

GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2021

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SENATE BILL 388  
PROPOSED COMMITTEE SUBSTITUTE S388-PCS15329-RBf-14

Short Title: Property/Sales Tax Chgs for Farmers/Wildlife.

(Public)

Sponsors:

Referred to:

March 30, 2021

1 A BILL TO BE ENTITLED  
2 AN ACT TO EXPAND THE EXEMPTION FOR FARMERS TO INCLUDE CERTAIN SALES  
3 BY A QUALIFYING FARMER FOR A ZOO, TO EXEMPT QUALIFYING ITEMS FROM  
4 SALES TAX IF PURCHASED BY A WILDLIFE MANAGER FOR WILDLIFE  
5 MANAGEMENT ACTIVITIES, AND TO MAKE CHANGES TO THE PROPERTY  
6 TAXATION OF WILDLIFE CONSERVATION LAND.

7 The General Assembly of North Carolina enacts:

8  
9 **PART I. EXPAND THE SALES TAX EXEMPTION FOR FARMERS TO INCLUDE**  
10 **CERTAIN SALES BY A QUALIFYING FARMER FOR A ZOO**

11 **SECTION 1.(a)** G.S. 105-164.13E is amended by adding a new subsection to read:

12 "(a1) Zoo Exemption. – A qualifying farmer or conditional farmer who operates a zoo in  
13 addition to the farmer's farming operations is allowed a sales and use tax exemption under this  
14 subsection for the items used in the farmer's zoo operations. The income derived from the  
15 farmer's zoo operations is not included for purposes of determining if the farmer meets the  
16 qualifications for a qualifying farmer under subsection (a) of this section or the qualifications for  
17 a conditional farmer under subsection (b) of this section. The items that may be exempt from  
18 sales and use tax are the items listed under subsection (a) of this section that are used by a farmer  
19 primarily in zoo operations. The provisions of subsections (c) and (c1) of this section apply to  
20 the exemption provided in this subsection. For purposes of this subsection, an item is used by a  
21 farmer for zoo operations if it is used for the housing, raising, or feeding of animals for public  
22 display."

23 **SECTION 1.(b)** This section becomes effective January 1, 2022, and applies to sales  
24 made on or after that date.

25  
26 **PART II. EXEMPT QUALIFYING ITEMS FROM SALES TAX IF PURCHASED BY A**  
27 **WILDLIFE MANAGER FOR WILDLIFE MANAGEMENT ACTIVITIES**

28 **SECTION 2.(a)** Article 5 of Chapter 105 of the General Statutes is amended by  
29 adding a new section to read:

30 **§ 105-164.13F. Exemption for wildlife managers.**

31 (a) Definitions. – The following definitions apply in this section:

32 (1) Wildlife management activities. – One or more of the activities for which  
33 wildlife conservation land must be used to qualify for the wildlife  
34 conservation land classification under G.S. 105-277.15.

35 (2) Wildlife manager. – A person who owns land classified and taxed as wildlife  
36 conservation land under G.S. 105-277.15.



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1       **(b) Exemption.** – Certain items purchased by a wildlife manager and used primarily for  
2 wildlife management activities may be exempt from sales and use tax under this section. The  
3 items that may be exempt under this section are:

