

GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2001

S

2

SENATE BILL 162  
Second Edition Engrossed 3/7/01

Short Title: Property Tax Amendments.

(Public)

---

Sponsors: Senators Hartsell, Dalton, Hoyle, Kerr, and Webster.

---

Referred to: Finance.

---

February 19, 2001

1 A BILL TO BE ENTITLED  
2 AN ACT TO AMEND VARIOUS PROPERTY TAX LAWS.  
3 The General Assembly of North Carolina enacts:

4 **SECTION 1.** G.S. 105-282.1 reads as rewritten:

5 "**§ 105-282.1. Applications for property tax exemption or exclusion. exclusion;**  
6 **annual review of property exempted or excluded from property tax.**

7 (a) Application .- Every owner of property claiming exemption or exclusion  
8 from property taxes under the provisions of this Subchapter has the burden of  
9 establishing that the property is entitled thereto. ~~Except as provided below, an owner~~  
10 ~~claiming exemption or exclusion shall annually file an application for exemption or~~  
11 ~~exclusion during the listing period. to it.~~ If the property for which the exemption or  
12 exclusion is claimed is appraised by the Department of Revenue, the application shall be  
13 filed with the Department. Otherwise, the application shall be filed with the assessor of  
14 the county in which the property is situated. An application must contain a complete and  
15 accurate statement of the facts that entitle the property to the exemption or exclusion  
16 and must indicate the municipality, if any, in which the property is located. Each  
17 application filed with the Department of Revenue or an assessor shall be submitted on a  
18 form approved by the Department. Application forms shall be made available by the  
19 assessor and the Department, as appropriate.

20 (1) ~~The United States government, the State of North Carolina and the~~  
21 ~~counties and municipalities of the State are exempted from the~~  
22 ~~requirement that owners file applications for exemption.~~

23 (2) ~~Owners of the special classes of property excluded from taxation under~~  
24 ~~G.S. 105-275(5), (15), (16), (26), (31), (32a), (33), (34), or (40), or~~  
25 ~~exempted under G.S. 105-278.2 are not required to file applications for~~  
26 ~~the exclusion or exemption of that property.~~

27 (3) ~~After an owner of property entitled to exemption under G.S. 105-~~  
28 ~~278.3, 105-278.4, 105-278.5, 105-278.6, 105-278.7, or 105-278.8 or~~

1 exclusion under G.S. 105-275(3), (7), (8), (12), (17) through (19), (21)  
2 or (39), G.S. 105-277.1, or G.S. 105-278 has applied for exemption or  
3 exclusion and the exemption or exclusion has been approved, the  
4 owner is not required to file an application in subsequent years except  
5 in the following circumstances:

- 6 a. New or additional property is acquired or improvements are  
7 added or removed, necessitating a change in the valuation of  
8 the property; or  
9 b. There is a change in the use of the property or the  
10 qualifications or eligibility of the taxpayer necessitating a  
11 review of the exemption or exclusion.
- 12 (4) After an owner of property entitled to exclusion under G.S. 105-277.10  
13 has applied for the exclusion and the exclusion has been approved, the  
14 owner is not required to apply for the exclusion in subsequent years so  
15 long as the classified property, including classified property acquired  
16 after the application is approved, is used or held for use directly in  
17 manufacturing or processing as part of industrial machinery.
- 18 (5) Upon a showing of good cause by the applicant for failure to make a  
19 timely application, an application for exemption or exclusion filed  
20 after the close of the listing period may be approved by the  
21 Department of Revenue, the board of equalization and review, the  
22 board of county commissioners, or the governing body of a  
23 municipality, as appropriate. An untimely application for exemption or  
24 exclusion approved under this subdivision applies only to property  
25 taxes levied by the county or municipality in the calendar year in  
26 which the untimely application is filed.

27 Except as provided below, an owner claiming an exemption or exclusion from  
28 property taxes must file an application for the exemption or exclusion annually during  
29 the listing period.

