

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1997

H

2

HOUSE BILL 980
Committee Substitute Favorable 6/11/97

Short Title: Crop Allotment Tax Appraisal.

(Public)

Sponsors:

Referred to:

April 17, 1997

A BILL TO BE ENTITLED

1 AN ACT TO PROVIDE THAT CROP ALLOTMENTS SHALL NOT BE
2 CONSIDERED IN APPRAISING LAND FOR AD VALOREM TAX PURPOSES
3 AND TO REIMBURSE LOCAL GOVERNMENTS FOR THEIR RESULTING
4 REVENUE LOSS.
5

6 The General Assembly of North Carolina enacts:

7 Section 1. G.S. 105-277.01 reads as rewritten:

8 "**§ 105-277.01. Certain farm products and land with crop allotments classified for**
9 **taxation at reduced valuation.**

10 (a) Farm ~~products (including products, including~~ crops but excluding poultry and
11 other ~~livestock) livestock~~, held by or for a cooperative stabilization or marketing
12 association or corporation to which they have been delivered, conveyed, or assigned by
13 the original producer for the purpose of sale are hereby designated a special class of
14 property under authority of ~~Article V, Sec. 2(2), Section 2(2) of Article V~~ of the North
15 Carolina Constitution. Before being assessed for taxation the appraised valuation of farm
16 products so classified shall be reduced by the amount of any unpaid loan or advance
17 made or granted thereon by the United States government, an agency of the United States
18 government, or a cooperative stabilization or marketing association or corporation.

1 (b) Land on which there are acreage or poundage allotments for farm commodities
2 is designated a special class of property under authority of Section 2(2) of Article V of
3 the North Carolina Constitution. The value of these allotments shall not be considered in
4 appraising land classified under this subsection."

5 Section 2. G.S. 105-289(a)(5) reads as rewritten:

6 "(5) To prepare and distribute annually to each assessor a manual that
7 establishes five expected net income per acre ranges for agricultural
8 land, horticultural land, and forestland, and establishes a method for
9 appraising nonproductive land as a percentage of the lowest use-value
10 established for productive land. The high and low net income amount in
11 each range may differ by no more than fifteen dollars (\$15.00). The
12 basis for establishing each range shall be soil productivity.

13 For agricultural land, the expected net income per acre ranges shall
14 be based on the actual yields and prices of corn and soybeans over a
15 period of at least the five previous years, and the actual fixed and
16 variable costs, including an imputed management cost, incurred in
17 growing corn and soybeans over the same period of time. ~~The manual~~
18 ~~shall contain recommended adjustments to the net income per acre ranges for~~
19 ~~the growing of crops subject to acreage or poundage allotments.~~

20 Expected net income per acre ranges shall be similarly established
21 for horticultural land and forestland, using typical horticultural or forest
22 products in various growing regions of the State instead of corn and
23 soybeans."

24 Section 3. Article 12 of Chapter 105 of the General Statutes is amended by
25 adding a new section to read:

26 "**§ 105-277B. Reimbursement for exclusion of crop allotments.**

27 (a) Submission of Claims. – On or before January 15, 1999, the governing body of
28 each county and city shall furnish to the Secretary a list of all the allotment land that was
29 required to be listed and assessed as of January 1, 1997, and was appraised and assessed
30 at a value based on consideration of the value of the crop allotments. The list shall
31 contain the difference in the value at which the land was assessed and the value at which
32 it would have been assessed if the value of the crop allotments had not been considered,
33 and shall contain the property tax rates in effect in the county or city for the eight years
34 from 1990 through 1997. The list shall also contain the property tax rates in effect for
35 those years in each special district for which the county or city collected taxes in 1997 but
36 whose tax rates were not included in the rates listed for the county or city, and the
37 difference in the value of the allotment land required to be listed as of January 1, 1997, in
38 each district if the value of the crop allotments is considered and if the value of the crop
39 allotments is not considered. The list shall be accompanied by an affidavit attesting to
40 the accuracy of the list and shall be on a form prescribed by the Secretary.

41 The Secretary shall calculate an average rate for each county and city, and for each
42 special district whose tax rates were not included in the tax rates of a county or city, as
43 the arithmetic mean of the property tax rates in effect in the county, city, or district for

1 the eight years from 1990 through 1997. If a county, city, or district did not have tax rates
2 in effect for the entire eight-year period, the average rate shall be the arithmetic mean of
3 the property rates in effect for the years during the eight-year period that it did have rates
4 in effect.