- 4           **(1)** Feed and feeders.
- 5           **(2)** Rodenticides, insecticides, herbicides, fungicides, and pesticides when their  
6 application is prescribed in and compatible with the objectives of the Wildlife  
7 Habitat Conservation Agreement.
- 8           **(3)** Commercial fertilizer, lime, land plaster, mulch, plant plugs, seedlings,  
9 saplings, seeds, and seed inoculants.
- 10          **(4)** Machinery used for one or more of the purposes listed in this subdivision. The  
11 term "machinery" includes implements that have moving parts or are operated  
12 by an animal. The term does not include implements operated solely by hand  
13 or motor vehicles required to be registered under Chapter 20 of the General  
14 Statutes. The purposes for which the machinery must be used are:
  - 15           **a.** To establish, restore, enhance, or maintain wildlife habitats.
  - 16           **b.** To access or develop access to wildlife habitats.
  - 17           **c.** To implement other wildlife management practices, including land  
18 and forest conservation and management.
- 19          **(5)** Fuel that is measured by a separate meter or another separate device and used  
20 only to operate machinery exempt under subdivision (4) of this subsection and  
21 used for one or more of the purposes listed in subdivision (4) of this  
22 subsection. Examples of a separate device include a tank, a container, and a  
23 transfer tank.
- 24          **(6)** Fuel storage tanks, containers, transfer tanks, and pumps when used only to  
25 provide fuel to operate machinery exempt under subdivision (4) of this  
26 subsection and used for one or more of the purposes listed in subdivision (4)  
27 of this subsection.
- 28          **(7)** Materials, supplies, fixtures, and equipment that become part of or are used  
29 for one or more of the following:
  - 30           **a.** The construction, repair, or improvement of an impoundment,  
31 wetland, or ephemeral pool specifically designed, constructed, and  
32 used for the benefit of one or more wildlife species.
  - 33           **b.** Erosion control.
  - 34           **c.** The installation and maintenance of infrastructure used to access land  
35 areas for wildlife management activities. Examples of this type of  
36 infrastructure include bridges, culverts, and gravel.
  - 37           **d.** The construction and maintenance of structures used by wildlife for  
38 reproduction, travel, or cover. Examples of this type of structure  
39 include nest boxes, road crossing development, and structures  
40 providing cover or other valuable functions for life processes.
  - 41           **e.** The construction and maintenance of fencing, signage, and other  
42 exclusion methods to protect wildlife from access by people or other  
43 species or to manipulate livestock access as a method of habitat  
44 management.
- 45          **(8)** Repair, maintenance, and installation services for items exempt under this  
46 subsection.

47       **(c) Exemption Certificate.** – A wildlife manager may apply to the Secretary for an  
48 exemption certificate under G.S. 105-164.28A. The exemption certificate is valid for three years  
49 and may be renewed. The exemption certificate expires when the wildlife manager ceases to  
50 engage in wildlife management activities or when the land no longer qualifies for classification  
51 and taxation under G.S. 105-277.15. A person who no longer qualifies for an exemption

1 certificate under this section must notify the Secretary within 30 days to cancel the exemption  
2 number.

3 (d) Contract with a Wildlife Manager. – A qualifying item listed in subdivision (7) of  
4 subsection (b) of this section purchased to fulfill a contract with a person who holds a wildlife  
5 manager exemption certificate issued under G.S. 105-164.28A is exempt from sales and use tax  
6 to the same extent as if purchased directly by the person who holds the exemption certificate. A  
7 contractor that purchases one of the items allowed an exemption under this section must provide  
8 an exemption certificate to the retailer that includes the name of the wildlife manager certificate  
9 holder and the exemption number issued to the wildlife manager by the Department pursuant to  
10 G.S. 105-164.28A. A contractor that purchases an item exempt from tax under this subsection  
11 must maintain records to substantiate that it is used to fulfill a contract with a person who holds  
12 a wildlife manager exemption certificate. The records must be maintained for at least three years.

13 (e) Services for Wildlife Manager. – An item exempt under subsection (b) of this section  
14 purchased to perform a service for a person who holds a wildlife manager exemption certificate  
15 issued under G.S. 105-164.28A is exempt from sales and use tax to the same extent as if  
16 purchased directly by the person who holds the exemption certificate. A person that purchases  
17 one of the items allowed an exemption under this subsection must provide an exemption  
18 certificate to the retailer that includes the name of the wildlife manager certificate holder and the  
19 exemption number issued to the wildlife manager by the Department pursuant to  
20 G.S. 105-164.28A. A person that purchases an item exempt from tax under this subsection must  
21 maintain records to substantiate that it is used to provide a service for a person who holds a  
22 wildlife manager exemption certificate. The records must be maintained for at least three years."

23 **SECTION 2.(b)** This section becomes effective July 1, 2022, and applies to sales  
24 occurring on or after that date.

### 25 26 **PART III. MAKE CHANGES TO THE PROPERTY TAXATION OF WILDLIFE** 27 **CONSERVATION LAND**

28 **SECTION 3.(a)** G.S. 105-277.15(c)(1) is recodified as G.S. 105-277.15(c1),  
29 G.S. 105-277.15(c)(2) is recodified as G.S. 105-277.15(c2), and G.S. 105-277.15(c)(3) is  
30 recodified as G.S. 105-277.15(c3), and the sub-subdivisions and sub-sub-subdivisions are  
31 renumbered accordingly.

