

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1999

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SENATE BILL 73*

Short Title: Make Farmland Use Value Accurate.

(Public)

Sponsors: Senators Hartsell, Cochrane, Dalton, Hoyle, Kerr, and Webster.

Referred to: Finance.

February 15, 1999

A BILL TO BE ENTITLED

1 AN ACT TO UPDATE THE METHOD FOR DETERMINING THE PRESENT-USE
2 VALUE OF AGRICULTURAL AND HORTICULTURAL LAND TO MORE
3 ACCURATELY REFLECT ITS VALUE AS FARMLAND.
4

5 The General Assembly of North Carolina enacts:

6 Section 1. G.S. 105-277.2(5) reads as rewritten:

7 "(5) Present-use value. – The value of agricultural or horticultural land ~~in its~~
8 ~~current use as agricultural land, horticultural land, or forestland, based~~
9 ~~solely on its ability to produce income, using a rate of nine percent (9%)~~
10 ~~to capitalize the expected net income of the property and assuming an~~
11 ~~average level of management. when cash rents are capitalized at five~~
12 ~~percent (5%). The value of forestland when expected net income is~~
13 ~~capitalized at nine percent (9%)."~~

14 Section 2. G.S. 105-289(a)(5) reads as rewritten:

15 "(5) To prepare and distribute annually to each assessor a manual that
16 establishes all of the following:

- 17 a. The cash rents for agricultural and horticultural land. The Use
18 Value Advisory Board must determine cash rents for agricultural
19 and horticultural land by conducting a survey of cash rents at
20 least once every three years.

- 1 b. The expected net income for forestland.
2 c. A value for nonproductive land equal to twenty-five percent
3 (25%) of the lowest present-use value established for productive
4 land or fifty dollars (\$50.00) per acre, whichever is less.

5 ~~five expected net income per acre ranges for agricultural land,~~
6 ~~horticultural land, and forestland, and establishes a method for~~
7 ~~appraising nonproductive land as a percentage of the lowest use value~~
8 ~~established for productive land. The high and low net income amount in~~
9 ~~each range may differ by no more than fifteen dollars (\$15.00). The~~
10 ~~basis for establishing each range shall be soil productivity.~~

11 ~~For agricultural land, the expected net income per acre ranges~~
12 ~~shall be based on the actual yields and prices of corn and~~
13 ~~soybeans over a period of at least the five previous years, and the~~
14 ~~actual fixed and variable costs, including an imputed~~
15 ~~management cost, incurred in growing corn and soybeans over~~
16 ~~the same period of time. The manual shall contain recommended~~
17 ~~adjustments to the net income per acre ranges for the growing of~~
18 ~~crops subject to acreage or poundage allotments.~~

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

23 Section 3. This act becomes effective July 1, 2001, and applies to schedules
24 of values, standards, and rules adopted pursuant to G.S. 105-317 for use for tax years
25 beginning on or after that date.