

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2013

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SENATE BILL 508

Short Title: Eliminate Initial Ownership Req. For PUV. (Public)

Sponsors: Senators Jackson, Brock (Primary Sponsors); and Meredith.

Referred to: Finance.

March 28, 2013

1 A BILL TO BE ENTITLED
2 AN ACT TO ELIMINATE THE REQUIREMENTS FOR PRESENT-USE VALUE
3 PROPERTY THAT RELATE TO INITIAL LENGTH OF OWNERSHIP.

4 The General Assembly of North Carolina enacts:

5 **SECTION 1.** G.S. 105-277.3 reads as rewritten:

6 "**§ 105-277.3. Agricultural, horticultural, and forestland – Classifications.**

7 (a) Classes Defined. – The following classes of property are designated special classes
8 of property under authority of Section 2(2) of Article V of the North Carolina Constitution and
9 must be appraised, assessed, and taxed as provided in G.S. 105-277.2 through G.S. 105-277.7.

10 (1) Agricultural land. – Individually owned agricultural land consisting of one
11 or more tracts, one of which satisfies the requirements of this subdivision.
12 For agricultural land used as a farm for aquatic species, as defined in
13 G.S. 106-758, the tract must meet the income requirement for agricultural
14 land and must consist of at least five acres in actual production or produce at
15 least 20,000 pounds of aquatic species for commercial sale annually,
16 regardless of acreage. For all other agricultural land, the tract must meet the
17 income requirement for agricultural land and must consist of at least 10 acres
18 that are in actual production. Land in actual production includes land under
19 improvements used in the commercial production or growing of crops,
20 plants, or animals.

21 To meet the income requirement, agricultural land must, for the three
22 years preceding January 1 of the year for which the benefit of this section is
23 claimed, have produced an average gross income of at least one thousand
24 dollars (\$1,000). Gross income includes income from the sale of the
25 agricultural products produced from the land, any payments received under a
26 governmental soil conservation or land retirement program, and the amount
27 paid to the taxpayer during the taxable year pursuant to P.L. 108-357, Title
28 VI, Fair and Equitable Tobacco Reform Act of 2004.

29 (2) Horticultural land. – Individually owned horticultural land consisting of one
30 or more tracts, one of which consists of at least five acres that are in actual
31 production and that, for the three years preceding January 1 of the year for
32 which the benefit of this section is claimed, have met the applicable
33 minimum gross income requirement. Land in actual production includes land
34 under improvements used in the commercial production or growing of fruits
35 or vegetables or nursery or floral products. Land that has been used to
36 produce evergreens intended for use as Christmas trees must have met the



1 minimum gross income requirements established by the Department of
2 Revenue for the land. All other horticultural land must have produced an
3 average gross income of at least one thousand dollars (\$1,000). Gross
4 income includes income from the sale of the horticultural products produced
5 from the land and any payments received under a governmental soil
6 conservation or land retirement program.

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

10 (b) ~~Individual Ownership Requirements.~~— ~~In order to come within a classification~~
11 ~~described in subsection (a) of this section, land owned by an individual must also satisfy one of~~
12 ~~the following conditions:~~

- 13 (1) ~~It is the owner's place of residence.~~
14 (2) ~~It has been owned by the current owner or a relative of the current owner for~~
15 ~~the four years preceding January 1 of the year for which the benefit of this~~
16 ~~section is claimed.~~
17 (3) ~~At the time of transfer to the current owner, it qualified for classification in~~
18 ~~the hands of a business entity or trust that transferred the land to the current~~
19 ~~owner who was a member of the business entity or a beneficiary of the trust,~~
20 ~~as appropriate.~~

21 (b1) ~~Entity Ownership Requirements.~~— ~~In order to come within a classification described~~
22 ~~in subsection (a) of this section, land owned by a business entity must meet the requirements of~~
23 ~~subdivision (1) of this subsection and land owned by a trust must meet the requirements of~~
24 ~~subdivision (2) of this subsection.~~

- 25 (1) ~~Land owned by a business entity must have been owned by one or more of~~
26 ~~the following for the four years immediately preceding January 1 of the year~~
27 ~~for which the benefit of this section is claimed:~~
28 a. ~~The business entity.~~
29 b. ~~A member of the business entity.~~
30 c. ~~Another business entity whose members include a member of the~~
31 ~~business entity that currently owns the land.~~
32 (2) ~~Land owned by a trust must have been owned by the trust or by one or more~~
33 ~~of its creators for the four years immediately preceding January 1 of the year~~
34 ~~for which the benefit of this section is claimed.~~

35 (b2) ~~Exceptions to Ownership Requirements.~~— ~~Notwithstanding the provisions of~~
36 ~~subsections (b) and (b1) of this section, land may qualify for classification in the hands of the~~
37 ~~new owner if all of the conditions listed in either subdivision of this subsection are met, even if~~
38 ~~the new owner does not meet all of the ownership requirements of subsections (b) and (b1) of~~
39 ~~this section with respect to the land.~~

- 40 (1) ~~Continued use.~~Use Exception. – If the land qualifies for classification in the
41 hands of the new owner under the provisions of this subdivision, then any
42 deferred taxes remain a lien on the land under G.S. 105-277.4(c), the new
43 owner becomes liable for the deferred taxes, and the deferred taxes become
44 payable if the land fails to meet any other condition or requirement for
45 classification. Land qualifies for classification in the hands of the new owner
46 if all of the following conditions are met:

- 47 a.(1) The land was appraised at its present use value at the time title to the
48 land passed to the new owner.
49 b.(2) The new owner acquires the land and continues to use the land for
50 the purpose for which it was classified under subsection (a) of this
51 section while under previous ownership.

1 e-(3) The new owner has timely filed an application as required by
2 G.S. 105-277.4(a) and has certified that the new owner accepts
3 liability for any deferred taxes and intends to continue the present use
4 of the land.

5 (2) ~~Expansion of existing unit. Land qualifies for classification in the hands of~~
6 ~~the new owner if, at the time title passed to the new owner, the land was not~~
7 ~~appraised at its present use value but was being used for the same purpose~~
8 ~~and was eligible for appraisal at its present use value as other land already~~
9 ~~owned by the new owner and classified under subsection (a) of this section.~~
10 ~~The new owner must timely file an application as required by~~
11 ~~G.S. 105-277.4(a).~~

12 "

13 **SECTION 2.** This act is effective for taxes imposed for taxable years beginning on
14 or after July 1, 2013.