- 30 (1) No application required. – Owners of the following exempt or  
31 excluded property do not need to file an application for the exemption  
32 or exclusion to be entitled to receive it:  
33 a. Property exempt from taxation under G.S. 105-278.1 or G.S.  
34 105-278.2.  
35 b. Special classes of property excluded from taxation under G.S.  
36 105-275(15), (16), (26), (31), (32a), (33), (34), (37), (40), or  
37 (42).  
38 c. Property classified for taxation at a reduced valuation under  
39 G.S. 105-277(g) or G.S. 105-277.9.
- 40 (2) Single application required. – An owner of one or more of the  
41 following properties eligible to be exempted or excluded from taxation  
42 must file an application for exemption or exclusion to receive it. Once  
43 the application has been approved, the owner does not need to file an  
44 application in subsequent years unless new or additional property is

1 acquired or improvements are added or removed, necessitating a  
2 change in the valuation of the property, or there is a change in the use  
3 of the property or the qualifications or eligibility of the taxpayer  
4 necessitating a review of the exemption or exclusion:

- 5 a. Property exempted from taxation under G.S. 105-278.3, 105-  
6 278.4, 105-278.5, 105-278.6, 105-278.7, or 105-278.8.  
7 b. Special classes of property excluded from taxation under G.S.  
8 105-275(3), (7), (8), (12), (17), (18), (19), (20), (21), (35), (36),  
9 (38), (39), or (41) or under G.S. 131A-21.  
10 c. Special classes of property classified for taxation at a reduced  
11 valuation under G.S. 105-277(h), 105-277.1, 105-277.10, 105-  
12 277.13, or 105-278.  
13 d. Property owned by a nonprofit homeowners' association but  
14 where the value of the property is included in the appraisals of  
15 property owned by members of the association under G.S. 105-  
16 277.8.

17 (a1) Late Application. – Upon a showing of good cause by the applicant for failure  
18 to make a timely application, an application for exemption or exclusion filed after the  
19 close of the listing period may be approved by the Department of Revenue, the board of  
20 equalization and review, the board of county commissioners, or the governing body of a  
21 municipality, as appropriate. An untimely application for exemption or exclusion  
22 approved under this subsection applies only to property taxes levied by the county or  
23 municipality in the calendar year in which the untimely application is filed.

24 (b) Approval and Appeal Process. – The Department of Revenue or the assessor  
25 to whom an application for exemption or exclusion is submitted shall must review the  
26 application and either approve or deny the application. Approved applications shall be  
27 filed and made available to all taxing units in which the exempted or excluded property  
28 is situated. If the Department denies an application for exemption or exclusion, it shall  
29 notify the taxpayer, who may appeal the denial to the Property Tax Commission.

30 If an assessor denies an application for exemption or exclusion, he shall the assessor  
31 must notify the owner of his the decision in time for him and the owner may to appeal  
32 the decision to the board of equalization and review or the board of county  
33 commissioners, as appropriate, and from the county board to the Property Tax  
34 Commission. If the notice of denial covers property located within a municipality, the  
35 assessor shall send a copy of the notice and a copy of the application to the governing  
36 body of the municipality. The municipal governing body shall then advise the owner  
37 whether it will adopt the decision of the county board or require the owner to file a  
38 separate appeal with the municipal governing body. In the event the owner is required to  
39 appeal to the municipal governing body and that body renders an adverse decision, the  
40 owner may appeal to the Property Tax Commission. Nothing in this section subsection  
41 shall prevent the governing body of a municipality from denying an application which  
42 has been approved by the assessor or by the county board provided the owner's rights to  
43 notice and hearing are not abridged. Applications handled separately by a municipality

1 shall be filed in the office of the person designated by the governing body, or in the  
2 absence of such designation, in the office of the chief fiscal officer of the municipality.

3 (c) Discovery of Property. – When an owner of property that may be eligible for  
4 exemption or exclusion neither lists the property nor files an application for exemption  
5 or exclusion, the assessor or the Department of Revenue, as appropriate, shall proceed  
6 to discover the property. If, upon appeal, the owner demonstrates that the property  
7 meets the conditions for exemption or exclusion, the body hearing the appeal may  
8 approve the exemption or exclusion. Discovery of the property by the Department or the  
9 county shall automatically constitute a discovery by any taxing unit in which the  
10 property has a taxable situs.

11 (d) Roster of Exempted and Excluded Property. – The ~~county~~ assessor shall  
12 prepare and maintain a roster of all property in the county that is granted tax relief  
13 through classification or exemption. On or before November 1 of each year, the assessor  
14 must send a report to the Department of Revenue summarizing the information  
15 contained in the roster. The report must be in the format required by the Department.  
16 The assessor must also send the Department a copy of the roster upon the request of the  
17 Department. As to affected real and personal property, the roster shall set forth:

- 18 (1) The name of the owner of the property.
- 19 (2) A brief description of the property.
- 20 (3) A statement of the use to which the property is put.
- 21 (4) A statement of the value of the property.
- 22 (5) The total value of exempt property in the county and in each  
23 municipality therein.

