

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1997

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HOUSE BILL 529

Short Title: No Tax Rollback on Condemnation.

(Public)

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Sponsors: Representatives Clary; Allred, Baker, Berry, Brown, Buchanan, Carpenter, Dedmon, Goodwin, Hall, Hiatt, Justus, Kiser, McComas, Mitchell, Moore, Owens, Rayfield, Reynolds, Weatherly, and G. Wilson.

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Referred to: Finance.

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March 18, 1997

A BILL TO BE ENTITLED

1 AN ACT TO PROVIDE THAT NO DEFERRED TAXES ARE DUE WHEN  
2 PROPERTY TAXED AT PRESENT-USE VALUE IS TRANSFERRED BECAUSE  
3 OF CONDEMNATION OR IMPENDING CONDEMNATION.  
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5 The General Assembly of North Carolina enacts:

6 Section 1. G.S. 105-277.4 reads as rewritten:

7 "**§ 105-277.4. Agricultural, horticultural and forestland —~~Application for taxation at~~**  
8 **~~present-use value.~~ Application; appraisal at use value; appeal; deferred**  
9 **taxes.**

10 (a) Application. — Property coming within one of the classes defined in G.S. 105-  
11 277.3 shall be eligible for taxation on the basis of the value of the property in its present  
12 use if a timely and proper application is filed with the assessor of the county in which the  
13 property is located. The application shall clearly show that the property comes within  
14 one of the classes and shall also contain any other relevant information required by the  
15 assessor to properly appraise the property at its present-use value. An initial application  
16 shall be filed during the regular listing period of the year for which the benefit of this  
17 classification is first claimed, or within 30 days of the date shown on a notice of a change  
18 in valuation made pursuant to G.S. 105-286 or G.S. 105-287. A new application is not

1 required to be submitted unless the property is transferred or becomes ineligible for use-  
2 value appraisal because of a change in use or acreage.

3 (b) Appraisal at Present-Use Value. – Upon receipt of a properly executed  
4 application, the assessor shall appraise the property at its present-use value as established  
5 in the schedule prepared pursuant to G.S. 105-317. In appraising the property at its  
6 present-use value, the assessor shall appraise the improvements located on qualifying  
7 land according to the schedules and standards used in appraising other similar  
8 improvements in the county. If all or any part of a qualifying tract of land is located  
9 within the limits of an incorporated city or town, the assessor shall furnish a copy of the  
10 property record showing both the present-use appraisal and the valuation upon which the  
11 property would have been taxed in the absence of this classification to the collector of the  
12 city or town. He shall also notify the tax collector of any changes in the appraisals or in  
13 the eligibility of the property for the benefit of this classification.

14 (b1) Appeal. – Decisions of the assessor regarding the qualification or appraisal of  
15 property under this section may be appealed to the county board of equalization and  
16 review or, if that board is not in session, to the board of county commissioners.  
17 Decisions of the county board may be appealed to the Property Tax Commission.

18 (c) Deferred Taxes. – Property meeting the conditions for classification under G.S.  
19 105-277.3 shall be taxed on the basis of the value of the property for its present use. The  
20 difference between the taxes due on the present-use basis and the taxes which would have  
21 been payable in the absence of this classification, together with any interest, ~~penalties~~  
22 penalties, or costs that may accrue thereon, shall be a lien on the real property of the  
23 taxpayer as provided in G.S. 105-355(a). The difference in taxes shall be carried forward  
24 in the records of the taxing unit or units as deferred taxes, but shall not be payable, unless  
25 and until the property loses its eligibility for the benefit of this classification. The tax for  
26 the fiscal year that opens in the calendar year in which a disqualification occurs shall be  
27 computed as if the property had not been classified for that year, and taxes for the  
28 preceding three fiscal years which have been deferred ~~as provided herein~~, shall  
29 immediately be payable, together with interest thereon as provided in G.S. 105-360 for  
30 unpaid taxes which shall accrue on the deferred taxes due ~~herein~~ as if they had been  
31 payable on the dates on which they originally became due. If only a part of the  
32 qualifying tract of land loses its eligibility, a determination shall be made of the amount  
33 of deferred taxes applicable to that part and that amount shall become payable with  
34 interest as provided above. Upon the payment of any taxes deferred in accordance with  
35 this section for the three years immediately preceding a disqualification, all liens arising  
36 under this subsection shall be extinguished.

37 (d) Exceptions. – Notwithstanding the provisions of subsection ~~(e)~~, ~~if a farm unit~~  
38 ~~loses~~ (c) of this section, if property loses its eligibility for present use value treatment  
39 classification solely due to ~~a~~ one of the following reasons, no deferred taxes are due and  
40 the lien for the deferred taxes is extinguished:

- 41 (1) There is a change in income caused by enrollment of land in the federal  
42 Conservation Reserve Program authorized by Title XII of the Food  
43 Security Act of 1985 (Pub. L. 99-198), as amended, no deferred taxes

1                   ~~shall be owed and all present use value tax liens shall be extinguished.~~  
2                   the property in the federal conservation reserve program established  
3                   under 16 U.S.C. Chapter 58.

4       (e)   ~~Notwithstanding the provisions of subsection (c) of this section, if real property~~  
5 ~~qualified for present use appraisal~~

6           (2)   The property is conveyed by gift to a nonprofit organization and  
7                   qualifies for exclusion from the tax base pursuant to G.S. 105-275(12)  
8                   or ~~G.S. 105-275(29)~~ or G.S. 105-275(29).

9           (3)   The property is conveyed by gift to the State, a political subdivision of  
10                   the State, or the United States, ~~no deferred taxes shall be owed, and all~~  
11                   ~~present use value tax liens are extinguished.~~ States.

12           (4)   The property is condemned or is transferred to a person who would  
13                   acquire it by condemnation if it were not conveyed to that person."

14           Section 2. This act is effective when it becomes law and applies to transfers  
15 made on or after June 1, 1997.