A BILL TO BE ENTITLED
AN ACT TO PROVIDE RELIEF FROM PROPERTY TAX LIABILITY FOR COVID-19 AFFECTED BUSINESSES.
The General Assembly of North Carolina enacts:

PROPERTY TAX PAYMENT PROGRAM

SECTION 1.(a) Program; Purpose. – A qualifying owner of property may apply for and shall be granted a deferment on enforced collections from property tax liability as provided in this section. The purpose of this section is to recognize revenue interruptions to businesses in North Carolina during the COVID-19 pandemic and balance both the provision of property tax relief to those businesses and the fiscal and budgeting needs of local governmental units. A qualifying owner of property is an owner demonstrating, for the applicable period of time as compared to 2019, that the COVID-19 pandemic caused (i) a reduction of at least twenty-five percent (25%) in gross revenues, (ii) for retail businesses that collect and remit sales tax, a reduction of at least twenty-five percent (25%) in sales tax collections, or (iii) both. The applicable period of time for 2020 property taxes runs from March 2020 through December 2020. The applicable period of time for any subsequent year is the period of time the normal operations at the property were restricted by a governmental response to the COVID-19 pandemic. A governmental response to the COVID-19 pandemic is either an executive order by the Governor of North Carolina or a local regulation that required closures, forced reductions in building occupancy capacity, modified hours of operation, or included other public safety measures affecting normal business operations.

SECTION 1.(b) Relief. – The program shall permit a qualifying owner of property to enter into a payment plan for the property taxes owed on the affected property. The following provisions shall apply to the program:

(1) For 2020 property taxes, a qualifying owner shall apply for relief under the program not later than May 1, 2021. For property taxes for any subsequent year, a qualifying owner shall apply for relief prior to the date on which the property taxes for the taxable year become delinquent.

(2) Except as otherwise provided, property taxes not paid by the date the taxes become delinquent are a lien on the property as provided in G.S. 105-355(a).

(3) For 2020 property taxes, the term of the payment plan begins on the date of the application. For property taxes for any subsequent year, the term of the payment plan begins January 1 of the taxable year in which the property taxes become delinquent.
(4) The term of the payment plan shall not extend beyond December 31 of the year in which the taxes become delinquent and shall require equal monthly installments. Nothing in this subdivision shall be construed to prevent the payment of all or part of the property taxes covered by the payment plan prior to the date due of an installment under the payment plan.

(5) Notwithstanding G.S. 105-360 or any other provision of law, interest shall be waived on and enforced collections will be deferred with respect to property tax liability, provided (i) the qualifying owner complies with the terms of the payment plan and (ii) the qualifying owner does not sell or transfer the property covered by the payment plan.

(6) If a qualifying owner fails to comply with the terms of the payment plan, interest on the property tax liability covered by the payment plan shall be calculated as if the payment plan had not been entered, and the taxing authority may use collection remedies to proceed against the property or the responsible taxpayers covered by the payment plan to collect delinquent taxes owed.

(7) If a qualifying owner sells or transfers all or a portion of the property, the payment plan terminates. Interest accrues on the unpaid installments as of the date of sale or transfer, and the taxing authority may use collection remedies to proceed against the property or the responsible taxpayers to collect delinquent taxes owed.

SECTION 1.(c) Application. – The Department of Revenue shall provide to local governmental units an application to be used by an owner seeking the relief provided by this section. An owner shall apply for relief under the program on the form prescribed by the Department and submitted to the applicable local governmental unit where the land is situated. The application must include any supporting documentation required by the local governmental unit. To the extent possible, a local governmental unit shall have the Department verify qualifying information in the application; however, if verification is not available within a reasonable period of time from the date of application, the local governmental unit may rely upon the information submitted. For applications received from a qualifying owner for the taxable year for which property taxes have been paid, the local governmental unit shall disallow any discount provided pursuant to G.S. 105-360(c) and return to the taxpayer the property taxes paid.

SECTION 1.(d) Coordination. – The Department of Revenue shall, as soon as practicable, verify sales and revenue information required for qualifying for the program established in this section based on information provided by the local government unit from the application designed by the Department under subsection (c) of this section. The Department shall develop and maintain a list of business types affected by executive orders responding to the COVID-19 pandemic that provides which business types were affected and for what periods.

