear that these same procedures apply to present-use value schedules as well as market value schedules.

Currently, under G.S. 105-317(c), when a board of county commissioners adopts the schedules of values, standards, and rules to be used in the county's next general reappraisal of property, the board must publish a notice thereof in a newspaper having general circulation in the county. The notice must state that the schedules have been adopted and that the adopted schedules can be examined in the tax assessor's office by a property owner of the county during the ten days following the date the notice is published. A property owner may appeal the adopted schedules by filing a notice of appeal with the Property Tax Commission within thirty days of the date the notice of adoption is published.

When Wilkes County made its last general reappraisal of real property in the county, the county commissioners complied with the publication requirements in G.S. 105-317. The notice was published only once, however, was published twenty-seven months before the effective date of the reappraisal, and was published in small print. The North Carolina Supreme Court in In re McElwee, 304 N. C. 68 (1981), held that although Wilkes County had met the statutory requirements, the notice given did not meet the requirements of due process.

SECTION 2. This section deletes the current provision directing the tax supervisor to prepare a present-use value schedule when a market value schedule is prepared. Because of the changes made by Section 1 to G.S. 105-317, the statute,

governing adoption of schedules of value, this provision is no longer necessary. G.S. 105-317, as amended by Section 1 of this bill, specifies when present-use value schedules must be adopted.

SECTION 3. This section makes technical changes to G.S. 105-290, the statute governing appeals of property tax matters to the Property Tax Commission. It clarifies that present-use value schedules are appealable in the same manner as true value schedules and consolidates numerous scattered provisions concerning appeals. Currently, G.S. 105-290 does not acknowledge the existence of present-use value schedules. It also does not contain many crucial provisions concerning appeals, such as the time in which an appeal must be filed and the requirements of a notice of appeal.

SECTION 4. This section repeals one of the current statutes concerning appeals to the Property Tax Commission because it is unnecessary in light of the changes made by Section 3 of this bill to G.S. 105-290, the statute that governs appeals to the Property Tax Commission. The statute repealed by this section, G.S. 105-324, repeats much of the current G.S. 105-290 and has incomplete or inaccurate lists of statutory references.

SECTION 5. This section deletes references to G.S. 105-324, which is repealed by Section 4 of this bill.

SECTION 6. This section deletes an unnecessary reference to the statute concerning appeals to the board of equalization and review and a reference to G.S. 105-324, which is repealed by Section 4 of this bill.

SECTION 7. This section conforms the statute concerning appeals of certain orders to the Property Tax Commission to the changes made in G.S. 105-290 by Section 3 of this bill. Under G.S. 105-289.1, a taxing unit may appeal to the Property Tax Commission an order by the Secretary of Revenue to reduce the tax value of inventories that qualify for an income tax credit.

SECTION 8. This section changes references to G.S. 105-324, which is repealed by Section 4 of this bill, to G.S. 105-290.

SECTION 9. This section adds a sentence to G.S. 105-290 to clarify who may appeal orders of a board of equalization and review or a board of county commissioners.

SECTION 10. This section specifies when the bill is to become effective. The effective date is January 1, 1988.

LEGISLATIVE PROPOSAL 2

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1987

Short Title: Clarify Tax On Homeowners' Assoc.

(Public)

Sponsors: .

1 A BILL TO BE ENTITLED  
2 AN ACT TO CHANGE THE METHOD BY WHICH PROPERTY OWNED BY A  
3 NONPROFIT HOMEOWNERS' ASSOCIATION IS TAXED.

4 The General Assembly of North Carolina enacts:

5 Section 1. G.S. 105-277.8 is rewritten to read:

6 "§ 105-277.8. Taxation of property of nonprofit  
7 homeowners' association. (a) The value of real and personal  
8 property owned by a nonprofit homeowners' association shall be  
9 included in the appraisals of property owned by members of the  
10 association and shall not be assessed against the association if:

11 (1) All property owned by the association is held for  
12 the use, benefit, and enjoyment of all members of  
13 the association equally;

14 (2) Each member of the association has an irrevocable  
15 right to use and enjoy, on an equal basis, all

1 property owned by the association, subject to any  
2 restrictions imposed by the instruments conveying  
3 the right or the rules, regulations, or bylaws of  
4 the association; and

5 (3) Each irrevocable right to use and enjoy all  
6 property owned by the association is appurtenant to  
7 taxable real property owned by a member of the  
8 association.

9 The assessor may allocate the value of the association's property  
10 among the property of the association's members on any fair and  
11 reasonable basis.

12 (b) As used in this section, 'nonprofit homeowners'  
13 association' means a homeowners' association as defined in  
14 § 528(c) of the Internal Revenue Code."

15 Sec. 2. This act shall become effective January 1,  
16 1988.



## EXPLANATION OF PROPOSAL 2

AN ACT TO CHANGE THE METHOD BY WHICH PROPERTY OWNED BY A NONPROFIT HOMEOWNERS' ASSOCIATION IS TAXED.

This act clarifies how property owned by a homeowners' association is to be appraised. Currently, under G.S. 105-277.8, property owned by a nonprofit homeowners' association is designated a special class of property and is taxed at a "nominal" value. This requirement to tax homeowners' association property at a nominal value has led to confusion because the statute provides no guidance on how to determine a "nominal" value. Consequently, many assessors do not tax this type of property and those that do are not in agreement over what is a "nominal" value.

This act rewrites G.S. 105-277.8 to eliminate the requirement that property owned by a homeowners' association be taxed at a nominal value, and to require instead that the value of the association's property not be taxed against the association but be included in the appraisals of the property of the members of the association. Current law already requires the value of the right of a member of a homeowners' association to use the association's property to be included in the appraisal of the members' property. This act, therefore, does

not place an additional tax burden on the members of a homeowners' association. Also, G.S. 105-277.8, as proposed, carries forward the definition of a homeowners' association contained in the current statute.

LEGISLATIVE PROPOSAL 3

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1987

Short Title: Listing, Appraisal Technical Changes. (Public)

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Sponsors: .

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1                   A BILL TO BE ENTITLED  
2 AN ACT MAKING TECHNICAL CORRECTIONS TO THE PROPERTY TAX STATUTES  
3 CONCERNING THE LISTING AND APPRAISAL OF PROPERTY.  
4 The General Assembly of North Carolina enacts:  
5           Section 1. G.S. 105-278.1(b) is rewritten to read:  
6           "(b) Real and personal property belonging to the State,  
7           counties, and municipalities is exempt from taxation."  
8           Sec. 2. The first sentence of G.S. 105-285(c) is  
9 rewritten to read:  
10           "The value, ownership, and place of taxation of  
11 inventories held and used in connection with the mercantile,  
12 manufacturing, producing, processing, or other business  
13 enterprise of a taxpayer who has a place of business in this  
14 State and whose fiscal year ends on a date other than December 31  
15 shall be determined annually as of the ending date of the  
16 taxpayer's latest completed fiscal year."

1           Sec. 3. G.S. 105-313 is rewritten to read:

2           "§ 105-313.       Report of property by multi-county  
3 business.-- A taxpayer who is engaged in business in more than  
4 one county in this State and who owns real property or tangible  
5 personal property in connection with his multi-county business  
6 shall, upon the request of the Department of Revenue or the  
7 assessor of a county in which part of this business property is  
8 situated, file a report with the Department of Revenue stating,  
9 as of the dates specified in G.S. 105-285 of any year, the  
10 following information:

- 11           (1) The counties in this State in which the taxpayer's  
12               business property is situated;
- 13           (2) The taxpayer's investment, on a county by county  
14               basis, in his business property situated in this  
15               State, categorized as the Department of Revenue or  
16               the assessor may require; and
- 17           (3) The taxpayer's total investment in his business  
18               property situated in this State, categorized as the  
19               Department of Revenue or the assessor may require.

20           This report shall be subscribed and sworn to by the  
21 owner of the property. If the owner is a corporation,  
22 partnership, or unincorporated association, the report shall be  
23 subscribed and sworn to by a principal officer of the owner who  
24 has knowledge of the facts contained in the report."

25           Sec. 4. Article 29 of Chapter 105 is amended as  
26 follows:

1           (1) by recodifying G.S. 105-387 through G.S. 105-392 as  
2           G.S. 47-108.21 through G.S. 47-108.26 of Article 4  
3           of Chapter 47 of the General Statutes; and

4           (2) by repealing G.S. 105-393.

5           Sec. 5. Article 30 of Chapter 105 of the General  
6 Statutes is amended by adding a new section to read:

7           "§ 105-396. Applicable date when due date falls on  
8 weekend or holiday.-- When the last day for doing an act  
9 required or permitted by this Subchapter falls on a Saturday,  
10 Sunday, or holiday, the act is considered to be done within the  
11 prescribed time limit if it is done on the next business day."

12           Sec. 6. G.S. 105-296 is amended by adding a new  
13 subsection to read:

14           "(k) The assessor shall furnish to the Department of  
15 Revenue information required by it to conduct the sales  
16 assessment ratio studies required by G.S. 105-289(h)."

17           Sec. 7. G.S. 105-275(16) is amended as follows:

18           (1) by deleting the phrases "Household personal" and  
19           "household personal" and substituting the phrases  
20           "Non-business" and "non-business" respectively; and

21           (2) by deleting the phrase "boats, or airplanes" and  
22           substituting the phrase "aircraft, watercraft, or  
23           engines for watercraft".

24           Sec. 8. This act is effective upon ratification.



### EXPLANATION OF PROPOSAL 3

AN ACT MAKING TECHNICAL CORRECTIONS TO THE PROPERTY TAX STATUTES CONCERNING THE LISTING AND APPRAISAL OF PROPERTY.

SECTION 1. This section conforms the Machinery Act to the State Constitution with regard to property owned by governmental entities. G.S. 105-278.1(b), which was held unconstitutional in In re University of North Carolina, 300 N.C. 563 (1980), states that property owned by the State or its political subdivisions is exempt from taxation only if it is used for a public purpose. The North Carolina Supreme Court held that this section conflicts with Article V, s 2(3) of the North Carolina Constitution, which provides that property "belonging to the State, counties, and municipal corporations shall be exempt from taxation" and does not restrict the exemption to property used for a public purpose. This section simply rewrites G.S. 105-278.1(b) to restate Article V, s 2(3).