24 (e) Annual Review of Exempted or Excluded Property. – Pursuant to G.S. 105-  
25 296(l), the assessor must annually review at least one-eighth of the parcels in the county  
26 exempted or excluded from taxation to verify that the parcels qualify for the exemption  
27 or exclusion. A duplicate copy of the roster shall be forwarded to the Department of  
28 Revenue on or before November 1, 1974. In subsequent years, on or before November  
29 1, a report shall be filed with the Department of Revenue showing all changes since the  
30 last report."

31 **SECTION 2.** G.S. 105-287(a) reads as rewritten:

32 "(a) In a year in which a general reappraisal or horizontal adjustment of real  
33 property in the county is not made, the assessor shall increase or decrease the appraised  
34 value of real property, as determined under G.S. 105-286, ~~to accomplish any one or~~  
35 ~~more of the following:~~ to recognize a change in the property's value resulting from one  
36 or more of the reasons listed in this subsection. The reason necessitating a change in the  
37 property's value need not be under the control of or at the request of the owner of the  
38 affected property.

- 39 (1) Correct a clerical or mathematical error.
- 40 (2) Correct an appraisal error resulting from a misapplication of the  
41 schedules, standards, and rules used in the county's most recent general  
42 reappraisal or horizontal adjustment.
- 43 (2a) Recognize an increase or decrease in the value of the property  
44 resulting from a conservation or preservation agreement subject to

1 Article 4 of Chapter 121 of the General Statutes, the Conservation and  
2 Historic Preservation Agreements Act.

3 (2b) Recognize an increase or decrease in the value of the property  
4 resulting from a physical change to the land or to the improvements on  
5 the land, other than a change listed in subsection (b) of this section.

6 (2c) Recognize an increase or decrease in the value of the property  
7 resulting from a change in the legally permitted use of the property.

8 (3) Recognize an increase or decrease in the value of the property  
9 resulting from a factor other than one listed in subsection (b)."

10 **SECTION 3.** G.S. 105-296(j) reads as rewritten:

11 "(j) The assessor shall annually review one eighth of the parcels in the county  
12 classified for taxation at present-use value to verify that these parcels qualify for the  
13 classification. By this method, the assessor shall review the eligibility of all parcels  
14 classified for taxation at present-use value in an eight-year period. The assessor may  
15 require the owner of classified property to submit any information needed by the  
16 assessor to verify that the property continues to qualify for present-use value taxation.  
17 The assessor may require the owner of the classified property to submit any information  
18 needed by the assessor to verify that the property continues to qualify for present-use  
19 valuation. The owner has 30 days from the date a written request for the information is  
20 made to submit the information to the assessor. If the information is not made available  
21 to the assessor in the time allowed, the property may lose its present-use value  
22 classification and the property's deferred taxes become due and payable as provided in  
23 G.S. 105-277.4(c). The assessor must reinstate the property's present-use value  
24 classification when the owner submits the requested information unless the information  
25 discloses that the property no longer qualifies for present-use value classification."

26 **SECTION 4.** G.S. 105-296(l) reads as rewritten:

27 "(l) The assessor shall annually review at least one-eighth of the parcels in the  
28 county exempted or excluded from taxation to verify that these parcels qualify for the  
29 exemption or exclusion. By this method, the assessor shall review the eligibility of all  
30 parcels exempted or excluded from taxation in an eight-year period. The assessor may  
31 require the owner of exempt or excluded property to make available for inspection any  
32 information reasonably needed by the assessor to verify that the property continues to  
33 qualify for the exemption or exclusion. The owner has 30 days from the date a written  
34 request for the information is made to make the information available for inspection. If  
35 the information is not made available to the assessor in the time allowed, the property  
36 may lose its exemption or exclusion. The assessor must reinstate the property's  
37 exemption or exclusion when the owner makes the requested information available  
38 unless the information discloses that the property is no longer eligible for the exemption  
39 or exclusion."

40 **SECTION 5.** G.S. 105-296 is amended by adding a new subsection to read:

41 "(m) The assessor shall annually review the transportation corridor official maps and  
42 amendments to them filed with the register of deeds pursuant to Article 2E of Chapter  
43 136 of the General Statutes. The assessor must indicate on all tax maps maintained by  
44 the county or city that portion of the properties embraced within a transportation

1 corridor and must note any variance granted for the property for such period as the  
2 designation remains in effect. The assessor must tax the property within a transportation  
3 corridor as required under G.S. 105-277.9."