32 **SECTION 3.(b)** G.S. 105-277.15, as amended by subsection (a) of this section, reads  
33 as rewritten:

#### 34 **"§ 105-277.15. Taxation of wildlife conservation land.**

35 (a) Definitions. – The following definitions apply in this section:

36 ...

37 (6) Wildlife conservation land. – Land that meets the size, ownership, and use  
38 requirements of this section.

39 (b) Classification. – Wildlife conservation land is designated a special class of property  
40 under Article V, Section 2(2) of the North Carolina Constitution and must be appraised, assessed,  
41 and taxed ~~in accordance with this section. Wildlife conservation land classified under this section~~  
42 ~~must be appraised and assessed as if it were classified under G.S. 105-277.3 as agricultural~~  
43 ~~land as follows:~~

44 (1) Wildlife conservation land used for wildlife species protection under  
45 subdivision (c3)(1) of this section must be appraised and assessed as if it were  
46 classified under G.S. 105-277.3 as forestland.

47 (2) Wildlife conservation land used for wildlife habitat protection under  
48 subdivision (c3)(2) of this section must be appraised and assessed as if it were  
49 classified under G.S. 105-277.3 as forestland.

1           (3) Wildlife conservation land used for wildlife reserve under subdivision (c3)(3)  
2           of this section must be appraised and assessed as if it were classified under  
3           G.S. 105-277.3 as agricultural land.

4       (e) ~~Requirements.~~ Land qualifies as wildlife conservation land if it meets the following  
5 size, ownership, and use requirements:

6       (c1) Size. – The land must consist of at least 20 contiguous acres-acres located in the same  
7 county. Once the initial qualifying tract of 20 contiguous acres has been met, one or more  
8 additional acres that meet the ownership and use requirements of this section may qualify for  
9 enrollment. If the land is used for wildlife habitat protection under subdivision (c3)(2) of this  
10 section, then the additional acreage must be located in the same county as the qualifying 20-acre  
11 tract.

12       (c2) Ownership. – The land must be owned by an individual, a family business entity, or  
13 a family trust and trust, or a combination of one or more of the three entities as tenants in  
14 common. Tenants in common may elect to treat their individual shares as owned by them  
15 individually in accordance with G.S. 105-302(c)(9). The land must have been owned by the same  
16 owner for the previous five-four years, except as follows:

17           (1) If the land is the owner's place of residence, then it meets the ownership  
18 requirements.

19           (2) If an owner of land enrolled as wildlife conservation land under this section  
20 acquires additional land that shares a common boundary with the enrolled  
21 land, then the acquired land meets the ownership requirement.

22           ~~(4)~~(3) If the land is owned by a family business entity, the land meets the ownership  
23 requirement if the land was owned by one or more members of the family  
24 business entity for the required time.

25           ~~(2)~~(4) If the land is owned by a family trust, the land meets the ownership  
26 requirement if the land was owned by one or more beneficiaries of the family  
27 trust for the required time.

28           ~~(3)~~(5) If an owner acquires the land that was classified as wildlife conservation land  
29 under this section when it was acquired and the owner continues to use the  
30 land as wildlife conservation land, then the land meets the ownership  
31 requirement if the new owner files an application with the county assessor  
32 within 60 days after acquiring the property and signs the wildlife habitat  
33 conservation agreement in effect for the property within 60 days after  
34 acquiring the property.

35           (6) If the land is owned as tenants in common, the land meets the ownership  
36 requirement if the land was owned by one or more of the tenants for the  
37 required time.

38           (7) If the land is acquired through transfer or inheritance from a relative, the land  
39 meets the ownership requirement if the land was owned by the relative for the  
40 required time.

41       (c3) Use. – The land must meet all of the following requirements: be managed under a  
42 written wildlife habitat conservation agreement with the North Carolina Wildlife Resources  
43 Commission that is in effect as of January 1 of the year for which the benefit of this section is  
44 claimed and that requires the owner to do one or more of the following:

45           (1) ~~The land must be managed under a written wildlife habitat conservation~~  
46 ~~agreement with the North Carolina Wildlife Resources Commission that is in~~  
47 ~~effect as of January 1 of the year for which the benefit of this section is claimed~~  
48 ~~and that requires the owner to do one or more of the following:~~ Wildlife species  
49 protection. – Protect an animal species that lives on the land and, as of January  
50 1 of the year for which the benefit of this section is claimed, is on a North