SECTION 2. This section inserts punctuation in G.S. 105-285(c), the statute governing when and where certain business inventories are to be listed for taxation, that was inadvertently omitted when the statute was amended in 1973. The 1973 amendment deleted a comma between the words "mercantile" and "manufacturing," leading a taxpayer to argue that the amended

statute requires only those taxpayers whose fiscal year does not correspond to the calendar year and who are engaged in a mercantile manufacturing business, a mercantile processing business, or a mercantile producing business to value their inventories as of the close of their fiscal year instead of on January 1. The Court of Appeals, in In re Mitchell-Carolina Corporation, 67 N.C. App. 450 (1984), rejected the taxpayer's argument as "nonsensical." To restore G.S. 105-285(c) to its proper form, this section reinserts the omitted comma.

SECTION 3. This section conforms the type of information authorized to be furnished by a multi-county business to that actually requested and used. G.S. 105-313 allows the Department of Revenue or a county tax supervisor to request from a multi-county business a list of the counties in which the business has personal property and the market value of the business' property situated in each county. The information is used by the Department and the counties to determine whether the personal property of the multi-county business is correctly listed and valued in each county. This section changes the terminology "true value" to "investment" to conform the type information required to be submitted under the statute to the actual data currently requested and received by the State and the counties. Most counties use a Department of Revenue manual for valuing business personal property, and the basic data needed for using the manual is the amount of investment, listed by year of acquisition.



SECTION 4. This section transfers some validating statutes to a more appropriate place in the statutes and deletes an obsolete statute. Article 20 of the Machinery Act, G.S. 105-387 through 105-393, contains statutes that validate certain sales of land for failure to pay taxes and certain listings of real property. The statute validating real property listings applies to the period May 1, 1927 through May 11, 1935 and, therefore, no longer applies. The remaining provisions in this article are curative statutes that remedy technical defects in sales of land for failure to pay taxes. This section repeals the law validating old real property listings and transfers the curative statutes to Article 4 of Chapter 47, which contains the other similar statutes for curing defects in conveyances of land.

SECTION 5. This section specifies what day is the last day for taking an action when the last day of the statutorily-determined period falls on a weekend or a holiday. G.S. 103-5 now specifies what happens when the last day for doing an act falls on a Saturday when the courthouse is closed, a Sunday, or a holiday. To avoid the confusion created by the provisions in G.S. 103-5 for Saturdays and to make the applicable statute more accessible to those who have only copies of the Machinery Act and not a complete set of the General Statutes, this section adds a new statute to the Machinery Act that states the rule for periods ending on a weekend or holiday.

SECTION 6. This section directs assessors to furnish the Department of Revenue with information the Department needs to

conduct sales assessment ratio studies. Chapter 601 of the 1985 Session Laws amended G.S. 105-289(h) to require the Department of Revenue to make three sales assessment ratio studies in each county during every eight year period. To enable the Department to make these studies, assessors must provide the Department with information on the value of property in the county.

SECTION 7. This section changes the designation of the exemption enacted in the 1986 short session for certain tangible personal property. G.S. 105-275(16), as amended by Chapter 982 of the 1985 Session Laws (1986 Reg. Sess.) describes this property as household personal property. Because household personal property that is used to produce income is not included in the exemption, this section changes the designation of the exempt property to non-business personal property.

SECTION 8. This section makes the act effective upon ratification.

LEGISLATIVE PROPOSAL 4

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1987

Short Title: Allow Late Exemption Application.

(Public)

Sponsors: .

1                                   A BILL TO BE ENTITLED  
2 AN ACT TO PERMIT A TAXPAYER TO FILE A LATE APPLICATION FOR  
3 PROPERTY TAX EXEMPTION OR EXCLUSION FOR LISTED PROPERTY, AND TO  
4 REQUIRE A TAXPAYER WHOSE PROPERTY IS APPRAISED BY THE  
5 DEPARTMENT OF REVENUE TO APPLY TO THE DEPARTMENT INSTEAD OF TO  
6 THE COUNTY ASSESSOR FOR EXEMPTION OR EXCLUSION OF THE PROPERTY  
7 FROM TAXATION.

8 The General Assembly of North Carolina enacts:

9           Section 1. G.S. 105-282.1(a) is amended as follows:

10           (1) by deleting the second sentence of that subsection  
11           and substituting the following sentences to read:

12           "Except as provided below, an owner claiming exemption  
13 or exclusion shall annually file an application for exemption or  
14 exclusion during the listing period. If the property for which  
15 the exemption or exclusion is claimed is appraised by the

1 Department of Revenue, the application shall be filed with the  
2 Department. Otherwise, the application shall be filed with the  
3 assessor of the county in which the property is situated."

4 (2) by deleting the third sentence of that subsection;

5 (3) by rewriting the fifth and sixth sentences of that  
6 subsection to read:

7 "Each application filed with the Department of  
8 Revenue or an assessor shall be submitted on a form approved by  
9 the Department. Application forms shall be made available by the  
10 assessor and the Department, as appropriate."; and

11 (4) by rewriting subdivision (4) to read:

12 "(4) Upon a showing of good cause by the applicant for  
13 failure to make a timely application, an  
14 application for exemption or exclusion filed after  
15 the close of the listing period may be approved by  
16 the Department of Revenue, the board of  
17 equalization and review, the board of county  
18 commissioners, or the governing body of a  
19 municipality, as appropriate. An untimely  
20 application for exemption or exclusion approved  
21 under this subdivision applies only to property  
22 taxes levied by the county or municipality in the  
23 calendar year in which the untimely application is  
24 filed."

25 Sec. 2. G.S. 105-282.1(b) is amended as follows:

26 (1) by deleting the first sentence of that subsection  
27 and substituting the following sentences to read:

1 "The Department of Revenue or the assessor to whom an  
2 application for exemption or exclusion is submitted shall review  
3 the application and either approve or deny the application.  
4 Approved applications shall be filed and made available to all  
5 taxing units in which the exempted or excluded property is  
6 situated. If the Department denies an application for exemption  
7 or exclusion, it shall notify the taxpayer, who may appeal the  
8 denial to the Property Tax Commission.";

9 (2) by deleting the phrase "If an application for  
10 exemption or exclusion is denied by the tax  
11 supervisor, he" in the second sentence of that  
12 subsection and substituting the phrase "If an  
13 assessor denies an application for exemption or  
14 exclusion, he"; and

15 (3) by making that part of subsection (b) beginning  
16 with the second sentence, as amended by this act, a  
17 separate paragraph.

18 Sec. 3. G.S. 105-282.1(c) is amended as follows:

19 (1) by rewriting the first and second sentences of that  
20 subsection to read:

21 "When an owner of property that may be eligible for  
22 exemption or exclusion neither lists the property nor files an  
23 application for exemption or exclusion, the assessor or the  
24 Department of Revenue, as appropriate, shall proceed to discover  
25 the property. If, upon appeal, the owner demonstrates that the  
26 property meets the conditions for exemption or exclusion, the  
27 body hearing the appeal may approve the exemption or exclusion.";

1 (2) by inserting between the words "the" and "county"  
2 in the last sentence of that subsection the words  
3 "Department or the"; and

4 (3) by deleting the words "other" and "also" in the  
5 last sentence of that subsection.

6 Sec. 4. The first sentence of G.S. 105-290(b) is  
7 rewritten to read:

8 "The Property Tax Commission shall hear and decide  
9 appeals from decisions concerning the listing, appraisal, or  
10 assessment of property made by county boards of equalization and  
11 review and boards of county commissioners."

12 Sec. 5. The first sentence of G.S. 105-290(b)(2) is  
13 rewritten to read:

14 "When an appeal is filed, the Property Tax Commission  
15 shall provide a hearing before representatives of the Commission  
16 or the full Commission as specified in this subdivision."

17 Sec. 6. G.S. 105-325(a)(5) is amended by deleting the  
18 period at the end of that subdivision and adding the phrase "or  
19 property exempted or excluded from taxation pursuant to G.S. 105-  
20 282.1(a)(4)."

21 Sec. 7. This act shall become effective January 1,  
22 1988.

#### EXPLANATION OF PROPOSAL 4

AN ACT TO PERMIT A TAXPAYER TO FILE A LATE APPLICATION FOR PROPERTY TAX EXEMPTION OR EXCLUSION FOR LISTED PROPERTY, AND TO REQUIRE A TAXPAYER WHOSE PROPERTY IS APPRAISED BY THE DEPARTMENT OF REVENUE TO APPLY TO THE DEPARTMENT INSTEAD OF TO THE COUNTY ASSESSOR FOR EXEMPTION OR EXCLUSION OF THE PROPERTY FROM TAXATION.

This act permits late applications for property tax exemptions and exclusions when the property was timely listed but an application for exemption or exclusion was not filed within the listing period. Under current law, a taxpayer who owns property that is eligible for exemption or exclusion and who lists this property but fails to make a timely application for the exemption or exclusion must pay the full tax on the property and is not entitled to the exemption or exclusion. In these cases, the assessor, the board of equalization and review, and the board of county commissioners have no authority to accept a late application for exemption or exclusion.

If, however, that same taxpayer fails to list the property in addition to not filing an application for exemption or exclusion, and the property is subsequently discovered by the assessor, the taxpayer can then claim that the property is eligible for exemption or exclusion and receive the benefit of the exemption

or exclusion. The result of this inconsistency is that a taxpayer who complies with the listing requirement but through ignorance or inadvertence fails to submit a timely exemption application is in a worse position than a taxpayer who ignores the listing requirement.

This act corrects this inequity by amending G.S. 105-282.1 to allow late applications for exemption or exclusion when an applicant, who listed his property but did not apply for an exemption or exclusion within the listing period, can show good cause for his failure to submit a timely application. The recommended amendment does not set a penalty for late applications for exemption or exclusion because an owner of discovered property who can show that this property is eligible for exemption or exclusion is typically not required to pay a penalty.

This act also amends G.S. 105-282.1(a) by requiring a taxpayer whose property is appraised by the Department of Revenue to apply to the Department, instead of to the county assessor, for the exemption or exclusion.



LEGISLATIVE PROPOSAL 5

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1987

Short Title: Clarify When Property Reappraised.

(Public)

Sponsors: .

1                                   A BILL TO BE ENTITLED  
2 AN ACT CLARIFYING THE APPRAISAL OF REAL PROPERTY IN NON-  
3 REAPPRAISAL YEARS.

