

GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2025

H.B. 348  
Mar 10, 2025  
HOUSE PRINCIPAL CLERK

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HOUSE BILL DRH40215-NIxf-13B

Short Title: Farmers' Assistance Grant Program.

(Public)

Sponsors: Representative McNeely.

Referred to:

A BILL TO BE ENTITLED

AN ACT TO INCREASE THE CARRYFORWARD OF DEFERRED PROPERTY TAXES FOR PRESENT-USE VALUE PROPERTIES FROM THREE YEARS TO SIX YEARS, TO CREATE A LOCAL GRANT PROGRAM USING THE EXCESS FUNDS CREATED THEREBY TO PROVIDE GRANTS TO ELIGIBLE FARMERS, AND TO PROVIDE THAT PRIOR TO ANNEXING CERTAIN PRESENT-USE VALUE PROPERTY, A CITY MUST OBTAIN APPROVAL FROM THE BOARD OF COUNTY COMMISSIONERS.

The General Assembly of North Carolina enacts:

**SECTION 1.** G.S. 105-277.4 reads as rewritten:

"§ 105-277.4. **Agricultural, horticultural and forestland – Application; appraisal at use value; notice and appeal; deferred taxes.**

...

(c) Deferred Taxes. – Land meeting the conditions for classification under G.S. 105-277.3 must be taxed on the basis of the value of the land for its present use. The difference between the taxes due on the present-use basis and the taxes that would have been payable in the absence of this classification, together with any interest, penalties, or costs that may accrue thereon, are a lien on the real property of the taxpayer as provided in G.S. 105-355(a). The difference in taxes must be carried forward in the records of the taxing unit or units as deferred taxes. The deferred taxes for the preceding ~~three~~six fiscal years are due and payable in accordance with G.S. 105-277.1F when the property loses its eligibility for deferral as a result of a disqualifying ~~event~~event; provided, however, that the deferred taxes due and payable for each year after the most recent preceding three fiscal years, and ending with the most recent preceding sixth fiscal year, shall be deposited to the funds created by G.S. 153A-466 or G.S. 160A-499.11, as appropriate. A disqualifying event occurs when the land fails to meet any condition or requirement for classification or when an application is not approved.

...."

**SECTION 2.(a)** Article 23 of Chapter 153A of the General Statutes is amended by adding a new section to read:

"§ 153A-466. **Farmers' Assistance Grant Program.**

(a) Definitions. – The following definitions apply in this section:

(1) Agricultural land. – As defined in G.S. 105-277.2.

(2) Board. – A board of county commissioners.

(3) County. – As defined in G.S. 153A-1.

(4) Eligible farmer. – An owner of agricultural land, horticultural land, or forestland that is taxed at its present-use value in accordance with G.S. 105-277.4.



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1           (5)   Forestland. – As defined in G.S. 105-277.2.

2           (6)   Fund. – A fund created by a board in accordance with subsection (b) of this  
3           section.

4           (7)   Horticultural land. – As defined in G.S. 105-277.2.

5       (b)   Creation and Purpose of Fund. – The board of every county shall create a fund, in  
6       accordance with the requirements of the Local Government Budget and Fiscal Control Act, as  
7       amended, to provide grants to eligible farmers located within that county to support the continued  
8       vitality of the State's unique and historic agricultural, horticultural, and forestry-related  
9       economies, in accordance with this section.

10       (c)   Source. – A fund created by a county under this section shall consist of the deferred  
11       taxes paid to that county in accordance with G.S. 105-277.4(c).

12       (d)   Application Required. – Grants from the fund may only be awarded to eligible farmers  
13       that have submitted an application. A board shall use an application created by the Department  
14       of Revenue for purposes of complying with this subsection.

15       (e)   Administration. – The board of each county shall administer its respective fund and  
16       shall develop guidelines providing for the administration of the fund. The guidelines shall include  
17       the following provisions, which shall apply to each grant from the fund:

18           (1)   Grants shall only be awarded on an application-by-application basis.

