

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1997

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HOUSE BILL 529
Committee Substitute Favorable 5/6/97

Short Title: No Tax Rollback on Condemnation.

(Public)

Sponsors:

Referred to:

March 18, 1997

A BILL TO BE ENTITLED

AN ACT TO PROVIDE THAT DEFERRED TAXES DUE ON PROPERTY THAT IS TAXED AT ITS PRESENT-USE VALUE WILL BE PAID BY THE PERSON TO WHOM THE LAND IS TRANSFERRED IF THE PROPERTY IS TRANSFERRED BECAUSE OF CONDEMNATION OR IMPENDING CONDEMNATION.

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 for taxation at present-use value.~~ **Application; appraisal at use value; appeal; deferred taxes.**

(a) Application. — Property coming within one of the classes defined in G.S. 105-277.3 shall be eligible for taxation on the basis of the value of the property in its present use if a timely and proper application is filed with the assessor of the county in which the property is located. The application shall clearly show that the property comes within one of the classes and shall also contain any other relevant information required by the assessor to properly appraise the property at its present-use value. An initial application shall be filed during the regular listing period of the year for which the benefit of this classification is first claimed, or within 30 days of the date shown on a notice of a change 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. If property loses its eligibility for the benefit of this
35 classification because it is condemned or is transferred to a person who would acquire it
36 by condemnation if it were not conveyed to that person, then the person condemning the
37 property, or receiving the property, shall pay the deferred taxes, together with any
38 interest, penalties, or costs that may have accrued thereon. Upon the payment of any
39 taxes deferred in accordance with this section for the three years immediately preceding a
40 disqualification, all liens arising under this subsection shall be extinguished.

41 (d) Exceptions. – Notwithstanding the provisions of subsection ~~(e), if a farm unit~~
42 ~~loses~~ (c) of this section, if property loses its eligibility for present use value treatment

1 classification solely due to a one of the following reasons, no deferred taxes are due and
2 the lien for the deferred taxes is extinguished:

3 (1) There is a change in income caused by enrollment of land in the federal
4 Conservation Reserve Program authorized by Title XII of the Food
5 Security Act of 1985 (Pub. L. 99-198), as amended, no deferred taxes
6 shall be owed and all present use value tax liens shall be extinguished.
7 the property in the federal conservation reserve program established
8 under 16 U.S.C. Chapter 58.

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

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

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

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