4 The General Assembly of North Carolina enacts:

5           Section 1. G.S. 105-287 is rewritten to read:

6    "§ 105-287. Changing appraised value of real property in years  
7 in which general reappraisal or horizontal adjustment is not  
8 made.--(a)    In a year in which a general reappraisal or  
9 horizontal adjustment of real property in the county is not made,  
10 the assessor shall increase or decrease the appraised value of  
11 real property, as determined under G.S. 105-286, to:

- 12           (1) Correct a clerical or mathematical error;  
13           (2) Correct an appraisal error resulting from a  
14 misapplication of the schedules, standards, and  
15 rules used in the county's most recent general  
16 reappraisal or horizontal adjustment; or

1           (3) Recognize an increase or decrease in the value of  
2           the property resulting from a factor other than one  
3           listed in subsection (b).

4           (b) In a year in which a general reappraisal or  
5 horizontal adjustment of real property in the county is not made,  
6 the assessor may not increase or decrease the appraised value of  
7 real property, as determined under G.S. 105-286, to recognize a  
8 change in value caused by:

9           (1) Normal, physical depreciation of improvements;

10          (2) Inflation, deflation, or other economic changes  
11          affecting the county in general; or

12          (3) Betterments to the property made by:

13           a. Repainting buildings or other structures;

14           b. Terracing or other methods of soil  
15           conservation;

16           c. Landscape gardening;

17           d. Protecting forests against fire; or

18           e. Impounding water on marshland for non-  
19           commercial purposes to preserve or enhance the  
20           natural habitat of wildlife.

21          (c) An increase or decrease in the appraised value of  
22 real property authorized by this section shall be made in  
23 accordance with the schedules, standards, and rules used in the  
24 county's most recent general reappraisal or horizontal  
25 adjustment. An increase or decrease in appraised value made  
26 under this section is effective as of January 1 of the year in

1 which it is made and is not retroactive. This section does not  
2 modify or restrict the provisions of G.S. 105-312 concerning the  
3 appraisal of discovered property.

4 (d) Notwithstanding subsection (a), if a tract of land  
5 has been subdivided into lots and more than five acres of the  
6 tract remain unsold by the owner of the tract, the assessor may  
7 appraise the unsold portion as land acreage rather than as lots.  
8 A tract is considered subdivided into lots when the lots are  
9 located on streets laid out and open for travel and the lots have  
10 been sold or offered for sale as lots since the last appraisal of  
11 the property."

12 Sec. 2. This act shall become effective January 1,  
13 1988.



## EXPLANATION OF PROPOSAL 5

AN ACT CLARIFYING THE APPRAISAL OF REAL PROPERTY IN NON-REAPPRAISAL YEARS.

This act clarifies when real property is to be reappraised in non-reappraisal years. G.S. 105-287 specifies the types of real property that are to be reappraised in years in which the county does not conduct a general revaluation. The grounds for reappraisal are limited and cannot accommodate unexpected or new circumstances that cause property values to change. For example, none of the categories covers structures that have been converted to condominium units or time-share units. In the absence of any statutory guidance, some counties revalue converted property in non-revaluation years under subdivision (b)(1) on the basis that the property was not valued during the last general revaluation because it was not valued in its current form. Some counties take the position that the property has been subdivided and is therefore eligible for reappraisal under subdivision (b)(4). Finally, the remaining counties feel that the statute does not give them any grounds for reappraising the converted property prior to the next general revaluation.

This act rewrites 105-287 to solve the immediate problem of reappraising property converted to condominium units or time-share units and to prevent this type of problem from arising

again by requiring an assessor to reappraise all real property in a non-revaluation year that has increased or decreased in value for any reason other than those listed in the statute. Although the format of proposed G.S. 105-287 differs slightly from that of current statute, the proposed version of G.S. 105-287 does not change the circumstances under which a tax assessor may reappraise real property in a non-revaluation year except to clarify that conversion of property into condominium units or time-share units is sufficient grounds for reappraising the property.

LEGISLATIVE PROPOSAL 6

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1987

Short Title: Improve Tax Information Sharing.

(Public)

Sponsors: .

1 A BILL TO BE ENTITLED

2 AN ACT TO FACILITATE THE EXCHANGE OF INFORMATION BY THE  
3 DEPARTMENT OF REVENUE AND LOCAL TAX OFFICIALS.

4 The General Assembly of North Carolina enacts:

5 Section 1. G.S. 105-289 is amended as follows:

6 (1) by deleting the words "county and municipal" in  
7 subdivision (d)(1) and substituting the word  
8 "local";

9 (2) by rewriting subsection (e) to read:

10 "(e) The Department of Revenue may furnish the  
11 following information to a local tax official:

12 (1) Information contained in a report to it or to any  
13 other State department; and

14 (2) Information the Department has in its possession  
15 that may assist a local tax official in securing

1 complete tax listings, appraising or assessing  
2 taxable property, collecting taxes, or presenting  
3 information in administrative or judicial  
4 proceedings involving the listing, appraisal, or  
5 assessment of property.

6 A local tax official may use information obtained from  
7 the Department under this subsection only for the purposes stated  
8 in subdivision (2). A local tax official may not divulge or make  
9 public this information except as required in administrative or  
10 judicial proceedings under this Subchapter. A local tax official  
11 who makes improper use of or discloses information obtained from  
12 the Department under this subsection is punishable as provided in  
13 G.S. 105-259.

14 The Department may not furnish information to a local  
15 tax official pursuant to this subsection unless it has obtained a  
16 written certification from the official stating that he is  
17 familiar with the provisions of both this subsection and G.S.  
18 105-259 and that information obtained from the Department under  
19 this subsection will be used only for the purposes stated in  
20 subdivision (2)."; and

21 (3) by rewriting subsection (f) to read:

22 "(f) To advise local tax officials of their duties  
23 concerning the listing, appraisal, and assessment of property and  
24 the levy and collection of property taxes."

25 Sec. 2. G.S. 105-273 is amended by adding a new  
26 subdivision (11) to read as follows and by renumbering the  
27 succeeding subdivisions accordingly:



1           "(11)       'Local tax official' includes a county  
2                    assessor, an assistant county assessor, a  
3                    member of a county board of commissioners, a  
4                    member of a county board of equalization and  
5                    review, a county tax collector, and the  
6                    municipal equivalents of these officials."

7           Sec. 3. G.S. 105-289.1(b) is amended by deleting the  
8 phrase "taxing authority (as defined in G.S. 105-289(e))" and  
9 substituting the words "tax official".

10          Sec. 4. G.S. 105-259 is amended as follows:

11          (1) by deleting subpart (ii) in the first sentence of  
12               that section and inserting two new subparts to  
13               read:

14            "(ii) local tax officials, as defined in G.S. 105-273,  
15 and former local tax officials; (iii) members and former members  
16 of the Property Tax Commission;"

17          (2) by renumbering subparts (iii) and (iv) of the first  
18               sentence of that section as (iv) and (v)  
19               respectively; and

20          (3) by deleting the word "authority" each time it  
21               appears in the first sentence of the fourth  
22               paragraph of that section and substituting the word  
23               "official".

24          Sec. 5. This act is effective upon ratification.

25

26



## EXPLANATION OF PROPOSAL 6

AN ACT TO FACILITATE THE EXCHANGE OF INFORMATION BY THE DEPARTMENT OF REVENUE AND LOCAL TAX OFFICIALS.

This act clarifies the procedure whereby the Department of Revenue may furnish information to local property tax authorities. G.S. 105-289(e) authorizes the Department of Revenue to make available to local tax authorities any information the Department has that would assist local governmental units in securing more complete property tax listings, appraising taxable property, and presenting information in administrative and judicial proceedings on property tax matters. A local tax authority who wants information from the Department must submit a written request describing the specific information sought and the reason for seeking the information. In responding, the Department can furnish only the information specifically requested. This procedure, imposed in 1981, has proven to be unnecessarily restrictive and very time-consuming for both the Department and the local tax authorities.

This act, therefore, changes the procedure by which a local tax authority may obtain information from the Department of Revenue to allow the Department to send useful information to

local tax authorities without being specifically requested to do so, provided the Department has received a written certification from the local tax authority stating that the authority is familiar with the statutory restrictions on the use of this information and the penalties for disclosing confidential tax information. This act also changes the designation "local tax authority" to "local tax official" to make the use of the term "local tax official" consistent throughout the statutes and to reflect more accurately the positions of county and city tax personnel who request this information.

LEGISLATIVE PROPOSAL 7

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1987

Short Title: Municipal Assessor Qualifications. (Public)

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Sponsors: .

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1                                   A BILL TO BE ENTITLED  
2 AN ACT TO REQUIRE MUNICIPAL ASSESSORS THAT APPRAISE PROPERTY TO  
3 HAVE THE SAME QUALIFICATIONS AS COUNTY ASSESSORS.  
4 The General Assembly of North Carolina enacts:  
5                   Section 1. G.S. 105-289(d)(2) and (3) are rewritten to  
6 read:  
7                   "(2) A program for testing the qualifications of an  
8                   assessor and other persons engaged in the appraisal  
9                   of property for a county or municipality; and  
10                  (3) A certification program for an assessor and other  
11                  persons engaged in the appraisal of property for a  
12                  county or municipality."  
13                  Sec. 2. G.S. 105-328(b)(1) is amended by deleting the  
14 fourth and fifth sentences of that subdivision and substituting  
15 the following sentence to read:

1 "A person appointed as a municipal assessor shall meet the  
2 qualifications and requirements set for a county assessor under  
3 G.S. 105-294."

4           Sec. 3. This act is effective upon ratification.

5

EXPLANATION OF PROPOSAL 7

AN ACT TO REQUIRE MUNICIPAL ASSESSORS THAT APPRAISE PROPERTY TO HAVE THE SAME QUALIFICATION AS COUNTY ASSESSORS.

This act makes clear that municipal assessors who appraise property must meet the same qualifications as county assessors. G.S. 105-328 allows a city that spans more than one county to appoint a municipal assessor in charge of listing, appraising, and assessing property within the city. Cities that do not span counties must accept their county's appraisals of property within the city. Prior to 1983, a municipal assessor who had the power to appraise property in the city had to have the same qualifications as a county assessor. When the qualifications for a county assessor were changed in 1983, the statutes prescribing the qualifications for this type municipal assessor were not also changed, probably because there were then and still are no municipal assessors who fall into this category. This act, therefore, amends G.S. 105-328 to require a municipal assessor who is authorized to appraise property to meet the same qualifications as a county assessor.





LEGISLATIVE PROPOSAL 8

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1987

Short Title: Remove List Taker References.

(Public)

Sponsors: .