19           (2)   No eligible farmer may receive more than one grant from the fund during a  
20           budget year.

21           (3)   Grant awards to an eligible farmer during a budget year shall be limited to the  
22           lesser of (i) ten thousand dollars (\$10,000) or (ii) ten percent (10%) of the then  
23           available balance in the fund.

24           (4)   An eligible farmer may not receive a total of more than five grants from the  
25           fund.

26           (5)   Grants shall only be awarded and used for purposes consistent with the growth  
27           and sustainability of the State's agricultural, horticultural, or forestland  
28           economies.

29           (6)   Boards shall prioritize awarding grant funding under this section to eligible  
30           farmers that demonstrate the greatest financial need."

31       **SECTION 2.(b)** Article 21 of Chapter 160A of the General Statutes is amended by  
32       adding a new section to read:

33       "**§ 160A-499.11. Farmers' Assistance Grant Program.**

34       (a)   Definitions. – The following definitions apply in this section:

35           (1)   Agricultural land. – As defined in G.S. 105-277.2.

36           (2)   City. – As defined in G.S. 160A-1.

37           (3)   Council. – As defined in G.S. 160A-1.

38           (4)   Eligible farmer. – An owner of agricultural land, horticultural land, or  
39           forestland that is taxed at its present-use value in accordance with  
40           G.S. 105-277.4.

41           (5)   Forestland. – As defined in G.S. 105-277.2.

42           (6)   Fund. – A fund created by a council in accordance with subsection (b) of this  
43           section.

44           (7)   Horticultural land. – As defined in G.S. 105-277.2.

45       (b)   Creation and Purpose of Fund. – The council of every city shall create a fund, in  
46       accordance with the requirements of the Local Government Budget and Fiscal Control Act, as  
47       amended, to provide grants to eligible farmers located within that city to support the continued  
48       vitality of the State's unique and historic agricultural, horticultural, and forestry-related  
49       economies, in accordance with this section.

50       (c)   Source. – A fund created by a city under this section shall consist of the deferred taxes  
51       paid to that city in accordance with G.S. 105-277.4(c).

1       (d) Application Required. – Grants from the fund may only be awarded to eligible farmers  
2 that have submitted an application. A council shall use an application created by the Department  
3 of Revenue for purposes of complying with this subsection.

4       (e) Administration. – The council of each city shall administer its respective fund and  
5 shall develop guidelines providing for the administration of the fund. The guidelines shall include  
6 the following provisions, which shall apply to each grant from the fund:

7           (1) Grants shall only be awarded on an application-by-application basis.

8           (2) No eligible farmer may receive more than one grant from the fund during a  
9 budget year.

10          (3) Grant awards to an eligible farmer during a budget year shall be limited to the  
11 lesser of (i) ten thousand dollars (\$10,000) or (ii) ten percent (10%) of the then  
12 available balance in the fund.

13          (4) An eligible farmer may not receive a total of more than five grants from the  
14 fund.

15          (5) Grants shall only be awarded and used for purposes consistent with the growth  
16 and sustainability of the State's agricultural, horticultural, or forestland  
17 economies.

18          (6) Councils shall prioritize awarding grant funding under this section to eligible  
19 farmers that demonstrate the greatest financial need."

20       **SECTION 3.** No later than December 1, 2025, the Department of Revenue shall  
21 create and provide counties and local governments with copies of the application required under  
22 G.S. 153A-466(d) and G.S. 160A-499.11(d), as created by Sections 2(a) and 2(b) of this act. The  
23 Department may consult with any other relevant State agency or local government for the purpose  
24 of creating applications under this section. The applications created by the Department under this  
25 section shall be uniform statewide and shall, at a minimum, provide for the following:

26           (1) Certification that the applicant is an eligible farmer as defined in  
27 G.S. 153A-466 and G.S. 160A-499.11.

