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SENATE BILL 1309
Finance Committee Substitute Adopted 7/30/07
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Short Title: Fairness in PT Values/Lien on Mobile Home.

(Public)

Sponsors:

Referred to:

March 26, 2007

A BILL TO BE ENTITLED

AN ACT RELATING TO PROPERTY TAX VALUATION OF LOW AND MODERATE INCOME HOUSING, TO REDUCE THE DISCREPANCY BETWEEN THE PROPERTY TAX VALUE OF PROPERTY AND ITS MARKET VALUE AND TO TREAT MOBILE HOMES THE SAME AS OTHER HOMES WITH RESPECT TO PROPERTY TAX LIENS.

The General Assembly of North Carolina enacts:

SECTION 0.9. G.S. 105-283 reads as rewritten:

"§ 105-283. **Uniform appraisal standards.**

(a) All property, real and personal, shall as far as practicable be appraised or valued at its true value in money. When used in this Subchapter, the words "true value" shall be interpreted as meaning market value, that is, the price estimated in terms of money at which the property would change hands between a willing and financially able buyer and a willing seller, neither being under any compulsion to buy or to sell and both having reasonable knowledge of all the uses to which the property is adapted and for which it is capable of being used. For the purposes of this section, the acquisition of an interest in land by an entity having the power of eminent domain with respect to the interest acquired shall not be considered competent evidence of the true value in money of comparable land.

(b) Property that meets all of the conditions provided in this subsection is designated a special class of property pursuant to Section 2(2) of Article V of the North Carolina Constitution and shall be appraised as provided in this subsection. In the case of real property that meets all of the following conditions, the effect of rent restrictions and income restrictions on the true value of the property shall be taken into account for purposes of valuation under this Subchapter:

(1) The property is subject to restriction on the income eligibility of tenants to whom it is leased or on the rents that may be charged

1 pursuant to any State or federal government program providing for tax
2 incentives, grants, interest subsidies, or loans.

3 (2) The property is in compliance with the terms, covenants, and
4 conditions of such State or federal government program.

5 In addition, the value of the tax incentives, grants, interest subsidies, or loans
6 provided to the property or the owner of the property shall be ignored for purposes of
7 valuation under this Subchapter."

8 **SECTION 1.** G.S. 105-286 reads as rewritten:

9 **"§ 105-286. Time for general reappraisal of real property.**

10 (a) ~~Oetennial~~Quadrennial Plan. – Unless the date shall be ~~advanced~~postponed as
11 provided in subdivision (a)(2), below, each county of the State, as of January 1 of the
12 year prescribed in the schedule set out in subdivision (a)(1), below, and every ~~eight~~
13 fourth year thereafter, shall reappraise all real property in accordance with the
14 provisions of G.S. 105-283 and 105-317.

15 (1) Schedule of Initial Reappraisals. –

16 Division One – 1972: Avery, Camden, Cherokee, Cleveland,
17 Cumberland, Guilford, Harnett, Haywood, Lee, Montgomery,
18 Northampton, and Robeson.

19 Division Two – 1973: Caldwell, Carteret, Columbus, Currituck,
20 Davidson, Gaston, Greene, Hyde, Lenoir, Madison, Orange, Pamlico,
21 Pitt, Richmond, Swain, Transylvania, and Washington.

22 Division Three – 1974: Ashe, Buncombe, Chowan, Franklin,
23 Henderson, Hoke, Jones, Pasquotank, Rowan, and Stokes.

24 Division Four – 1975: Alleghany, Bladen, Brunswick, Cabarrus,
25 Catawba, Dare, Halifax, Macon, New Hanover, Surry, Tyrrell, and
26 Yadkin.

27 Division Five – 1976: Bertie, Caswell, Forsyth, Iredell, Jackson,
28 Lincoln, Onslow, Person, Perquimans, Rutherford, Union, Vance,
29 Wake, Wilson, and Yancey.

30 Division Six – 1977: Alamance, Durham, Edgecombe, Gates,
31 Martin, Mitchell, Nash, Polk, Randolph, Stanly, Warren, and Wilkes.

32 Division Seven – 1978: Alexander, Anson, Beaufort, Clay, Craven,
33 Davie, Duplin, and Granville.

34 Division Eight – 1979: Burke, Chatham, Graham, Hertford,
35 Johnston, McDowell, Mecklenburg, Moore, Pender, Rockingham,
36 Sampson, Scotland, Watauga, and Wayne.

37 (2) ~~Advancing Scheduled Oetennial Reappraisal.~~—Any county desiring to
38 ~~conduct a reappraisal of real property earlier than required by this~~
39 ~~subsection (a) may do so upon adoption by the board of county~~
40 ~~commissioners of a resolution so providing. A copy of any such~~
41 ~~resolution shall be forwarded promptly to the Department of Revenue.~~
42 ~~If the scheduled date for reappraisal for any county is advanced as~~
43 ~~provided herein, real property in that county shall thereafter be~~
44 ~~reappraised every eighth year following the advanced date unless, in~~

1 accordance with the provisions of this subdivision (a)(2), an earlier
2 date shall be adopted by resolution of the board of county
3 commissioners, in which event a new schedule of octennial
4 reappraisals shall thereby be established for that county. Postponing
5 Scheduled Quadrennial Reappraisal. – If, at the time for reappraisal of
6 real property as required by subsection (a), the sales assessment ratio
7 defined in G.S. 105-289(h) exceeds .90 for a county, that county may
8 postpone a reappraisal of real property upon adoption by the board of
9 county commissioners of a resolution until the time for the next
10 subsequent reappraisal of real property as required by subsection (a)
11 for that county. A county passing a resolution under this subsection
12 shall promptly submit a copy to the Department of Revenue.