1                                   A BILL TO BE ENTITLED  
2 AN ACT TO DELETE REFERENCES IN THE PROPERTY TAX STATUTES TO THE  
3 OBSOLETE POSITION OF LIST TAKER.  
4 The General Assembly of North Carolina enacts:  
5           Section 1. G.S. 105-273(10) is repealed.  
6           Sec. 2. G.S. 105-296 is amended as follows:  
7           (1) by deleting the words "and appraising" in the first  
8           sentence of that section and substituting the  
9           phrase ", appraisal, and assessment";  
10          (2) by deleting the words "or she" and the words "or  
11          her respective" in subsection (b) of that section;  
12          and  
13          (3) by deleting subsections (d), (e), (f), and (i).  
14          Sec. 3. G.S. 105-298 is repealed.  
15          Sec. 4. G.S. 105-303(b)(2) and 105-308 are each amended  
16 by deleting the phrase "(or proper list taker)".

1           Sec. 5. The last paragraph of G.S. 105-307 is rewritten  
2 to read:

3           "The assessor may conduct preparatory work before the  
4 listing period begins, but he may not make a final appraisal of  
5 property before the day as of which the value of the property is  
6 to be determined under G.S. 105-285."

7           Sec. 6. G.S. 105-309 is amended as follows:

- 8           (1) by deleting the words "or proper list taker" in  
9           subsection (a);  
10          (2) by deleting the words "or list taker" in subsection  
11          (b) and in subdivision (d)(2); and  
12          (3) by rewriting subdivision (d) (1) to read:

13                 "(1) If the assessor considers it necessary to  
14                 obtain a complete listing of personal  
15                 property, he may require a taxpayer to submit  
16                 additional information, inventories, or  
17                 itemized lists of personal property."

18          Sec. 7. G.S. 105-311(a) is amended by deleting the  
19 words "or proper list taker".

20          Sec. 8. G.S. 105-328 is amended as follows:

- 21          (1) by rewriting subdivisions (b) (2) and (3) to read:  
22                 "(2) With the approval of the governing body, a  
23                 municipal assessor may employ listers,  
24                 appraisers, and clerical assistants necessary  
25                 to carry out the listing, appraisal,  
26                 assessing, and billing functions required by  
27                 law.

- 1                   (3) A municipal assessor and the persons employed  
2                   by him have the same powers and duties as  
3                   their county equivalents with respect to  
4                   property subject to taxation by a city or  
5                   town."; and
- 6                   (2) by deleting the phrase "list takers, and  
7                   assistants" each time it appears in subdivision (b)  
8                   (6) and substituting the phrase "and persons  
9                   employed by an assessor".
- 10                  Sec. 9. This act is effective upon ratification.
- 11



## EXPLANATION OF PROPOSAL 8

AN ACT TO DELETE REFERENCES IN THE PROPERTY TAX STATUTES TO THE OBSOLETE POSITION OF LIST TAKER.

This act deletes unnecessary references in the property tax statutes to list takers and their duties. The Machinery Act of 1939 required a tax assessor to appoint at least one list taker for each township. The list taker's duties were to see that all taxable property was listed for taxation and that all taxable property was fairly and uniformly appraised at its true value. The 1971 Machinery Act abolished the requirement that the assessor appoint a list taker for each township and transferred the duties of the list taker to the assessor. Although not required to do so, an assessor may employ list takers to help the assessor perform his duties. If list takers are employed, the assessor determines their responsibilities.

This act amends various statutes to recognize the change in the status of the position of list taker since 1971 and the assessor's assumption of the list taker's responsibilities. The act deletes all references to list takers and refers to a person employed by an assessor to aid in listing property as a lister.



LEGISLATIVE PROPOSAL 9  
GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 1987

Short Title: Tax Supervisor Renamed Assessor. (Public)

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Sponsors: .

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1                   A BILL TO BE ENTITLED  
2 AN ACT TO CHANGE THE TITLE "TAX SUPERVISOR" TO "ASSESSOR".  
3 The General Assembly of North Carolina enacts:  
4           Section 1. Subchapter II of Chapter 105 of the General  
5 Statutes is amended by deleting the words "tax supervisor" or  
6 "tax supervisors" each time they appear in the following statutes  
7 and substituting the word "assessor" or "assessors", as  
8 appropriate:  
9           G.S. 105-277.1(c)(1) and (2).  
10           G.S. 105-277.4(a), (b), and (b1).  
11           G.S. 105-277.5.  
12           G.S. 105-277.6(a).  
13           G.S. 105-282.1.  
14           G.S. 105-286(b).  
15           G.S. 105-289(i).

- 1 G.S. 105-294(b).
- 2 G.S. 105-295.
- 3 G.S. 105-296(a), (c), and (h).
- 4 G.S. 105-297.
- 5 G.S. 105-302(c) (6) and (9).
- 6 G.S. 105-302.1.
- 7 G.S. 105-303.
- 8 G.S. 105-306(c)(5).
- 9 G.S. 105-307.
- 10 G.S. 105-308.
- 11 G.S. 105-309.
- 12 G.S. 105-311.
- 13 G.S. 105-312.
- 14 G.S. 105-314(b).
- 15 G.S. 105-315(a).
- 16 G.S. 105-316(a).
- 17 G.S. 105-317(b).
- 18 G.S. 105-321(a).
- 19 G.S. 105-322(d) and (g)(2)c.
- 20 G.S. 105-325.
- 21 G.S. 105-326(b).
- 22 G.S. 105-328(b).
- 23 G.S. 105-366(d)(1).
- 24 G.S. 105-368(i).
- 25 G.S. 69-25.15(c).
- 26 G.S. 130A-62(c).
- 27 G.S. 153A-325.



1           Sec. 2. All sections of the North Carolina General  
2 Statutes that are not listed in Section 1 of this act and that  
3 contain the words "tax supervisor" or "tax supervisors" are  
4 amended by deleting the words "tax supervisor" or "tax  
5 supervisors" and substituting the words "assessor" or  
6 "assessors", as appropriate.

7           Sec. 3. A reference in a local act to the county tax  
8 supervisor shall be construed as a reference to the county  
9 assessor.

10          Sec. 4. This act is effective upon ratification.



EXPLANATION OF PROPOSAL 9

AN ACT TO CHANGE THE TITLE "TAX SUPERVISOR" TO "ASSESSOR".

This act changes the title of the county tax supervisor to county assessor. Use of the term "county tax supervisor" to describe the county official in charge of listing and appraising all property in the county is unique to North Carolina and dates to 1919. Because this title no longer accurately describes the duties of the tax supervisor, these sections change the title "tax supervisor" to "tax assessor." The title "tax assessor" is used in most other states and is recommended by the North Carolina Association of Assessing Officers.



LEGISLATIVE PROPOSAL 10

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1987

Short Title: Let Collector Delete Small Tax Bill. (Public)

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Sponsors: .

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1                                   A BILL TO BE ENTITLED  
2 AN ACT TO PERMIT THE GOVERNING BODY OF A TAXING UNIT TO DELETE  
3 CERTAIN TAX RECEIPTS FROM THE TAX COLLECTOR'S CHARGE.  
4 The General Assembly of North Carolina enacts:  
5           Section 1. G.S. 105-321 is amended by adding a new  
6 subsection to read:  
7           "(e) The governing body of a taxing unit may, by  
8 resolution, provide that certain tax receipts on which the total  
9 amount of taxes is less than or equal to a designated amount, not  
10 to exceed ten dollars (\$10.00), shall not be delivered to the tax  
11 collector for collection or included in his charge of items to be  
12 collected. This resolution may apply only to receipts on which  
13 there is no tax due on real property and only to taxes payable by  
14 a taxpayer for whom only one tax receipt is prepared. Taxes so

1 treated shall not be a charge against the taxpayer in whose name  
2 the property is listed. Receipts covered by a resolution adopted  
3 pursuant to this subsection shall be retained by the taxing  
4 unit's chief accounting officer for at least a year following the  
5 close of the fiscal year during which they were prepared. A  
6 resolution adopted pursuant to this subsection shall continue in  
7 effect until amended or repealed."

8           Sec. 2. This act is effective upon ratification.

9

EXPLANATION OF PROPOSAL 10

AN ACT TO PERMIT THE GOVERNING BODY OF A TAXING UNIT TO DELETE CERTAIN TAX RECEIPTS FROM THE COLLECTOR'S CHARGE.

This act permits the governing body of a taxing unit to delete certain tax receipts from the tax collector's charge. Currently, the governing body of a taxing unit may not delete any property tax bills from the tax collector's charge, even property tax bills that involve a very small sum of money. Small property tax bills, however, result in considerable administrative expense relative to the size of the bill. This act allows a board of county commissioners or the governing body of a city to delete bills for personal property taxes that are less than a designated amount chosen by the governing body, not to exceed \$10. The deletion applies only to taxpayers for whom not more than one tax receipt is prepared and who do not owe any real property taxes.





LEGISLATIVE PROPOSAL 11  
GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 1987

Short Title: Give Tax Collector Subpoena Power. (Public)

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Sponsors: .

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1                                   A BILL TO BE ENTITLED  
2 AN ACT TO GIVE THE TAX COLLECTOR THE SAME LIMITED SUBPOENA POWER  
3 AS IS GIVEN THE TAX SUPERVISOR.  
4 The General Assembly of North Carolina enacts:  
5           Section 1. Article 26 of Chapter 105 of the General  
6 Statutes is amended by inserting a new section between G.S. 105-  
7 350 and 105-351 to read:  
8   "§ 105-350.1. Subpoena power of tax collector. A tax  
9 collector may subpoena a person for examination under oath when  
10 he has reasonable grounds to believe the person has knowledge  
11 pertinent to the collection of taxes. A tax collector may also  
12 subpoena documents when he has reasonable grounds to believe the  
13 documents contain information pertinent to the collection of  
14 taxes. A subpoena issued by a tax collector shall be signed by  
15 the head of the governing body of the taxing unit and shall be

1 served by an officer authorized to serve subpoenas. A person who  
2 willfully fails to appear or to produce documents in response to  
3 a subpoena of a tax collector, or who willfully fails to testify  
4 concerning the subject of the inquiry when appearing in response  
5 to a subpoena of a tax collector, is guilty of a misdemeanor and  
6 is punishable by imprisonment, fine, or both."

7           Sec. 2. This act is effective upon ratification.

EXPLANATION OF PROPOSAL 11

AN ACT TO GIVE THE TAX COLLECTOR THE SAME LIMITED SUBPOENA POWER AS IS GIVEN THE TAX SUPERVISOR.