4 **SECTION 6.** G.S. 105-322(e) reads as rewritten:

5 "(e) Time of Meeting. – Each year the board of equalization and review shall hold  
6 its first meeting not earlier than the first Monday in April and not later than the first  
7 Monday in May. In years in which a county does not conduct a real property  
8 revaluation, the board shall complete its duties on or before the third Monday following  
9 its first meeting unless, in its opinion, a longer period of time is necessary or expedient  
10 to a proper execution of its responsibilities. ~~In no event shall~~ Except as provided in  
11 subdivision (g)(5) of this section, the board may not sit later than July 1 except to hear  
12 and determine requests made under the provisions of subdivision (g)(2), below, when  
13 such requests are made within the time prescribed by law. In the year in which a county  
14 conducts a real property revaluation, the board shall complete its duties on or before  
15 December 1, except that it may sit after that date to hear and determine requests made  
16 under the provisions of subdivision (g)(2), below, when such requests are made within  
17 the time prescribed by law. From the time of its first meeting until its adjournment, the  
18 board shall meet at such times as it deems reasonably necessary to perform its statutory  
19 duties and to receive requests and hear the appeals of taxpayers under the provisions of  
20 subdivision (g)(2), below."

21 **SECTION 7.** G.S. 105-322(g) reads as rewritten:

22 "(g) Powers and Duties. – The board of equalization and review has the following  
23 powers and duties:

24 (1) ~~Powers and Duties. — It shall be the duty of the board of equalization~~  
25 ~~and review to~~ Duty to Review Tax Lists. – The board shall examine  
26 and review the tax lists of the county for the current year to the end  
27 that all taxable property shall be listed on the abstracts and tax records  
28 of the county and appraised according to the standard required by G.S.  
29 105-283, and the board shall correct the abstracts and tax records to  
30 conform to the provisions of this Subchapter. In carrying out its  
31 responsibilities under this subdivision (g)(1), the board, on its own  
32 motion or on sufficient cause shown by any person, shall:

- 33 a. List, appraise, and assess any taxable real or personal property  
34 that has been omitted from the tax lists.
- 35 b. Correct all errors in the names of persons and in the description  
36 of properties subject to taxation.
- 37 c. Increase or reduce the appraised value of any property that, in  
38 the board's opinion, ~~shall have~~ has been listed and appraised at a  
39 figure that is below or above the appraisal required by G.S. 105-  
40 283; however, the board shall not change the appraised value of  
41 any real property from that at which it was appraised for the  
42 preceding year except in accordance with the terms of G.S. 105-  
43 286 and 105-287.

- 1 d. Cause to be done whatever else ~~shall be~~ is necessary to make  
2 the lists and tax records comply with the provisions of this  
3 Subchapter.
- 4 e. Embody actions taken under the provisions of subdivisions  
5 (g)(1)a through (g)(1)d, above, in appropriate orders and have  
6 the orders entered in the minutes of the board.
- 7 f. Give written notice to the taxpayer at ~~his~~ the taxpayer's last  
8 known address in the event the ~~board~~ board, by  
9 appropriate order, ~~increase~~ increases the appraisal of any  
10 property or ~~list~~ lists for taxation any property omitted from the  
11 tax lists under the provisions of this subdivision (g)(1).
- 12 (2) Duty to Hear Taxpayer Appeals. – On request, the board of  
13 equalization and review shall hear any taxpayer who owns or controls  
14 property taxable in the county with respect to the listing or appraisal of  
15 ~~his~~ the taxpayer's property or the property of others.
- 16 a. A request for a hearing under this subdivision (g)(2) shall be  
17 made in writing to or by personal appearance before the board  
18 prior to its adjournment. However, if the taxpayer requests  
19 review of a decision made by the board under the provisions of  
20 subdivision (g)(1), above, notice of which was mailed fewer  
21 than 15 days prior to the board's adjournment, the request for a  
22 hearing thereon may be made within 15 days after the notice of  
23 the board's decision was mailed.
- 24 b. Taxpayers may file separate or joint requests for hearings under  
25 the provisions of this subdivision (g)(2) at their election.
- 26 c. At a hearing under provisions of this subdivision (g)(2), the  
27 board, in addition to the powers it may exercise under the  
28 provisions of subdivision (g)(3), below, shall hear any evidence  
29 offered by the appellant, the assessor, and other county officials  
30 that is pertinent to the decision of the appeal. Upon the request  
31 of an appellant, the board shall subpoena witnesses or  
32 documents if there is a reasonable basis for believing that the  
33 witnesses have or the documents contain information pertinent  
34 to the decision of the appeal.
- 35 d. On the basis of its decision after any hearing conducted under  
36 this subdivision (g)(2), the board shall adopt and have entered  
37 in its minutes an order reducing, increasing, or confirming the  
38 appraisal appealed or listing or removing from the tax lists the  
39 property whose omission or listing has been appealed. The  
40 board shall notify the appellant by mail as to the action taken on  
41 ~~his~~ the taxpayer's appeal not later than 30 days after the board's  
42 adjournment.