13 (b) ~~Fourth Year Horizontal Adjustments.~~ – As of January 1 of the fourth year
14 following a reappraisal of real property conducted under the provisions of subsection
15 (a), above, each county shall review the appraised values of all real property and
16 determine whether changes should be made to bring those values into line with then
17 current true value. If it is determined that the appraised value of all real property or of
18 defined types or categories of real property require such adjustment, the assessor shall
19 revise the values accordingly by horizontal adjustments rather than by actual appraisal
20 of individual properties: That is, by uniform application of percentages of increase or
21 reduction to the appraised values of properties within defined types or categories or
22 within defined geographic areas of the county.

23 (c) Value to Be Assigned Real Property When Not Subject to Appraisal. – In
24 years in which real property within a county is not subject to reappraisal under
25 subsections (a) or (b), subsection (a), above, or under G.S. 105-287, it shall be listed at
26 the value assigned when last appraised under this section or under G.S. 105-287."

27 **SECTION 2.** G.S. 105-287 reads as rewritten:

28 "**§ 105-287. Changing appraised value of real property in years in which general**
29 **reappraisal or horizontal adjustment is not made.**

30 (a) In a year in which a general reappraisal ~~or horizontal adjustment~~ of real
31 property in the county is not made, the assessor shall increase or decrease the appraised
32 value of real property, as determined under G.S. 105-286, ~~to recognize a change in the~~
33 ~~property's value resulting from one or more of the reasons listed in this subsection. The~~
34 ~~reason necessitating a change in the property's value need not be under the control of or~~
35 ~~at the request of the owner of the affected property to accomplish any one or more of~~
36 the following:

- 37 (1) Correct a clerical or mathematical error.
38 (2) Correct an appraisal error resulting from a misapplication of the
39 schedules, standards, and rules used in the county's most recent general
40 ~~reappraisal or horizontal adjustment.~~ reappraisal.
41 (2a) Recognize an increase or decrease in the value of the property
42 resulting from a conservation or preservation agreement subject to
43 Article 4 of Chapter 121 of the General Statutes, the Conservation and
44 Historic Preservation Agreements Act.

1 (2b) ~~Recognize an increase or decrease in the value of the property~~
2 ~~resulting from a physical change to the land or to the improvements on~~
3 ~~the land, other than a change listed in subsection (b) of this~~
4 ~~section.~~Recognize a change in whether the property meets the
5 ~~conditions of G.S. 105-283(b).~~

6 (2c) ~~Recognize an increase or decrease in the value of the property~~
7 ~~resulting from a change in the legally permitted use of the property.~~

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

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

14 (1) Normal, physical depreciation of improvements;

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

17 (3) Betterments to the property made by:

18 a. Repainting buildings or other structures;

19 b. Terracing or other methods of soil conservation;

20 c. Landscape gardening;

21 d. Protecting forests against fire; or

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

24 (c) An increase or decrease in the appraised value of real property authorized by
25 this section shall be made in accordance with the schedules, standards, and rules used in
26 the county's most recent general ~~reappraisal or horizontal adjustment~~reappraisal. An
27 increase or decrease in appraised value made under this section is effective as of
28 January 1 of the year in which it is made and is not retroactive. This section does not
29 modify or restrict the provisions of G.S. 105-312 concerning the appraisal of discovered
30 property.

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

37 **SECTION 3.** G.S. 105-355 reads as rewritten:

38 "**§ 105-355. Creation of tax lien; date as of which lien attaches.**

39 (a) Lien on Real Property. – Regardless of the time at which liability for a tax for
40 a given fiscal year may arise or the exact amount thereof be determined, the lien for
41 taxes levied on a parcel of real property shall attach to the parcel taxed on the date as of
42 which property is to be listed under G.S. 105-285, and the lien for taxes levied on
43 personal property shall attach to all real property of the taxpayer in the taxing unit on
44 the same date. All penalties, interest, and costs allowed by law shall be added to the

1 amount of the lien and shall be regarded as attaching at the same time as the lien for the
2 principal amount of the taxes. For purposes of this subsection (a):

3 (1) Taxes levied on real property listed in the name of a life tenant under
4 G.S. 105-302 (c)(8) shall be a lien on the fee as well as the life estate.

5 (2) Taxes levied on improvements on or separate rights in real property
6 owned by one other than the owner of the land, whether or not listed
7 separately from the land under G.S. 105-302 (c)(11), shall be a lien on
8 both the improvements or rights and on the land.

9 (b) Lien on Mobile Home Listed as Personal Property. – The lien for taxes levied
10 on a mobile home listed as personal property shall attach to the mobile home and to all
11 real property of the taxpayer in the taxing unit on the date as of which property is to be
12 listed under G.S. 105-285.

13 ~~(b)~~(c) Lien on Personal Property. – Taxes levied on real and personal property
14 (including penalties, interest, and costs allowed by law) shall be a lien on personal
15 property from and after levy or attachment and garnishment of the personal property
16 levied upon or attached."

17 **SECTION 4.** This act is effective for taxes imposed for taxable years
18 beginning on or after July 1, 2008. The reappraisal schedule in G.S. 105-286,
19 determined without regard to the amendment to that statute made by Section 1 of this
20 act, applies to a county until the county conducts its next general reappraisal. When a
21 county conducts its next general reappraisal, the schedule in G.S. 105-286, as amended
22 by Section 1 of this act, applies to that county.