

GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2015

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HOUSE PRINCIPAL CLERK

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HOUSE DRH20150-MC-87 (03/04)

Short Title: Displaced Residential Land Tax Deferral. (Public)

Sponsors: Representatives Millis, Bishop, Jeter, and Collins (Primary Sponsors).

Referred to:

1 A BILL TO BE ENTITLED  
2 AN ACT TO CREATE A PROPERTY TAX DEFERRAL PROGRAM FOR PERMANENT  
3 RESIDENCES THAT ARE SUBSEQUENTLY REZONED FOR NONRESIDENTIAL  
4 USES.

5 The General Assembly of North Carolina enacts:

6 SECTION 1. Article 12 of Subchapter II of Chapter 105 of the General Statutes is  
7 amended by adding a new section to read:

8 "**§ 105-277.15B. Taxation of displaced residential land.**

9 (a) Classification. – Displaced residential land is designated a special class of property  
10 under Section 2(2) of Article V of the North Carolina Constitution and must be appraised,  
11 assessed, and taxed in accordance with this section. For purposes of this section, "displaced  
12 residential land" means a person's legal residence, including the dwelling, the dwelling site, and  
13 related improvements. The dwelling may be a single-family residence, a unit in a multifamily  
14 residential complex, or a manufactured home.

15 (b) Requirements. – Property qualifies as displaced residential land if it meets the  
16 following requirements:

- 17 (1) The dwelling site was not zoned for a particular use or was zoned for  
18 residential use.  
19 (2) Prior to the time the dwelling site was zoned or during the time the dwelling  
20 site was zoned for residential use, a permanent residence was constructed on  
21 the dwelling site.  
22 (3) The dwelling site was zoned after construction of the permanent residence  
23 for a use other than residential use.  
24 (4) The owner of the dwelling site was the owner at the time of the zoning for a  
25 use other than residential use.

26 (c) Deferred Taxes. – An owner may defer a portion of tax imposed on displaced  
27 residential land that represents the sum of the difference between the true value of the displaced  
28 residential land as it is currently zoned and the value of the displaced residential land as if it  
29 were zoned for residential use.

30 The difference between the taxes due under this section and the taxes that would have been  
31 payable in the absence of this section is a lien on the displaced residential land as provided in  
32 G.S. 105-355(a). The difference in taxes for the three fiscal years preceding the current tax year  
33 shall be carried forward in the records of each taxing unit as deferred taxes. The deferred taxes  
34 are due and payable in accordance with G.S. 105-277.1F when the displaced residential land  
35 loses its eligibility for deferral because of the occurrence of a disqualifying event. A



1 disqualifying event occurs when the owner ceases to use the displaced residential land as a  
2 permanent residence, unless the cessation is due to any of the following:

3 (1) Temporary absences, as defined in G.S. 105-177.1(a1).

4 (2) Death of the owner, if the subsequent owner is the spouse or child of the  
5 owner and uses the residence as a permanent residence. If the subsequent  
6 owner ceases to use the residence as a permanent residence, the displaced  
7 residential land loses its eligibility for deferral.

8 (3) Divorce of the owner, if the subsequent owner is the spouse of the owner  
9 and uses the residence as a permanent residence. If the subsequent owner  
10 ceases to use the residence as a permanent residence, the displaced  
11 residential land loses its eligibility for deferral.

12 (d) Notice. – On or before September 1 of each year, the collector shall notify each  
13 owner to whom a tax deferral has previously been granted of the accumulated sum of deferred  
14 taxes and interest. An owner who fails to notify the county assessor when land classified under  
15 this section loses its eligibility for classification is subject to a penalty in the amount set in  
16 G.S. 105-277.5.

17 (e) Application. – An application for property tax relief provided by this section should  
18 be filed during the regular listing period but may be filed after the regular listing period upon a  
19 showing of good cause by the applicant for failure to make a timely application, as determined  
20 and approved by the board of equalization and review or, if that board is not in session, by the  
21 board of county commissioners. An untimely application approved under this subsection  
22 applies only to property taxes levied by the county or municipality in the calendar year in  
23 which the untimely application is filed. Decisions of the county board may be appealed to the  
24 Property Tax Commission. Persons may apply for this property tax relief by entering the  
25 appropriate information on a form made available by the assessor under G.S. 105-282.1."

26 **SECTION 2.** This act is effective for taxes imposed for taxable years beginning on  
27 or after July 1, 2015.