SECTION 1.(e) Forfeiture. – In the event the local governmental unit relies upon information in an application that is later determined to be incorrect and that renders an owner who entered into a payment plan as not being a qualifying owner, the benefits of the payment plan are forfeited and all past taxes, interest, and penalties shall be calculated as if the payment plan had not been allowed.

PROPERTY TAX VALUATION MODIFICATION

SECTION 2.(a) Findings. – The General Assembly finds that many businesses throughout the State have seen material interruptions in business practices and retail performance due to governmental restrictions on hours of operation and building occupancy necessitated by public safety and welfare concerns stemming from limiting the spread of COVID-19. These interruptions, though needed for the safety of the citizens of this State, have materially affected the use of the property for purposes of ongoing business concerns. While economic or market fluctuations are not typically accounted for on a year-to-year basis for real property tax values,
our property tax laws allow for changing appraised value of real property in a year in which a
general reappraisal is not made where the legally permitted use of the property is changed.
Moreover, recognition of unprecedented market conditions in the years in which those conditions
materially affect the businesses using the property warrants a deviation from the State standard
valuation cycle and the authority to modify property values during that cycle.

SECTION 2.(b) Property Tax Relief. – Notwithstanding any other provision of law,
the assessor of property shall recognize the effect of COVID-19 relief efforts for purposes of
determining the value of property resulting from a change in the legally permitted use of the
property pursuant to G.S. 105-287(a)(2c). The recognition required by this section includes
accounting for executive orders by the Governor of North Carolina or regulations issued by an
applicable unit of local government responding to the COVID-19 pandemic that required
closures, forced reductions in building occupancy capacity, modified hours of operation, or
included other public safety measures affecting normal business operations. In addition,
notwithstanding G.S. 105-287(b)(2) and notwithstanding the provisions in G.S. 105-287(c), the
assessor of property may modify the appraised value of real property to recognize a change in
value proportionate to the time during the year that resulted from economic changes affecting the
county in general due to COVID-19 and shall make an appropriate modification where the
COVID-19 pandemic caused (i) a reduction of at least twenty-five percent (25%) in gross
revenues, (ii) for businesses that collect and remit sales tax, a reduction of at least
twenty-five percent (25%) in sales tax collections, or (iii) both. The applicable period of time for
the 2020 property tax year is March of 2020 through December of 2020 as compared to the same
period for 2019. The applicable period of time for any other property tax year is the period for
which executive orders or local government regulations responding to COVID-19 and affecting
normal business operations are in effect as compared to the same period for 2019. The recognition
required by this section shall affect the property tax valuation only for the portion of the year
when the governmental regulation was in effect Portions of the year in which governmental
regulations set forth in this subdivision are in effect are prima facie portions of the year
warranting the relief provided by this section in assessing the value of the property that is
appropriate for the year as a whole.

SECTION 2.(c) Application. – The Department of Revenue shall provide to local
governmental units an application to be used by an owner seeking the relief provided under the
program. An owner shall apply for relief under the program on the form prescribed by the
Department and submitted to the applicable local governmental unit where the land is situated.
The application must include any supporting documentation required by the local governmental
unit. For valuations for 2020 property taxes, a qualifying owner shall apply for relief under the
program not later than May 1, 2021. For valuations for property taxes for any subsequent year, a
qualifying owner shall apply for relief prior to the date on which the property taxes for the taxable
year become delinquent. To the extent possible, a local governmental unit shall have the
Department verify qualifying information in the application; however, if verification is not
available within a reasonable period of time of the date of application, the local governmental
unit may rely upon the information submitted.

SECTION 2.(d) Administration. – Applications for relief under this section shall be
treated as an appeal by the taxpayer with respect to the property. Notwithstanding the deadlines
and time frames provided in Subchapter II of Chapter 105, the Department shall provide a
uniform time line for hearing the appeal.

SECTION 2.(e) Coordination. – The Department of Revenue shall, as soon as
practicable, verify sales and revenue information submitted in an application for the program
established in this section. The Department shall develop and maintain a list of business types
affected by executive orders responding to the COVID-19 pandemic that provides which
business types were affected and for what periods.
SECTION 2.(f) Forfeiture. – In the event the local governmental unit relies upon information in an application that is later determined to be incorrect and that renders a change in property value inaccurate, the owner forfeits the benefit to the extent of the inaccuracy, and all past taxes, interest, and penalties shall be calculated as if that portion of the benefit had not been allowed.

EFFECTIVE DATE

SECTION 3. Except as otherwise provided, this act is effective when it becomes law.