This act gives the tax collector a limited subpoena power. Under current law, the tax supervisor but not the tax collector has the power to subpoena a person for examination under oath and to subpoena documents in limited circumstances. G.S. 105-296(g) permits the tax supervisor to subpoena persons that he has reasonable grounds to believe have knowledge pertinent to the discovery, valuation, or listing of property, and to subpoena documents that he has reasonable grounds to believe contain information pertinent to the discovery, valuation, or listing of property. This act extends a similar, limited subpoena power to the tax collector to help the tax collector perform his duties. Like subpoenas of tax supervisors, this section requires that a subpoena of a tax collector be signed by the head of the governing body of the taxing unit and that failure to comply with a subpoena of a tax collector is a general misdemeanor.



LEGISLATIVE PROPOSAL 12

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1987

Short Title: Let Collector Adjust Small Tax Bill. (Public)

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Sponsors: .

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1 A BILL TO BE ENTITLED  
2 AN ACT TO PERMIT THE GOVERNING BODY OF A TAXING UNIT TO ALLOW THE  
3 TAX COLLECTOR TO ADJUST SMALL UNDERPAYMENTS AND OVERPAYMENTS OF  
4 PROPERTY TAX.

5 The General Assembly of North Carolina enacts:

6 Section 1. G.S. 105-357 is amended by adding a new  
7 subsection to read:

8 "(c) Small Underpayments and Overpayments. The  
9 governing body of a taxing unit may, by resolution, permit its  
10 tax collector to treat small underpayments of taxes as fully paid  
11 and to not refund small overpayments of taxes unless the taxpayer  
12 requests a refund before the end of the fiscal year in which the  
13 small overpayment is made. A "small underpayment" is a payment  
14 made, other than in person, that is no more than one dollar  
15 (\$1.00) less than the taxes due on a tax receipt. A "small  
16 overpayment" is a payment made, other than in person, that is no

1 more than one dollar (\$1.00) greater than the taxes due on a tax  
2 receipt.

3 Overpayments shall be used to offset underpayments. The  
4 tax collector shall keep records of all underpayments and  
5 overpayments of taxes by receipt number and amount and shall  
6 report these payments to the governing body as part of his  
7 settlement.

8 A resolution authorizing adjustments of underpayments  
9 and overpayments as provided in this subsection shall:

10 (1) Be adopted on or before June 15 of the year to  
11 which it is to apply;

12 (2) Apply to taxes levied for all previous fiscal  
13 years; and

14 (3) Continue in effect until repealed or amended by  
15 resolution of the taxing unit."

16 Sec. 2. This act is effective upon ratification.

## EXPLANATION OF PROPOSAL 12

AN ACT TO PERMIT THE GOVERNING BODY OF A TAXING UNIT TO ALLOW THE TAX COLLECTOR TO ADJUST SMALL UNDERPAYMENTS AND OVERPAYMENTS OF PROPERTY TAX.

This act gives the governing body of a taxing unit the authority to allow the tax collector to adjust an incorrect property tax payment of a very small amount. Currently, if a taxpayer overpays or underpays his property taxes by five cents, for example, the tax collector must go through the normal administrative process used for overpayments and underpayments of larger magnitude. This process is not cost-effective, however, when the overpayment or underpayment is small. In practice, many collectors are making adjustments without the proper legal authority. This act allows a county board of commissioners or the governing body of a city to adopt a resolution to allow the tax collector to treat an overpayment or underpayment of less than \$1 as a payment of the correct amount. An overpayment of less than \$1 would still be refunded to the taxpayer if the taxpayer so requested.





LEGISLATIVE PROPOSAL 13

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1987

Short Title: Tax Collection Technical Changes.

(Public)

Sponsors: .

1                                   A BILL TO BE ENTITLED  
2 AN ACT MAKING TECHNICAL CORRECTIONS TO THE PROPERTY TAX STATUTES  
3 GOVERNING COLLECTION OF PROPERTY TAXES.

4 The General Assembly of North Carolina enacts:

5                   Section 1. G.S. 105-360(a) is rewritten to read:

6    "(a) Taxes levied under this Subchapter by a taxing unit are  
7 due and payable on September 1 of the fiscal year for which the  
8 taxes are levied. Taxes are payable at par or face amount if  
9 paid before January 6 following the due date. Taxes paid on or  
10 after January 6 following the due date are delinquent and are  
11 subject to interest charges. Interest accrues on taxes paid on  
12 or after January 6 as follows:

13                   (1) For the period January 6 to February 1, interest  
14                   accrues at the rate of two percent (2%); and

1 (2) For the period February 1 until the principal  
2 amount of the taxes, the accrued interest, and any  
3 penalties are paid, interest accrues at the rate of  
4 three-fourths of one percent (3/4%) a month or  
5 fraction thereof."

6 Sec. 2. G.S. 105-360(b) is deleted.

7 Sec. 3. G.S. 105-366 is amended as follows:

8 (1) by deleting the words "sale of a tax lien or" in  
9 the last sentence of subsection (a);

10 (2) by deleting the word "Due" in the heading to  
11 subsections (b) and (c) and substituting the word  
12 "Delinquent";

13 (3) by deleting the word "due" in the first sentence of  
14 subsection (b) and substituting the word  
15 "delinquent";

16 (4) by deleting the phrase "the first day of September"  
17 the first time it appears in the first sentence of  
18 subsection (c) and substituting the date "January  
19 6";

20 (5) by changing the comma after the reference "105-368"  
21 in the first sentence of subsection (c) to a period  
22 and deleting the remainder of that sentence; and

23 (6) by rewriting the last sentence of subsection (c) to  
24 read:

25 "If the amount of taxes collected under this subsection has not  
26 yet been determined, these taxes shall be computed in accordance  
27 with G.S. 105-359 and any applicable discount shall be allowed."

1           Sec. 4. This act is effective upon ratification.



EXPLANATION OF PROPOSAL 13

AN ACT MAKING TECHNICAL CORRECTIONS TO THE PROPERTY TAX STATUTES GOVERNING COLLECTION OF PROPERTY TAXES.

SECTION 1. To conform with the changes made in Section 3 of this act, this section rewrites the provision governing when property taxes are payable to emphasize that the taxes are due on September 1 but are not delinquent until January 6.

SECTION 2. This section deletes an obsolete provision from the Machinery Act. G.S. 105-360(b) provides that interest that accrued on late property taxes during certain wars or periods of conflict cannot be charged to a person who was on active duty in the armed forces during those times. Because the Viet Nam conflict, the most recent conflict listed in the statute, ended more than ten years ago, this provision is no longer necessary. The ten-year statute of limitations for collection of property taxes prevents collection of both the principal and interest on any unsatisfied property tax debt from these periods.

SECTION 3. This section clarifies the remedies available to a tax collector before the taxes are delinquent. Under current law, property taxes are due on September 1 of each year but are not subject to interest charges for late payment until the following January 6. This discrepancy between the actual and

effective due date for taxes has created some confusion over the remedies a tax collector may use to collect taxes between September 1 and January 6. G.S. 105-366, for example, allows a tax collector to levy on and sell personal property for failure to pay a tax on or before September 1, even though the tax is not considered late until January 6. To resolve this anomaly in the statutes, this section changes references to the tax collector's remedies concerning taxes that are "due" to taxes that are "delinquent" and makes clear that taxes that are not paid before January 6, instead of September 1, are delinquent.

SECTION 4. This section makes the act effective upon ratification.

LEGISLATIVE PROPOSAL 14  
GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 1987

Short Title: Property Tax Discount Period Changes. (Public)

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Sponsors: .

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1                                   A BILL TO BE ENTITLED  
2 AN ACT TO EXTEND THE ALLOWABLE DISCOUNT PERIOD FOR PAYMENT OF  
3 PROPERTY TAXES AND TO TRANSFER THE RESPONSIBILITY FOR APPROVING  
4 DISCOUNT SCHEDULES FROM THE DEPARTMENT OF REVENUE TO THE LOCAL  
5 GOVERNMENT COMMISSION.

6 The General Assembly of North Carolina enacts:

7           Section 1. Section 1. G.S. 105-360(c) is rewritten to  
8 read:

9   "(c) The governing body of a taxing unit may establish a  
10 schedule of discounts applicable to taxes paid during the period  
11 July 1 through November 30 of the fiscal year for which the taxes  
12 are levied. A schedule of discounts shall:

13           (1) Specify the amounts of the discounts and the  
14           periods to which the discounts apply;

1           (2) Be adopted by resolution on or before June 15  
2           preceding the due date of the taxes to which it is  
3           first to apply;

4           (3) Be approved by the Local Government Commission  
5           before it is used;

6           (4) Be published in a newspaper having general  
7           circulation in the taxing unit before the discount  
8           period begins; and

9           (5) Continue in effect until repealed by resolution of  
10          the taxing unit.

11 The Local Government Commission shall disapprove any discounts it  
12 considers unreasonable. The Commission may delegate to its  
13 Secretary the authority to approve schedules of discounts."

14          Sec. 2. This act is effective upon ratification.



EXPLANATION OF PROPOSAL 14

AN ACT TO EXTEND THE ALLOWABLE DISCOUNT PERIOD FOR PAYMENT OF PROPERTY TAXES AND TO TRANSFER THE RESPONSIBILITY FOR APPROVING DISCOUNT SCHEDULES FROM THE DEPARTMENT OF REVENUE TO THE LOCAL GOVERNMENT COMMISSION.

This act extends the period during which taxing units may offer discounts for early payment of property taxes and changes the approving agency of a discount schedule from the Department of Revenue to the Local Government Commission. Under G.S. 105-360(c), each local taxing unit may establish discounts for property taxes paid before September 1, the statutory due date for property taxes. Tax payments may be made through January 5 of the next year, however, without penalty or interest. Most taxing units mail property tax bills in late July or August. The discount period is therefore quite short and ends so far away from the effective due date of the tax (January 5) that the discount is not an effective collection tool. To improve the usefulness of the discount, this act permits a taxing unit to offer a discount for property taxes paid through November 30.

When a taxing unit adopts a discount schedule, G.S. 105-360(c) requires that the schedule be submitted to the Department of Revenue for approval before it is published in local

newspapers. The purpose of this requirement is to ensure that a county or city will not adopt an unreasonably high discount rate. Upon the recommendation of the Department of Revenue, this section changes the approving agency from the Department of Revenue to the Local Government Commission of the Department of State Treasurer. The Local Government Commission's fiscal oversight role, coupled with the interest rate information the Commission routinely receives from other Divisions of the Treasurer's Office, makes the Commission a more appropriate body for the approval of discount schedules.