28           (2) Certification that any grant funding awarded under G.S. 153A-466 or  
29 G.S. 160A-499.11 will be used by the applicant for purposes consistent with  
30 the growth and sustainability of the State's agricultural, horticultural, or  
31 forestland economies.

32           (3) Certification that the applicant intends to remain an eligible farmer for a  
33 minimum of one year following receipt of each grant awarded to the applicant  
34 under G.S. 153A-466 or G.S. 160A-499.11, as appropriate.

35           (4) A requirement that the applicant submit documentation detailing the  
36 applicant's need for grant funding and the intended uses by the applicant of  
37 any funds awarded.

38           (5) A requirement that the applicant provide the county or local government, as  
39 appropriate, with any relevant financial or other documentation necessary to  
40 determine the applicant's eligibility and appropriateness for a grant under  
41 G.S. 153A-466 or G.S. 160A-499.11.

42       **SECTION 4.** G.S. 160A-58.2 reads as rewritten:

43 **"§ 160A-58.2. Public hearing.**

44       (a) Upon receipt of a petition for annexation under this Part, the city council shall cause  
45 the city clerk to investigate the petition, and to certify the results of his investigation. If the clerk  
46 certifies that upon investigation the petition appears to be valid, the council shall fix a date for a  
47 public hearing on the annexation. Notice of the hearing shall be published once at least 10 days  
48 before the date of hearing.

49       (b) At the hearing, any person residing in or owning property in the area proposed for  
50 annexation and any resident of the annexing city may appear and be heard on the questions of  
51 the sufficiency of the petition and the desirability of the annexation. If the council then finds and

1 determines that (i) the area described in the petition meets all of the standards set out in  
2 G.S. 160A-58.1(b), (ii) the petition bears the signatures of all of the owners of real property  
3 within the area proposed for annexation (except those not required to sign by G.S. 160A-58.1(a)),  
4 (iii) the petition is otherwise valid, and (iv) the public health, safety and welfare of the inhabitants  
5 of the city and of the area proposed for annexation will be best served by the annexation, the  
6 council may adopt an ordinance annexing the area described in the petition. The ordinance may  
7 be made effective immediately or on any specified date within six months from the date of  
8 passage.

9 (c) Notwithstanding the provisions of subsection (b) of this section, prior to the public  
10 hearing, the city council shall direct the planning department to determine whether zoning the  
11 area for residential use will increase the number of students attending public school in the county  
12 in which the area is located to more than one hundred percent (100%) of the county's current  
13 capacity if the area meets all of the following:

14 (1) Is agricultural land, forestland, or horticultural land, as defined in  
15 G.S. 105-277.2.

16 (2) Is not contiguous to the city's primary corporate limits.

17 (3) Is not within the city's extraterritorial planning jurisdiction.

18 (d) If the planning department finds that zoning the area for residential use will increase  
19 the number of students as provided in subsection (c) of this section, the board of county  
20 commissioners with jurisdiction over the area must approve the annexation prior to the city  
21 council adopting the annexation ordinance. If the board of county commissioners does not  
22 approve the annexation, the city council may not proceed with the adoption of the annexation  
23 ordinance unless it is willing to pay the county the amount necessary to come back into  
24 compliance with school capacity."

25 **SECTION 5.** The extended carryforward of deferred property taxes under  
26 G.S. 105-277.4(c), as amended by Section 1 of this act, becomes effective for taxes imposed for  
27 taxable years beginning on or after July 1, 2026. Properties already having three or more years  
28 of deferred taxes under G.S. 105-277.4(c) as of the date this act becomes law shall phase in to  
29 the first year of the extended carryforward (year four of six), beginning July 1, 2026. Sections 2  
30 and 3 of this act become effective upon the earlier of (i) the date this act becomes law or (ii)  
31 October 1, 2025. Section 4 of this act becomes effective July 1, 2025, and applies to petitions for  
32 annexation received on or after that date. Except as otherwise provided, this act is effective when  
33 it becomes law.