- 1 Carolina protected animal list published by the Commission under  
 2 G.S. 113-333.  
 3 a. ~~Protect an animal species that lives on the land and, as of January 1 of~~  
 4 ~~the year for which the benefit of this section is claimed, is on a North~~  
 5 ~~Carolina protected animal list published by the Commission under~~  
 6 ~~G.S. 113-333.~~
- 7 (2) Wildlife habitat protection. – Conserve any of the following priority animal  
 8 wildlife habitats: longleaf pine forest, early successional habitat, small  
 9 wetland community, stream and riparian zone, rock outcrop, or bat cave.  
 10 b. ~~Conserve any of the following priority animal wildlife habitats:~~  
 11 ~~longleaf pine forest, early successional habitat, small wetland~~  
 12 ~~community, stream and riparian zone, rock outcrop, or bat cave.~~
- 13 (3) Wildlife reserve. – Create and actively and regularly use as a reserve for  
 14 hunting, fishing, shooting, wildlife observation, or wildlife activities,  
 15 provided that the land is inspected by a certified wildlife biologist at least  
 16 quintennially to ensure that at least three of the seven activities listed in this  
 17 subdivision are maintained to propagate a sustaining breeding, migrating, or  
 18 wintering population of indigenous wild animals for human use, including  
 19 food, medicine, or recreation. The Commission shall adopt rules needed to  
 20 administer the inspection requirements of and activities mandated by this  
 21 subdivision. The activities are as follows:  
 22 e. ~~Create and actively and regularly use as a reserve for hunting, fishing,~~  
 23 ~~shooting, wildlife observation, or wildlife activities, provided that the~~  
 24 ~~land is inspected by a certified wildlife biologist at least quintennially~~  
 25 ~~to ensure that at least three of the seven activities listed in this~~  
 26 ~~sub-sub-subdivision are maintained to propagate a sustaining~~  
 27 ~~breeding, migrating, or wintering population of indigenous wild~~  
 28 ~~animals for human use, including food, medicine, or recreation. The~~  
 29 ~~Commission shall adopt rules needed to administer the inspection~~  
 30 ~~requirements of and activities mandated by this sub-sub-subdivision.~~
- 31 (1)a. Supplemental food.  
 32 (2)b. Supplemental water.  
 33 (3)c. Supplemental shelter.  
 34 (4)d. Habitat control.  
 35 (5)e. Erosion control.  
 36 (6)f. Predator control.  
 37 (7)g. Census of animal population on the land.
- 38 (2) ~~For land used pursuant to sub-sub-subdivisions 1. or 2. of sub-subdivision a.~~  
 39 ~~of this subdivision, it must have been classified under G.S. 105-277.3 when~~  
 40 ~~the wildlife habitat conservation agreement was signed or the owner must~~  
 41 ~~demonstrate to both the Wildlife Resources Commission and the assessor that~~  
 42 ~~the owner used the land for a purpose specified in the signed wildlife habitat~~  
 43 ~~conservation agreement for three years preceding the January 1 of the year for~~  
 44 ~~which the benefit of this section is claimed.~~
- 45 (d) Restrictions. – The following restrictions apply to the classification allowed under  
 46 this section:  
 47 (1) ~~For land used pursuant to sub-sub-subdivision 3. of sub-subdivision a. of~~  
 48 ~~subdivision (3) of subsection (c) of this section, as a wildlife reserve under~~  
 49 ~~subdivision (c3)(3) of this section, no more than 800 acres of an owner's land~~  
 50 ~~in a county may be classified under this section. For all other land classified~~

1 under this section, no more than ~~100~~200 acres of an owner's land in a county  
2 may be classified under this section.

3 ...  
4 (h) Administration. – An owner who applies for the classification allowed under this  
5 section must attach a copy of the owner's written wildlife habitat agreement required under  
6 subsection ~~(e)~~(c3) of this section. An owner who fails to notify the county assessor when land  
7 classified under this section loses its eligibility for classification is subject to a penalty in the  
8 amount set in G.S. 105-277.5."

9 **SECTION 3.(c)** This section is effective for taxes imposed for taxable years  
10 beginning on or after July 1, 2022.

11  
12 **PART IV. EFFECTIVE DATE**

13 **SECTION 4.** Except as otherwise provided, this act is effective when it becomes  
14 law.