

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2015**

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HOUSE BILL 914

Short Title: Farmland Preservation Funding. (Public)

Sponsors: Representatives Queen, C. Graham, and Waddell (Primary Sponsors).
For a complete list of Sponsors, refer to the North Carolina General Assembly Web Site.

Referred to: Finance.

April 20, 2015

1 A BILL TO BE ENTITLED
2 AN ACT TO PROVIDE ADDITIONAL FUNDING FOR THE PRESERVATION OF
3 NORTH CAROLINA FARMLAND.

4 Whereas, the Agricultural Development and Farmland Preservation Trust Fund was
5 created by the General Assembly in 2005 in order to encourage the preservation of agricultural,
6 horticultural, and forest lands to foster the growth, development, and sustainability of family
7 farms; and

8 Whereas, since its creation, the Agricultural Development and Farmland
9 Preservation Trust Fund has issued grants of nearly \$14,000,000, which have in turn leveraged
10 over \$30,000,000 in matching funds from non-Fund sources; and

11 Whereas, these grants have resulted in the preservation of over 9,000 acres of North
12 Carolina farm and forestlands; and

13 Whereas, the preservation of agricultural lands ensures available working farmland
14 for future generations, provides scenic landscapes for the State's tourism industry and helps
15 protect the environment; and

16 Whereas, though programs created and funded by the Agricultural Development and
17 Farmland Preservation Trust Fund have slowed the loss of farms and farmland, North Carolina
18 still lost 2,700 farms and 62,560 acres of farmland between 2007 and 2012, indicating that the
19 problem of loss of farms and farmland, though diminished, remains significant; and

20 Whereas, dedicated revenue sources intended to provide \$10,000,000 per fiscal year
21 to the Fund would greatly enhance the reach and scope of the Fund's activities and allow more
22 efficient and regular grant cycle planning; and

23 Whereas, the additional \$10,000,000 in funding would leverage significantly more
24 than \$10,000,000 from non-Fund sources and allow for larger and more numerous farmland
25 conservation projects that are not possible at current levels of funding; Now, therefore,
26 The General Assembly of North Carolina enacts:

27 **SECTION 1.(a)** G.S. 105-277.4(c) reads as rewritten:

28 "(c) Deferred Taxes. – Land meeting the conditions for classification under
29 G.S. 105-277.3 must be taxed on the basis of the value of the land for its present use. The
30 difference between the taxes due on the present-use basis and the taxes that would have been
31 payable in the absence of this classification, together with any interest, penalties, or costs that
32 may accrue thereon, are a lien on the real property of the taxpayer as provided in
33 G.S. 105-355(a). The difference in taxes must be carried forward in the records of the taxing
34 unit or units as deferred taxes. The deferred taxes for the preceding ~~three~~four fiscal years are
35 due and payable in accordance with G.S. 105-277.1F when the property loses its eligibility for



1 deferral as a result of a disqualifying event. The taxing authority shall remit any amount that
2 exceeds the deferred taxes for the preceding three years to the Department of Agriculture and
3 Consumer Services within 30 days of collection. A disqualifying event occurs when the land
4 fails to meet any condition or requirement for classification or when an application is not
5 approved."

6 **SECTION 1.(b)** G.S. 106-744 is amended by adding a new subsection to read:

7 "(c4) The Commissioner shall credit amounts remitted to the Department under
8 G.S. 105-277.4(c) to the Trust Fund. These funds may be used only for the purposes set forth in
9 subdivisions (1) and (3) of subsection (c) of this section."

10 **SECTION 2.** G.S. 136-19 is amended by adding a new subsection to read:

11 "**§ 136-19. Acquisition of land and deposits of materials; condemnation proceedings;**
12 **federal parkways.**

13 ...

14 (j) When the Department of Transportation, in exercise of the powers granted under
15 this section, acquires (i) property used for bona fide farm purposes or (ii) property containing
16 alluvial soil deposits greater than seventy percent (70%) of the total acreage of the parcel
17 acquired, the Department shall mitigate the loss of farmed and farmable land by taking one of
18 the following actions:

19 (1) Deposit with the North Carolina Agricultural Development and Farmland
20 Preservation Trust Fund an amount equal to twice the value of the lands
21 subject to mitigation based on the prevailing price for farmland of the same
22 type and quality located in that county or any other county located within a
23 five-mile radius of the property to be mitigated.

24 (2) Purchase or otherwise cause to be created agricultural conservation
25 easements on farmland of the same type and quality as that acquired for road
26 construction under this section. In complying with this subdivision, the ratio
27 of farmland preserved by an agricultural conservation easement to the
28 property to be mitigated due to the Department's activities under this
29 subsection shall be one to one (1:1) with respect to conserved property
30 located adjacent to the right-of-way of the property to be mitigated and two
31 to one (2:1) with respect to other property located in that county or any other
32 county located within a five-mile radius of the property to be mitigated.

33 For purposes of this subsection, "property used for bona fide farm purposes" has the
34 meaning set forth in G.S. 153A-340, and "alluvial soil" means the fine-grained fertile soil
35 deposited by water flowing over flood plains. "Farmland of the same type and quality" shall
36 exclude land which has been altered during the road construction process by grading which
37 removes more than six inches of surficial soil or by the addition of off-site fill material on top
38 of the original surficial soils."

39 **SECTION 3.** Section 2 of this act becomes effective July 1, 2015, and applies to
40 any property condemnation proceeding commenced by the Department of Transportation on or
41 after that date. The remainder of this act becomes effective July 1, 2015.