5 (b) Claims-Based Distribution. – On or before March 20, 1999, the Secretary shall
6 distribute to each county and city an amount equal to the county or city's crop allotment
7 loss, as defined in subsection (d) of this section. Except as provided in subsection (f) of
8 this section, each year thereafter, on or before April 30, the Secretary shall distribute to
9 each county and city the amount it received the previous year under this subsection.

10 (c) Distribution to Special Districts. – Of the funds received by each county and
11 city pursuant to subsection (b) of this section, the portion that was received because the
12 county or city was collecting taxes for a special district shall be distributed among the
13 districts in the county or city in proportion to the amount of each special district's
14 allotment levy, as defined in subsection (d) of this section, as soon as practicable after the
15 city or county receives funds under this subsection. The Local Government Commission
16 may adopt rules for the resolution of disputes and correction of errors in the distribution
17 among special districts provided in this paragraph. In addition, the Local Government
18 Commission may adopt rules for the reallocation of funds when a special district is
19 dissolved, merged, or consolidated, or when a special district ceases to levy tax, either
20 temporarily or permanently.

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

22 (1) Allotment land. – Land on which there are crop allotments.

23 (2) City. – Defined in G.S. 153A-1(1).

24 (3) City's crop allotment loss. – The city's average rate multiplied by the
25 difference in value of allotment land reported to the Secretary under
26 subsection (a) of this section by the city, plus the average rate for each
27 special district for which the city collected taxes in 1997, but whose tax
28 rates were not included in the city's rates, multiplied by the difference in
29 value of allotment land in the district reported to the Secretary under
30 subsection (a) of this section in behalf of the district, plus or minus the
31 percentage of this amount that equals the lesser of five percent (5%) or
32 the percentage by which State personal income has increased or
33 decreased during the most recent 12-month period for which State
34 personal income data has been compiled by the Bureau of Economic
35 Analysis of the United States Department of Commerce.

36 (4) County's crop allotment loss. – The county's average rate multiplied by
37 the difference in value of allotment land reported to the Secretary under
38 subsection (a) of this section by the county, plus the average rate for
39 each special district for which the county collected taxes in 1997, but
40 whose tax rates were not included in the county's rates, multiplied by
41 the difference in value of allotment land in the district reported to the
42 Secretary under subsection (a) of this section in behalf of the district,
43 plus or minus the percentage of this amount that equals the lesser of five

1 percent (5%) or the percentage by which State personal income has
2 increased or decreased during the most recent 12-month period for
3 which State personal income data has been compiled by the Bureau of
4 Economic Analysis of the United States Department of Commerce.

5 (5) Crop allotment. – An acreage or poundage allotment for farm
6 commodities.

7 (6) Special district's allotment levy. – The special district's average rate
8 multiplied by the difference in value of allotment land in the district
9 reported to the Secretary under subsection (a) of this section in behalf of
10 the district.

11 (e) Source of Funds. – To pay for the distribution required by this section and the
12 cost of making the distribution, the Secretary shall draw from collections received under
13 Division II of Article 4 of this Chapter an amount equal to the amount distributed and the
14 cost of making the distribution.

15 (f) Correction of Errors. – If the Secretary discovers that the amount or value of
16 any allotment land listed by a county or city pursuant to subsection (a) of this section was
17 overstated or understated, the Secretary shall adjust the amount to be distributed under
18 subsection (b) as follows. For the distribution to be made in the year following discovery
19 of the overstatement or understatement, the Secretary shall distribute to the county or city
20 the amount it would have received under subsection (b) in 1999 if it had not overstated or
21 understated the amount or value of any allotment land, plus the total amount it failed to
22 receive in 1999 and subsequent years due to understatement of the amount or value of the
23 allotment land, or minus the total amount it received in 1999 and subsequent years due to
24 overstatement of the amount or value of the allotment land. Thereafter, each year the
25 Secretary shall distribute to the county or city the amount it would have received under
26 subsection (b) in 1999 if it had not overstated or understated the amount or value of any
27 allotment land."

28 Section 4. Section 3 of this act is effective when this act becomes law. The
29 remainder of this act is effective for taxes imposed for taxable years beginning on or after
30 July 1, 1998.