

May 7, 2001

H 1427. AMEND USE VALUE STATUTES. TO MAKE MISCELLANEOUS CHANGES TO THE DEFINITIONS USED FOR AGRICULTURAL, HORTICULTURAL, AND FORESTRY LAND; TO PERMIT A CHANGE OF OWNERSHIP WITH CONTINUED QUALIFICATION FOR DEFERRED TAX STATUS; TO PROVIDE AN OPTION FOR PREPAYMENT OF ANY DEFERRED TAXES; TO CREATE A STUDY; AND TO MAKE CONFORMING CHANGES. GS 105-277.2 defines agricultural horticultural land and forestland as land in the “commercial” production of crops or “commercial” growing of trees; bill deletes the word “commercial”. GS 105-277.3 classifies agricultural and horticultural land that has had an average annual gross income from agriculture or horticulture over three preceding years of \$1000 or more; amendment qualifies such land if average gross income, or average value of production, or both, is at least \$1000 annually. Provides that average value of production is market value of agricultural or horticultural products actually produced on land. Reduces minimum size of property classified as forestland from 20 to 10 acres. Amends GS 105-277.3(b2) to redefine exception to the ownership requirements as follows: land was appraised for use value or eligible for such appraisal when title passed; and new owner continues to use land for purpose for which it was classified before title passed. Adds new GS 105-277.4(f) to permit deferred taxes and accrued interest to be prepaid, with any partial payment to be applied first to accrued interest. Directs Agriculture and Forestry Awareness Study Commission to study deferred taxation of use-valued property, with report to 2003 General Assembly. Effective for taxable years beginning on or after July 1, 2001.

Intro. by Agriculture Committee.

GS 105, STUDY

August 22, 2001

H 1427. AMEND USE VALUE STATUTES. Intro. 5/8/01. House committee substitute makes the following changes to 1st edition. (1) Restores requirement of GS 105-277.2 that to qualify land must be used for commercial production; (2) deletes proposed language in GS 105-277.3 regarding “value of production”; (3) adds provision in GS 105-277.2(6) that in determining the greatest net return, no minimum profitability level may be applied; (4) deletes proposed new GS 105-277.4(f) providing that all or part of deferred taxes may be paid at any time and replaces it with a new provision in GS 105-377.4(c) stating that deferred taxes for any year may be paid in that year without the qualifying land becoming ineligible for deferred status. All of these provisions are effective for tax years beginning on or after Jan. 1, 2002. Creates 16-member Use Value and Land Taxation Study Comm’n to study and recommend changes to the use value system. Comm’n may make interim report to the 2002 session of the General Assembly and must make a final report to the 2003 session.

September 4, 2001

H 1427. AMEND USE VALUE STATUTES. Intro. 5/8/01. Senate committee substitute makes the following changes to 2nd edition. Changes title to *AN ACT TO AMEND CERTAIN USE VALUE DEFINITIONS; TO PERMIT A CHANGE OF OWNERSHIP WITH CONTINUED QUALIFICATION FOR DEFERRED TAX STATUS; TO PROVIDE AN OPTION FOR REPAYMENT OF ANY DEFERRED TAXES; TO ESTABLISH THE USE VALUE AND LAND TAXATION STUDY COMMISSION; AND TO MAKE CONFORMING CHANGES.* Makes technical changes only.

October 4, 2001

H 1427. AMEND USE VALUE STATUTES. Intro. 5/08/01. Senate committee substitute makes the following changes to 3rd edition. Amends re-definition of “sound management program” in GS 105-277.2 (definitions for agriculture, horticulture, and forestland) to provide that the fair market value of land shall not be considered in determining the net return from the land (was, no minimum profitability level may be applied in determining net return). Amends GS 105-277.3(b2) (deferred taxes on agricultural, horticultural, and forestland) to provide that if land qualifies for classification in the hands of a new owner under this subsection, the new owner becomes liable for deferred taxes, and the deferred taxes become payable if the land fails to meet any other conditions or requirement for classification. Changes membership of property tax study

commission by replacing list of specific associations to be represented on the commission with public members. Adds requirement that commission study the feasibility of allowing forestland managed for conservation purposes and the preservation of wildlife habitats to be taxed at its present-use value.

November 28, 2001

H 1427. AMEND USE VALUE STATUTES. Intro. 5/8/01. Conference report recommends the following changes to 4th edition to reconcile matters in controversy. Deletes proposed amendment to GS 105-277.2(6) that would have added the following language to the definition of a sound management program: "The fair market value of the land shall not be considered in determining the net return from the land."

January 9, 2002

SL 2001-499 (H 1427). AMEND USE VALUE STATUTES. AN ACT TO AMEND THE PRESENT-USE VALUE STATUTES AND TO ESTABLISH THE PROPERTY TAX STUDY COMMISSION. Summarized in *Daily Bulletin* 5/7/01, 8/22/01, 9/4/01, 10/4/01, and 11/28/01. Enacted Dec. 19, 2001. Effective for taxes imposed for taxable years beginning on or after Jan. 1, 2002.