LEGISLATIVE PROPOSAL 15

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1987

Short Title: New Tax Collection Remedies.

(Public)

Sponsors: .

1                                   A BILL TO BE ENTITLED  
2 AN ACT TO PERMIT THE TAX COLLECTOR TO ATTACH PERSONAL PROPERTY  
3 TRANSFERRED, OTHER THAN BY A BONA FIDE SALE FOR VALUE, BY A  
4 CORPORATION TO A STOCKHOLDER, AND TO IMPROVE THE COLLECTION OF  
5 PROPERTY TAXES FROM MERCHANTS WHO LIQUIDATE THEIR INVENTORIES.

6 The General Assembly of North Carolina enacts:

7           Section 1. G.S. 105-366 is amended as follows:

8           (1) by inserting a new subdivision (9) in subsection  
9           (b) to read as follows and by renumbering the  
10           succeeding subdivision in subsection (b)  
11           accordingly:

12           "(9) Personal property of a corporation transferred,  
13           other than by a bona fide sale for value, to a  
14           stockholder of the corporation or to a relative of  
15           a stockholder of the corporation. As used in this

- 1 subdivision, the term 'relative' has the same  
2 meaning as in subdivision (2) of this subsection.";  
3 (2) by deleting the phrase "30 days" in (b)(5) and  
4 (d)(3)b.;
- 5 (3) by deleting the words "six months" in (b)(5) and  
6 (d)(3)b. and substituting the words "twelve  
7 months";
- 8 (4) by deleting the phrase "Within 30 days of" in  
9 (d)(1)b. and substituting the word "Before"; and
- 10 (5) by deleting the phrase "30-day period allowed" in  
11 the last sentence of (d)(2) and substituting the  
12 phrase "sale or transfer".
- 13 Sec. 2. This act is effective upon ratification.

EXPLANATION OF PROPOSAL 15

AN ACT TO PERMIT THE TAX COLLECTOR TO ATTACH PERSONAL PROPERTY TRANSFERRED, OTHER THAN BY A BONA FIDE SALE FOR VALUE, BY A CORPORATION TO A STOCKHOLDER, AND TO IMPROVE THE COLLECTION OF PROPERTY TAXES FROM MERCHANTS WHO LIQUIDATE THEIR INVENTORIES.

This act adds an additional type of personal property to the list of personal property that a tax collector may levy on and attach to satisfy delinquent property taxes owed by a corporation and requires a merchant who transfers or sells a major portion of his inventory, other than in the ordinary course of business, to pay the taxes due or to become due on that inventory before the sale or transfer, instead of within 30 days after the sale or transfer. In addition, it extends the period in which the tax collector can levy on or attach property of the transferee or successor in business from six months to twelve months.

G.S. 105-366(b), which lists the types of personal property that a tax collector may levy on and attach for overdue taxes, includes any personal property owned by the taxpayer, any personal property transferred to a relative, any personal property of the taxpayer's that is in the hands of a receiver, and any personal property of the taxpayer's that has been repossessed by a holder of a security interest in the property. As a further aid to the tax collector in collecting overdue

taxes from corporations, this section adds personal property transferred by a corporation, by a means other than a bona fide sale for value, to one of its stockholders or to a relative of one of its stockholders to the list in G.S. 105-366(b).

Current law requires a merchant who sells or transfers most of his inventory of goods, other than in the ordinary course of business, to pay the tax due or to become due on the inventory within 30 days of the sale or transfer. If the property taxes are not paid within the required 30 days, the tax collector may, during the six-month period following the sale or transfer, levy on and attach any personal property of the person to whom the property was transferred or of the merchant's successor in business. Because of the difficulty of collecting these taxes, this act requires a merchant who transfers or sells a major portion of his inventory, other than in the ordinary course of business, to pay the taxes due or to become due on that property before the sale or transfer. It also gives the tax collector twelve months instead of six months in which to collect unpaid taxes due on the transferred property by levying on property of the person to whom the transfer was made.

LEGISLATIVE PROPOSAL 16

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1987

Short Title: Extend Tax Collection Report Dates. (Public)

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Sponsors: .

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1 A BILL TO BE ENTITLED

2 AN ACT TO EXTEND THE TIME BY WHICH A TAX COLLECTOR MUST MAKE HIS  
3 ANNUAL REPORT AND SETTLEMENT OF PROPERTY TAXES COLLECTED.

4 The General Assembly of North Carolina enacts:

5 Section 1. G.S. 105-373(a)(1) is amended by rewriting  
6 the first sentence of that subdivision to read: "After July 1  
7 and before he is charged with taxes for the current fiscal year,  
8 the tax collector shall make a sworn report to the governing body  
9 of the taxing unit showing:

- 10 a. A list of the persons owning real property whose  
11 taxes for the preceding fiscal year remain unpaid  
12 and the principal amount owed by each person; and  
13 b. A list of the persons not owning real property  
14 whose personal property taxes for the preceding  
15 fiscal year remain unpaid and the principal amount  
16 owed by each person."

1           Sec. 2. G.S. 105-373(a)(3) is amended by deleting the  
2 phrase "On the first Monday of July" in the first sentence of  
3 that subdivision and substituting the phrase "After July 1 and  
4 before he is charged with taxes for the current fiscal year,".

5           Sec. 3. This act is effective upon ratification.



## EXPLANATION OF PROPOSAL 16

AN ACT TO EXTEND THE TIME BY WHICH A TAX COLLECTOR MUST MAKE HIS ANNUAL REPORT AND SETTLEMENT OF PROPERTY TAXES COLLECTED.

This act extends the time by which a tax collector must make his annual report and settlement of property taxes collected. Current law requires each city and county property tax collector to make a tax collection report to the governing body of the taxing unit on or before the third Monday in June. Because the third Monday of June occurs a number of days prior to the end of the tax year (June 30), it may be impossible for tax collectors to give an accurate reporting. Current law also requires the tax collector to make a full settlement on the first Monday in July for the taxes for the previous fiscal year. A more realistic approach is to require a report and settlement after July 1, but before the tax collector is charged with collecting taxes for the current fiscal year. This charge normally is made in late July or early August, prior to the mailing of tax bills. This act therefore changes the date by which the tax collector must make his annual report and settlement from the third Monday in June and the first Monday in July, respectively, to any time before he is charged with collecting taxes for the new fiscal year.



LEGISLATIVE PROPOSAL 17

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1987

Short Title: Five-Year Property Tax Refund.

(Public)

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Sponsors: .

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1 A BILL TO BE ENTITLED

2 AN ACT TO EXTEND THE PERIOD IN WHICH TAXPAYERS MAY BE GRANTED  
3 REFUNDS FOR OVERPAYMENTS OF TAX BASED ON A CLERICAL ERROR OF A  
4 TAX OFFICIAL.

5 The General Assembly of North Carolina enacts:

6 Section 1. G.S. 105-381(a)(3) is rewritten to read:

7 "(3) If the tax has been paid and it was an illegal  
8 tax, a tax levied for an illegal purpose, or a tax levied because  
9 of a clerical error of the taxpayer, the taxpayer may, at any  
10 time within three years after the tax became due or within six  
11 months from the date of payment, whichever occurs later, demand a  
12 refund of the tax paid by submitting to the governing body of the  
13 taxing unit a written statement of his defense and a request for  
14 a refund. If the tax has been paid and it was levied because of  
15 a clerical error of an official of the taxing unit, the taxpayer  
16 may, at any time within five years after the tax became due or

1 within six months from the date of payment, whichever occurs  
2 later, demand a refund of the tax paid by submitting to the  
3 governing body of the taxing unit a written statement of his  
4 defense and a request for a refund."

5                   Sec. 2. This act shall become effective July  
6 1, 1987, and shall apply to requests for releases or refunds of  
7 property tax claims made on or after that date.

EXPLANATION OF PROPOSAL 17

AN ACT TO EXTEND THE PERIOD IN WHICH TAXPAYERS MAY BE GRANTED REFUNDS FOR PAYMENTS OF TAX BASED ON CLERICAL ERROR OF A TAX OFFICIAL.

This act extends the period of time in which certain property tax refunds may be claimed from three years to five years. Under current law tax collectors may release a taxpayer's obligation to make refunds for three reasons:

1. The tax was illegal;
2. The tax was levied for an illegal purpose; or
3. A clerical error was made by tax officials or the taxpayer.

For all three categories, the law specifies that, at the request of the taxpayer, a refund shall be granted if the refund request is made within the three-year period starting from the date the tax became due or within six months of the date the tax is paid, whichever is later. If a taxpayer does not list his property or substantially understates the value of this property, however, and the property or understatement is subsequently discovered by the tax collector, the tax collector can collect the taxes that should have been paid on the property for the previous five years, instead of three years. The tax collector can therefore recover taxes for five years but a taxpayer can only recover taxes paid because of a clerical error for three years.

This act extends the period in which a taxpayer may claim a refund based on a clerical error of a tax official to five years beginning with the due date of the taxes, instead of three years, to match the period for which a taxpayer is liable for taxes on discovered property. Refunds based on a claim of a clerical error by the taxpayer must continue to be made within three years from the due date of the taxes.

LEGISLATIVE PROPOSAL 18

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1987

Short Title: Up Tax Foreclosure Interest/Cost.

(Public)

Sponsors: .

1                                   A BILL TO BE ENTITLED  
2 AN ACT TO INCREASE THE INTEREST RATE APPLICABLE TO IN REM  
3 PROPERTY TAX FORECLOSURES AND TO PERMIT A TAXING UNIT TO  
4 COLLECT ADMINISTRATIVE COSTS INCURRED IN THESE FORECLOSURES.

5 The General Assembly of North Carolina enacts:

6                   Section 1. G.S. 105-375 is amended as follows:

7                   (1) by rewriting the last sentence of subsection (c) to  
8 read:

9                   "All costs of mailing and publication, plus a charge of  
10 fifty dollars (\$50.00) to defray administrative costs, shall be  
11 added to those set forth in subsection (b)."; and

12                   (2) by deleting the phrase "the rate of six percent  
13 (6%) per annum" in subsection (d) and substituting the phrase "an  
14 annual rate of eight percent (8%)".

15                   Sec. 2. This act shall become effective July 1, 1987,  
16 and shall apply to tax liens docketed on or after that date.





## EXPLANATION OF PROPOSAL 18

AN ACT TO INCREASE THE INTEREST RATE APPLICABLE TO IN REM PROPERTY TAX FORECLOSURES AND TO PERMIT A TAXING UNIT TO COLLECT ADMINISTRATIVE COSTS INCURRED IN THESE FORECLOSURES.

