

May 16, 2006

S 1451. AMEND DELINQUENT PROPERTY TAX COLLECTION. Filed 5/16/06. *TO ENFORCE COLLECTION OF PROPERTY TAXES ON REAL PROPERTY AGAINST THE RECORD OWNER AS OF THE DATE THE TAXES BECOME DELINQUENT AND TO CODIFY THE PRORATION OF TAXES ON REAL PROPERTY.*

Under current law, the person who owns real property as of January 1 is liable for property taxes on the property for the entire fiscal year beginning the following July 1 even if the person sells the property to another person after January 1. By contract, the seller (listing owner) and the buyer (owner of record) may agree that the buyer will take responsibility for a prorated portion of those taxes based on the number of months during the calendar year that the buyer will own the property. Nonetheless, if the buyer fails to pay the property taxes, the seller is personally liable for the entire year's taxes. This act amends GS 105-273(17) (definition of "taxpayer") to provide that for the purpose of collecting delinquent property taxes on real property, the taxpayer is the owner of record as of the date the taxes became delinquent (and any subsequent owners of record). Amending the definition gives the tax collector authority to use garnishment and other remedies for the collection of delinquent property taxes on real property only against the record owner and not the listing owner.

Similarly, the act (1) amends GS 105-369 to provide that the advertisement of tax liens on real property for failure to pay taxes that is published by the tax collector will include only the name of the owner of record as of the date the taxes become delinquent and not the name of the listing owner and (2) amends GS 105-374 and GS 105-275 (foreclosure of tax liens) to provide for summonses and notices to the owner of record as of the date the taxes become delinquent (and subsequent owners) rather than to the listing owner.

The act enacts a new GS 39-60 to provide that when real property is sold, unless the buyer and seller provide otherwise by contract, the property taxes on the property are divided between the buyer and seller on a prorated basis.

Intro. by Hartsell.

GS 39, 105

June 27, 2006

S 1451. AMEND DELINQUENT PROPERTY TAX/INVENTORY/STUDY (NEW). Filed 5/16/06. House committee substitute makes the following changes to 1st edition. Revises GS 105-374(c) to clarify that the reference to the "owner of record" refers to the owner as of the date the taxes became delinquent. Amends GS 105-375(b), which gives the governing body of a taxing unit the option of filing a certificate of taxes as judgment, to require that the certificate show the name of the taxpayer as defined in GS 105-273(17) for each parcel on which the taxing unit has a lien for unpaid taxes (was, the name of the taxpayer listing real property on which the taxes are a lien). Amends GS 105-375(c) (notice requirements for foreclosure on property or execution sale when there is a tax lien on the property) to establish the following additional requirements for notifying a taxpayer (was, listing taxpayer) of a tax lien foreclosure. (1) Enacts new GS 105-375(c)(2) to incorporate existing requirements that the notice state that a judgment will be docketed and that execution will be issued as provided by law, and to add requirements that the notice include the proposed date of the docketing, a brief description of the real property affected, and a statement that the lien may be satisfied prior to judgment being entered. (2) Incorporates current provision requiring that the notice be sent by registered or certified mail to the taxpayer in new GS 105-375(3) and deletes requirement that notice also be sent to the owner of the property. (3) Enacts new GS 105-375(4) to incorporate the additional notice requirements in the event a return receipt has not been returned, but expands notice provisions to require that the tax collector make reasonable efforts to locate and notify the taxpayer and all lienholders or record prior to the docketing of the judgment and issuance of the execution, including posting the notice on the property and mailing the notice to the property address to the attention of the occupant; and publish a newspaper notice as set forth in the act (was, only required newspaper notice).

Amends GS 105-375(i)(2) (issuance of execution) to provide that in lieu of personal service, the execution may be mailed by registered or certified mail, return receipt requested (was, registered or certified mail), to the taxpayer's last known address (was, listing owner's last known address). Adds requirement that if a return receipt has not been received within ten days of the mailing of the notice, the sheriff must make additional efforts to locate and notify the taxpayer and

all lienholders of record of the sale under execution in accordance with requirements set forth in GS 105-3(c)(4). Amends GS 105-273(8a) definition of "inventories" for the purpose of property tax assessment to include a modular home used exclusively as a display model and held for eventual sale at the retail merchant's place of business.

Requires that the Revenue Laws Study Committee study and recommend any changes to the special class of property taxed on the basis of the value of the property at its present use, including expanding the present-use value system to include wildlife land and other conservation land and adding more specific land resource management criteria to the sound management programs required for lands enrolled in the present-use value system.

July 17, 2006

SL 2006-106 (S 1451). DELINQUENT PROPERTY TAX/INVENTORY/STUDY. AN ACT TO ENFORCE COLLECTION OF PROPERTY TAXES ON REAL PROPERTY AGAINST THE RECORD OWNER AS OF THE DATE THE TAXES BECOME DELINQUENT, TO CODIFY THE PRORATION OF TAXES ON REAL PROPERTY, TO REQUIRE A TAX COLLECTOR TO TAKE REASONABLE ADDITIONAL STEPS TO NOTIFY A PROPERTY OWNER OF A TAX SALE UNLESS THE TAX COLLECTOR HAS AFFIRMATIVE KNOWLEDGE THAT THE MAILED NOTICE REACHED THE RECIPIENT, TO AMEND THE DEFINITION OF INVENTORIES TO INCLUDE DISPLAY MODULAR HOMES, AND TO STUDY THE VALUATION OF PROPERTY AT ITS PRESENT-USE VALUE FOR PROPERTY TAX PURPOSES. Summarized in *Daily Bulletin* 5/16/06 and 6/27/06. Enacted July 13, 2006. Section 7 is effective for contracts entered into on or after October 1, 2006. Section 9 is effective July 13, 2006. The remainder is effective for taxes imposed for taxable years beginning on or after July 1, 2006.