

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2015

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HOUSE BILL 418

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

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

For a complete list of Sponsors, refer to the North Carolina General Assembly Web Site.

Referred to: Finance.

April 1, 2015

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.