1 (3) Powers in Carrying Out Duties. – In the performance of its duties  
2 under subdivisions (g)(1) and (g)(2), above, the board of equalization  
3 and review may exercise the following powers:

4 a. It may appoint committees composed of its own members or  
5 other persons to assist it in making investigations necessary to  
6 its work. It may also employ expert appraisers in its discretion.  
7 The expense of the employment of committees or appraisers  
8 shall be borne by the county. The board may, in its discretion,  
9 require the taxpayer to reimburse the county for the cost of any  
10 appraisal by experts demanded by ~~him~~ the taxpayer if the  
11 appraisal does not result in material reduction of the valuation  
12 of the property appraised and if the appraisal is not  
13 subsequently reduced materially by the board or by the  
14 Department of Revenue.

15 b. The board, in its discretion, may examine any witnesses and  
16 documents. It may place any witnesses under oath administered  
17 by any member of the board. It may subpoena witnesses or  
18 documents on its own motion, and it must do so when a request  
19 is made under the provisions of subdivision (g)(2)c, above.

20 A subpoena issued by the board shall be signed by the  
21 ~~chairman~~ chair of the board, directed to the witness or to the  
22 person having custody of the document, and served by an  
23 officer authorized to serve subpoenas. Any person who willfully  
24 fails to appear or to produce documents in response to a  
25 subpoena or to testify when appearing in response to a  
26 subpoena shall be guilty of a Class 1 misdemeanor.

27 (4) Power to Submit Reports. – Upon the completion of its other  
28 duties, the board may submit to the Department of Revenue a  
29 report outlining the quality of the reappraisal, any problems it  
30 encountered in the reappraisal process, the number of appeals  
31 submitted to the board and to the Property Tax Commission, the  
32 success rate of the appeals submitted, and the name of the firm  
33 that conducted the reappraisal. A copy of the report should be  
34 sent by the board to the firm that conducted the reappraisal.

35 (5) Duty to Change Abstracts and Records After Adjournment. –  
36 Following adjournment upon completion of its duties under  
37 subdivisions (g)(1) and (g)(2) of this subsection, the board may  
38 continue to meet to carry out the following duties:

39 a. To hear and decide all appeals relating to discovered  
40 property under G.S. 105-312(d) and (k).

41 b. To hear and decide all appeals relating to the appraisal,  
42 situs, and taxability of classified motor vehicles under  
43 G.S. 105-330.2(b).



1 c. To hear and decide all appeals relating to audits  
2 conducted under G.S. 105-296(j) and relating to audits  
3 conducted under G.S. 105-296(j) and (l) of property  
4 classified at present-use value and property exempted or  
5 excluded from taxation."

6 **SECTION 8.** G.S. 105-330.4(b) reads as rewritten:

7 "(b) Subject to the provisions of G.S. 105-395.1, interest on unpaid taxes on  
8 classified motor vehicles listed pursuant to G.S. 105-330.3(a)(1) accrues at the rate of  
9 ~~three-fourths of one percent (3/4%) per month beginning~~ two percent (2%) for the first  
10 month following the date the taxes were due and three-fourths percent (3/4%) for each  
11 month thereafter until the taxes are paid, unless the tax notice required by G.S.  
12 105-330.5 is prepared after the date the taxes are due. In that circumstance, the interest  
13 accrues beginning the second month following the date of the notice until the taxes are  
14 paid. Subject to the provisions of G.S. 105-395.1, interest on delinquent taxes on  
15 classified motor vehicles listed pursuant to G.S. 105-330.3(a)(2) accrues as provided in  
16 G.S. 105-360(a) and discounts shall be allowed as provided in G.S. 105-360(c)."