This act makes two changes in the current law. It increases the interest rate applicable to in rem foreclosures of real property for failure to pay property taxes, and it allows a taxing unit to add fifty dollars (\$50.00) to the costs collectible by the taxing unit in an in rem foreclosure.

Six months after a tax lien on real property has been advertised, as required by G.S. 105-375, and the taxes underlying the lien remain unpaid, the governing body of a taxing unit may direct the tax collector to file a certificate with the clerk of superior court giving the name of the delinquent taxpayer, the amount of taxes due, and a description of the property subject to the lien. When the clerk of superior court docketed and indexes this certificate, the taxes, including any penalties and interest, become a judgment against the real property, and the property may subsequently be sold at an execution sale. The taxes, penalties, and interest that became a judgment bear interest at an annual rate of 6% from the date the certificate of taxes was docketed until the judgment is satisfied. Because this 6% rate is lower than the 8% legal rate of interest applicable to

other judgments, this act increases the interest rate applicable to overdue taxes that have been docketed as judgments to 8%. The legal rate of interest on judgments was increased from 6% to 8%, effective July 1, 1980.

In an in rem foreclosure proceeding against real property for failure to pay taxes, the taxing unit can recover certain costs of the foreclosure incurred by the taxing unit, such as the court cost of docketing the lien and the cost of mailing and publishing the required notices to the taxpayer whose property is being foreclosed. These costs are recovered when either a foreclosure proceeding is terminated because the taxpayer paid the taxes due, plus the costs incurred by taxing unit, or the property is sold at an execution sale. Although the taxing unit is allowed to recover its direct costs, it is not allowed to recover any amount for the administrative expense involved in making a foreclosure. This act permits a charge of \$50.00 to be added to the costs in an in rem foreclosure proceeding to defray administrative costs of the taxing unit in making a foreclosure.

LEGISLATIVE PROPOSAL 19

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1987

Short Title: Use Value Technical Changes.

(Public)

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Sponsors: .

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1                                   A BILL TO BE ENTITLED  
2 AN ACT TO MAKE TECHNICAL CORRECTIONS TO THE PROPERTY TAX STATUTES  
3 CONCERNING APPRAISAL AT USE VALUE.

4 The General Assembly of North Carolina enacts:

5                   Section 1. G.S. 105-277.2(1), (2), and (3) are amended  
6 as follows:

7                   (1) by inserting between the words "appraised" and "as"  
8 in the second sentences of those subdivisions the words "under  
9 the use-value schedules"; and

10                   (2) by deleting the words "minimum size requirement" in  
11 the third sentences of those subdivisions and substituting the  
12 word "requirements".

13                   Sec. 2. G.S. 105-277.3(a)(1) is amended by rewriting  
14 the first sentence of that subdivision to read:

"Individually owned agricultural land consisting of one or more tracts, one of which consists of at least 10 acres that are in actual production and that, for the three years preceding January 1 of the year for which the benefit of this section is claimed, have produced an average gross income of at least one thousand dollars (\$1,000)."

Sec. 3. G.S. 105-277.3(a)(2) is amended by rewriting the first sentence of that subdivision to read:

"Individually owned horticultural land consisting of one or more tracts, one of which consists of at least five acres that are in actual production and that, for the three years preceding January 1 of the year for which the benefit of this section is claimed, have produced an average gross income of at least one thousand dollars (\$1,000)."

Sec. 4. G.S. 105-277.3(a)(3) is rewritten to read:

"(3) Individually owned forestland consisting of one or more tracts, one of which consists of at least 20 acres that are in actual production and are not included in a farm unit."

Sec. 5. G.S. 105-277.3(b) is amended in the last sentence of that subsection by deleting the words "the surviving spouse or children" and substituting the words "a relative of the decedent".

Sec. 6. Chapter 667 of the 1985 Session Laws is amended by inserting a new section between Sections 6.1 and 7 to read:

"Sec. 6.2. If property loses its eligibility for use-value classification because of the amendments made by Section 2 of

1 this act, no deferred taxes are due on the property and the lien  
2 for the deferred taxes that would otherwise be payable is  
3 extinguished."

4           Sec. 7. This act is effective upon ratification.



## EXPLANATION OF PROPOSAL 19

AN ACT TO MAKE TECHNICAL CORRECTIONS TO THE PROPERTY TAX STATUTES CONCERNING APPRAISAL AT USE VALUE.

This act clarifies the changes made by Chapters 628 and 667 of the 1985 Session Laws to the property tax statutes concerning the appraisal of property at use value. Chapter 628 made the ability of land to produce income the sole determinant of the value of classified farmland, horticultural land, and forestland. Chapter 667 modified the requirements for land to qualify for appraisal at use value. With the implementation of these acts, several questions have arisen that this bill answers.

Section 1. This section makes technical changes to the definitions of agricultural land, horticultural land, and forestland. It clarifies that woodland and wasteland that is part of a farm unit, a horticultural unit, or a forest unit is to be appraised under the use value schedules instead of the market value schedules. In addition, it deletes a reference in these definitions to the minimum size requirement for classified farmland, horticultural land, and forestland and refers instead to all the requirements for classified land. To be classified for use value, land must not only consist of a specified number of acres, but it must also produce a specified average annual income.

Sections 2 - 4. These sections clarify the minimum size requirement for farmland, horticultural land, and forestland that is classified at use value. It makes clear that although a farm unit, horticultural unit, or forest unit may consist of two or more non-contiguous tracts, at least one of the tracts must itself meet the minimum size requirement and the income test. The present statute can be interpreted to permit a property owner to claim that his property meets the minimum size and income requirements even though none of the non-contiguous tracts he owns meets these requirements. This change conforms the statute to the intent of Chapter 628.

Section 5. This section conforms the provisions concerning the continued eligibility for use value appraisal of classified land transferred upon the death of the owner to the changes made by Chapter 667 to the ownership requirements for initial classification at use value. Chapter 667 intended to change all references to the "surviving spouse and children" to "relative". Failure to change these references to the spouse and children in this section was an oversight.

Section 6. This section ensures that no property owner will be asked to pay deferred taxes on land that lost its use-value classification because of changes made by Chapter 667. Section 2 of that Chapter changed the requirements for land classified for appraisal at use value. Although no county has attempted to collect deferred taxes in this circumstance, the counties are not specifically relieved of the duty to collect the deferred taxes.



This section therefore provides statutory authority for not collecting deferred taxes on property that lost its use-value classification as a result of the changes made in Chapter 667.

Section 7. This section specifies the effective date of the act. Because the act makes technical changes only, it is effective upon ratification.



LEGISLATIVE PROPOSAL 20

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1987

Short Title: Tax Lessee of Govt. Property. (Public)

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Sponsors:

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1                                   A BILL TO BE ENTITLED  
2 AN ACT TO TAX LESSEES AND USERS OF PROPERTY OWNED BY THE UNITED  
3 STATES, THE STATE, OR ITS POLITICAL SUBDIVISIONS AND USED BY  
4 THE LESSEES OR USERS FOR PRIVATE BUSINESS PURPOSES.

5 The General Assembly of North Carolina enacts:

6                   Section 1.   Article 12A of Chapter 105 of the  
7                   General Statutes is rewritten to read:

8                                   "Article 12A.

9                   "Taxation of Lessees and Users of Governmentally-owned  
10                   Real and Tangible Personal Property.

11                   "§ 105-282.7.   Taxation of lessees and users of  
12 governmentally-owned real and tangible personal property.--

13 (a)Tax.   Except as provided in subsection (b), a person who, for  
14 private business purposes, leases, rents, uses, or occupies real  
15 or tangible personal property owned by the United States, the  
16 State, or a political subdivision of the State is subject to  
17 taxation to the same extent as if that person owned the property.

- 1 (b) Exceptions. This section does not apply to:
- 2 (1) Property for which the lessee or user is
- 3 required by law or contractual agreement to
- 4 make payments in lieu of taxes in amounts
- 5 equal to the amount of tax that would be
- 6 lawfully assessed if the property were not
- 7 exempt from taxation;
- 8 (2) Property within a public airport that is:
- 9 a. Occupied by an airline company, as
- 10 defined by G.S. 105-33(1), and used by it
- 11 in connection with the air transportation
- 12 of persons or property;
- 13 b. Occupied and used by a fixed-base
- 14 operator providing aviation services to
- 15 the public;
- 16 c. Occupied by a motor vehicle rental
- 17 agency; or
- 18 d. Occupied by a person engaged primarily in
- 19 the business of providing food services
- 20 to travelers at the airport;
- 21 (3) Property within the boundaries of an
- 22 installation of the State Ports Authority that
- 23 is leased by a person engaged in the maritime
- 24 transportation of persons or property and used
- 25 in connection with the maritime transportation
- 26 of persons or property;

- 1           (4) Property used on a short-term basis as a part  
2           of or in conjunction with a State, county, or  
3           community fair, a farmer's market, or a  
4           similar activity;
- 5           (5) Property made available to a person without  
6           rent or other compensation solely for the  
7           purpose of performing one of the functions of  
8           the governmental owner;
- 9           (6) Property provided as housing for faculty,  
10          staff, students, or guests at an educational  
11          institution;
- 12          (7) Property that would qualify for exemption or  
13          exclusion if the lessee or user owned the  
14          property;
- 15          (8) Property leased, rented, used, or occupied by  
16          a public service company, as defined in G.S.  
17          105-333(14);
- 18          (9) Property at a public hospital, and property  
19          that is within three miles of a public  
20          hospital and is occupied by a provider of  
21          medical care; and
- 22          (10) Vending facilities operated by a visually  
23          handicapped person pursuant to a contract with  
24          the Division of Services for the Blind,  
25          Department of Human Resources.

1 (c) Purpose. Taxes assessed pursuant to this Article  
2 are levied on the privilege of leasing or otherwise using  
3 governmentally-owned property for private business purposes. The  
4 purpose of the taxes is to eliminate the competitive advantage  
5 accruing from the use of governmentally-owned property for  
6 private business purposes.

7 "§ 105-282.8. Listing, assessment, and collection.

8 --Except as provided in this section, property subject to this  
9 Article shall be listed, assessed, and taxed, and taxes levied on  
10 this property shall be collected in the same manner and to the  
11 same extent as if the lessee or user owned the property. Taxes  
12 assessed pursuant to this Article do not constitute a lien on  
13 governmentally-owned real property, and governmentally-owned  
14 tangible personal property is not subject to levy and sale to  
15 satisfy these taxes. Otherwise, all remedies and procedures  
16 provided by this Subchapter for the collection of property taxes  
17 apply."

18 Sec. 2. This act shall become effective for  
19 taxable years beginning on or after January 1, 1988.

## EXPLANATION OF PROPOSAL 20

AN ACT TO TAX LESSEES AND USERS OF PROPERTY OWNED BY THE UNITED STATES, THE STATE, OR ITS POLITICAL SUBDIVISIONS AND USED BY THE LESSEES OR USERS FOR PRIVATE BUSINESS PURPOSES.

For decades there has been some question as to whether federal, state, or local government property that is leased to an individual or business that uses the property for a private purpose is taxable. The Federal preeminence rule prevents the taxation of federal property. Article V, Section 2(3) of the North Carolina Constitution exempts state and local government property. While it is clear that state or local property used for a public purpose is exempt, there have been a number of State Supreme Court cases over the years that have tried to answer the question of whether such property used for private purposes is exempt. The decisions have vacillated from one extreme to the other. In the most recent decision (In re University of North Carolina, 1980), the Court ruled that all state and local government property is exempt regardless of use.

The 1980 decision had major consequences on counties that have large amounts of state-owned property leased to private concerns who use the property for private purposes. There has been much sentiment expressed by the members of the General

Assembly that such property should be taxed. Actually, under current law counties and cities can tax the leasehold interest created when the state leases land or buildings for an amount below the market rate. The problem for the county tax assessor is that the unique nature of the property makes it impossible to find comparable property from which market rental data can be obtained.

The 1981 General Assembly attempted to deal with this problem by enacting legislation that followed a method that has been declared legal in the courts of other states. Under this legislation, any person or business leasing federal, state or local government property and using the property for private purposes is subject for the property tax on the leased property. The 1981 legislation originally was intended to apply to all such public property, but during legislative debate it was noted that the language would tax property leased by private companies but used for public purposes. The prime example would be public airport property that is occupied by an airline company. The discussion of the bill came up late in the 1981 session and there was not enough time to resolve the problem satisfactorily. Realizing the effect on certain counties of the exemption of leased agricultural and forestland, the General Assembly enacted a bill that taxes a lessee of governmentally-owned agricultural and forestland, who uses the property for a private purpose, as if he owned the property.



The 1981-82 study commission recommended a proposal that would go back to the original 1981 session legislation. The bill encompassing this proposal was introduced during 1983. A number of representatives of businesses that lease state and local property objected to the bill on the grounds that their operations were "in the public interest" and that in some cases governmental units had adopted special incentives to encourage the growth and expansion of such operations. Thus, a number of exemptions were added to the bill in a subcommittee of the House Finance Committee.

In its report to the 1985 General Assembly, the Property Tax System Study Committee reviewed the history of the legislation and decided to recommend the final version of the 1983 legislation, with the addition of exemptions for vending facilities operated by the visually handicapped, property at a public hospital, medical office buildings located within three miles of a public hospital, car rental agencies and restaurants at airports, and property of public service companies. This proposal was introduced during the 1985 Session as House Bill 410, but was postponed indefinitely.

The current Property Tax System Study Committee recommends essentially the same proposal to the 1987 General Assembly with one exception. This new proposal deletes from the list of exempt property, property leased under a contractual agreement made prior to July 1, 1985, in which the owner has agreed to pay any ad valorem taxes that may be lawfully assessed against the

property. The Committee felt that such contractual matters should not be dealt with by statute.

## PART XI. -----PROPERTY TAX SYSTEM STUDY COMMITTEE.

Sec. 12.1. Study committee established; membership. There is established a Property Tax System Study Committee. The Committee shall consist of 16 members who are legislators at the time of their appointment and six other members as provided below. The President of the Senate shall appoint eight members of the Senate, and the Speaker of the House shall appoint eight members of the House of Representatives to serve on the Committee. To aid the Committee in its study of the property tax system, six additional members shall be appointed as follows: the Speaker of the House shall appoint three members, one of whom is a county commissioner, one a county tax official, and one a citizen representing the public at large; and the President of the Senate shall appoint three members, one of whom is a county commissioner, one an elected municipal official, and one a citizen representing the public at large. All appointments shall be made in time for the Committee to begin its work by September 15, 1985. The Speaker and President of the Senate shall jointly call the first meeting to be held on a date no later than September 15, 1985.

Sec. 12.2. Selection of cochairmen; vacancies. The President of the Senate and the Speaker of the House of Representatives shall each designate one of the legislative members appointed by them as cochairman. Original members appointed to the Committee shall serve until the Committee makes its final report. Vacancies on the Committee shall be filled in the same manner as the original appointments were made.

Sec. 12.3. Subject of study. The Committee shall make a detailed and comprehensive study of the efficiency, effectiveness, and fairness of the property tax system in North Carolina. The Committee shall examine all classes of property comprising the property tax base; all exemptions, exclusions, and preferential classifications; and the valuation of public service company property to determine whether the property tax system is just and equitable in taxing the citizens of the State. The Committee shall review current procedures for listing and collecting taxes on personal and real property to determine how to increase the efficiency and equity of these procedures. The Committee shall examine the octennial revaluation system and evaluate the feasibility of any programs that would aid the counties in conducting more frequent revaluations.

Sec. 12.4. Reports; termination. On or before March 1, 1987, the Committee shall submit a final written report of its recommendations to the General Assembly by filing the report with the Speaker of the House and President of the Senate. If legislation is recommended, the Committee shall submit appropriate bills with its report. The Committee shall terminate upon filing its final report.

Sec. 12.5. Staffing. The Committee shall consult with tax officials in State and local government. With the prior approval of the Legislative Services Commission, the Committee may obtain clerical and professional assistance from the Legislative Services Office. The Committee may also obtain assistance from the Department of Revenue.

Sec. 12.6. Meeting place. With the prior approval of the Legislative Services Commission, the Committee shall meet in the State Legislative Building or in the Legislative Office Building.

Sec. 12.7. Members' reimbursement. Committee members who are legislators when appointed shall be paid subsistence and travel allowances at the rates established for members of the General Assembly in G.S. 120-3.1. Other Committee members shall be paid subsistence and travel allowances at the rates established in G.S. 138-5.

Sec. 12.8. Funding. The expenses of the Committee shall be paid from funds collected by the Department of Revenue under Article 7, Chapter 105 of the General Statutes. The funds so expended shall be deducted as in G. S. 105-213(a) for the costs of administering the intangibles tax. Committee expenses shall be limited to a maximum of seventy-five thousand dollars (\$75,000).

PROPERTY TAX SYSTEM STUDY COMMITTEE - 1985-86

MEMBERSHIP

Representative Joe Mavretic, Cochairman  
Tarboro, North Carolina

Senator Richard Conder, Cochairman  
Rockingham, North Carolina

Senator Harold W. Hardison  
Deep Run, North Carolina

Senator Ralph A. Hunt  
Durham, North Carolina

Senator James C. Johnson, Jr.  
Concord, North Carolina

Senator R. L. Martin  
Bethel, North Carolina

Senator Aaron W. Plyler  
Monroe, North Carolina

Senator James D. Speed  
Louisburg, North Carolina

Senator R. P. "Bo" Thomas  
Hendersonville, North Carolina

Representative L. M. "Mutt" Brinkley  
Ahoskie, North Carolina

Representative C. R. Edwards  
Fayetteville, North Carolina

Representative Joe Hudson  
Monroe, North Carolina

Representative Robert McAlister  
Ruffin, North Carolina

Representative Wendell Murphy  
Rose Hill, North Carolina

Representative David Redwine  
Shallotte, North Carolina

Representative Ed Warren  
Greenville, North Carolina

PUBLIC MEMBERS

Mr. Charles Barham, Sr. Vice-President  
Carolina Power and Light Company  
Raleigh, North Carolina

Mr. Lonnie Bost, Tax Supervisor  
Wake County  
Raleigh, North Carolina

Mr. Wayne Hooper, County Manager  
Jackson County  
Sylva, North Carolina

Mrs. Mary Jarrell  
High Point, North Carolina

Mrs. Dorothy Kearns, County Commissioner  
Guilford County  
Greensboro, North Carolina

The Hon. Roy Maness  
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Shirley Phillips, Clerk  
Property Tax System Study Committee  
N. C. General Assembly

PERSONS MAKING PRESENTATIONS BEFORE THE COMMITTEE

Mr. Bill Campbell  
The Institute of Government  
Chapel Hill, North Carolina

Mr. Charles Neely, Attorney at Law  
N. C. Railroad Association

Ms. Nancy Rendleman, Attorney at Law  
N. C. Railroad Association

Mr. Ron Aycock, Executive Director  
North Carolina Association of County Commissioners

Mr. James B. Blackburn, III, Staff Counsel  
North Carolina Association of County Commissioners

Mr. Ed Regan, Counsel  
North Carolina Association of County Commissioners

Mr. Leigh Wilson, Executive Director  
North Carolina League of Municipalities

Mr. Fred Baggett, Counsel  
North Carolina League of Municipalities

Ms. Laura L. Kranifeld, Counsel  
North Carolina League of Municipalities

Mr. Ellis Hankins  
North Carolina League of Municipalities

Mr. Curtis West  
Assessment Analysis Associates, Inc.

Ms. Anne Fratzke  
North Carolina Farm Bureau Federation

Mr. Bill Rustin  
North Carolina Merchants Association

Mrs. Jane S. Sharpe  
North Carolina Consumers Council

Mr. R. B. Shipley  
Raleigh, North Carolina

Mr. Roger Cotten  
N. C. Tax Supervisors Association

Mr. Harvey Pardue  
N. C. Tax Collectors Association

Dr. Ronald Bird, Chairman  
Department of Business and Economics  
Meredith College

Ms. Charlotte Ashcraft  
Fiscal Research Division

William Hiatt, Commissioner  
Division of Motor Vehicles  
Department of Transportation

Mr. James E. Rhodes, Director  
Vehicle Registration Section  
Division of Motor Vehicles

Mr. John Stillwell  
N. C. License Plate Agencies  
High Point, North Carolina

Mr. J. D. Foust, Director  
Local Government Commission

Mr. John V. Witherspoon, County Manager  
Guilford County  
Greensboro, North Carolina

Mr. Samuel H. Johnson, Attorney at Law  
N. C. Automobile Dealers Association

Mr. B. Wade Isaacs, Executive Vice-President  
N. C. Automobile Dealers Association

Mr. George Boylan  
Special Deputy Attorney General