17 **SECTION 9.** G.S. 105-375(i) reads as rewritten:

18 "(i) Issuance of Execution. – At any time after ~~six~~ three months and before two  
19 years from the indexing of the judgment as provided in subsection (b), above, execution  
20 shall be issued at the request of the tax collector in the same manner as executions are  
21 issued upon other judgments of the superior court, and the real property shall be sold by  
22 the sheriff in the same manner as other real property is sold under execution with the  
23 following exceptions:

24 (1) No debtor's exemption shall be allowed.

25 (2) In lieu of personal service of notice on the owner of the property,  
26 registered or certified mail notice shall be mailed to the listing owner  
27 ~~(and to the current owner if notice was required to be mailed to him~~  
28 ~~pursuant to subsection (c), above) at this [his] the listing owner's last~~  
29 ~~known address at least 30 days prior to the day fixed for the sale. The~~  
30 ~~notice must also be mailed to the current owner by registered or~~  
31 ~~certified mail if notice was required to be mailed to the current owner~~  
32 pursuant to subsection (c) of this section.

33 (3) The sheriff shall add to the amount of the judgment as costs of the sale  
34 any postage expenses incurred by the tax collector and the sheriff in  
35 foreclosing under this section.

36 (4) In any advertisement or posted notice of sale under execution, the  
37 sheriff may (and at the request of the governing body shall) combine  
38 the advertisements or notices for properties to be sold under executions  
39 against the properties of different taxpayers in favor of the same taxing  
40 unit or group of units; however, the property included in each  
41 judgment shall be separately described and the name of the listing  
42 taxpayer specified in connection with each.

1 The purchaser at the execution sale shall acquire title to the property in fee simple  
2 free and clear of all claims, rights, interests, and liens except the liens of other taxes or  
3 special assessments not paid from the purchase price and not included in the judgment."

4 **SECTION 10.** G.S. 131A-21 reads as rewritten:

5 "**§ 131A-21. Tax exemption.**

6 The exercise of the powers granted by this Chapter will be in all respects for the  
7 benefit of the people of the State and will promote their health and welfare. If bonds or  
8 notes are issued by the Commission to provide or improve a health care facility, then  
9 until the bonds or notes are retired, the facility for which bonds or notes are issued is  
10 exempt from property taxes to the extent provided in this section. If refunding bonds or  
11 notes are issued to refund bonds or notes issued to provide or improve a health care  
12 facility, the facility will continue to be exempt from property taxes as provided in this  
13 section until such time as the refunding bonds or notes are retired, provided that the  
14 final maturity of the refunding bonds or notes does not extend beyond the final maturity  
15 of the original bonds or notes.

16 Property may be exempt from property taxes as provided in this section if a timely  
17 application for the exemption is filed with the assessor of the county in which the  
18 property is located as required under G.S. 105-282.1.The property tax exemption under  
19 this section shall not exceed the lesser of the original principal amount of the bonds or  
20 notes or the assessed value for ad valorem tax purposes of the facility. If bonds or notes  
21 are issued to finance more than one health care facility, only that portion of the principal  
22 amount of the bonds or notes used to provide or improve the particular facility,  
23 including any allocable reserves and financing costs, may be considered for the purpose  
24 of determining the amount of the exemption allowable under this section. The  
25 exemption authorized by this section shall begin with the first full tax year of the  
26 taxpayer following the issuance of the bonds and notes. This section does not affect a  
27 health care facility's eligibility for a property tax exemption under Subchapter II of  
28 Chapter 105 of the General Statutes.

29 Any bonds or notes issued by the Commission under the provisions of this Chapter  
30 shall at all times be free from taxation by the State or any local unit or political  
31 subdivision or other instrumentality of the State, excepting inheritance, estate, or gift  
32 taxes, income taxes on the gain from the transfer of the bonds and notes, and franchise  
33 taxes. The interest on the bonds and notes is not subject to taxation as income."

34 **SECTION 11.** Section 2 of this act becomes effective for taxes imposed for  
35 taxable years beginning on or after July 1, 2002. Section 9 of this act becomes effective  
36 July 1, 2001, and applies to an in rem foreclosure proceeding begun on or after that  
37 date. Section 8 of this act becomes effective for taxes imposed for taxable years  
38 beginning on or after July 1, 2001. The remainder of this act is effective when it  
39 becomes law.