

NCDOR

NORTH
CAROLINA
DEPARTMENT
OF REVENUE

Aging Farm Machinery Property Tax Abatement Study

Session Law 2017-108

Senate Bill 615

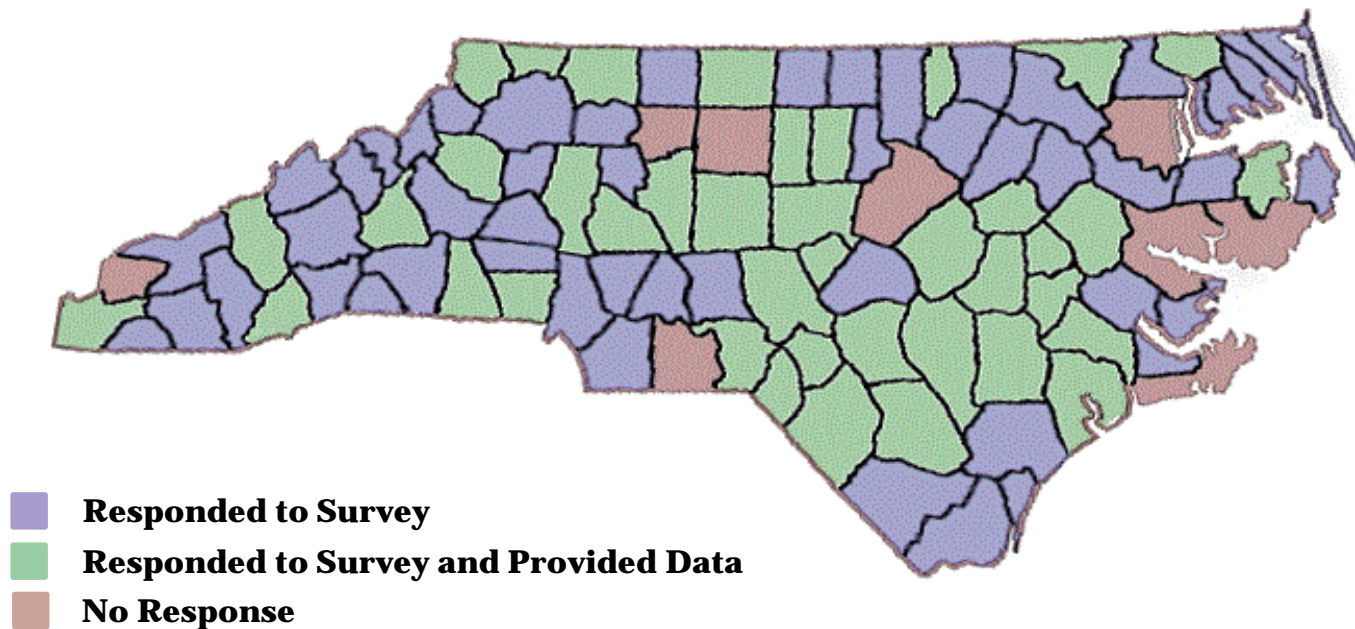
March 22, 2018

Commission's Additional Research Request:

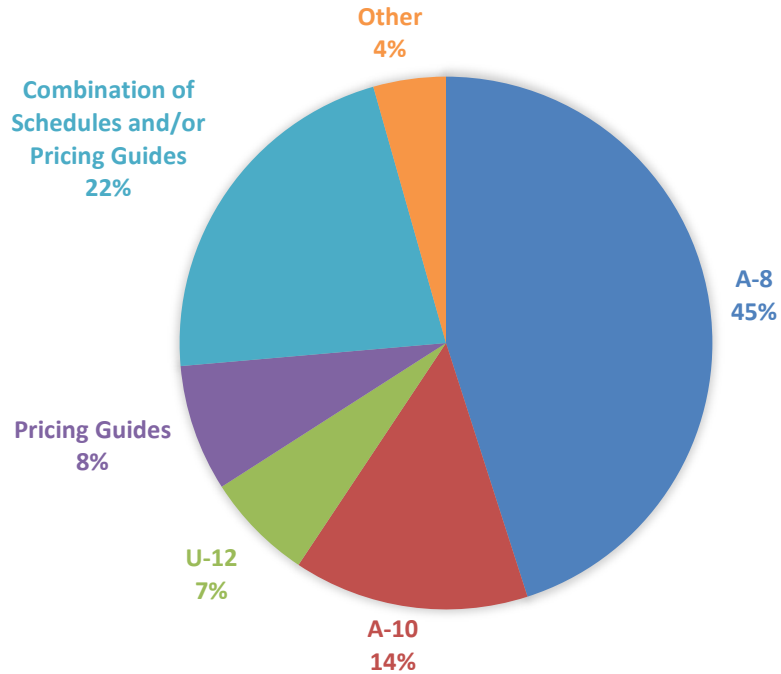
- Expansion of research to all farm equipment.
- Increased participation from counties.
- Fiscal impact on local governments for potential farm equipment taxation changes.



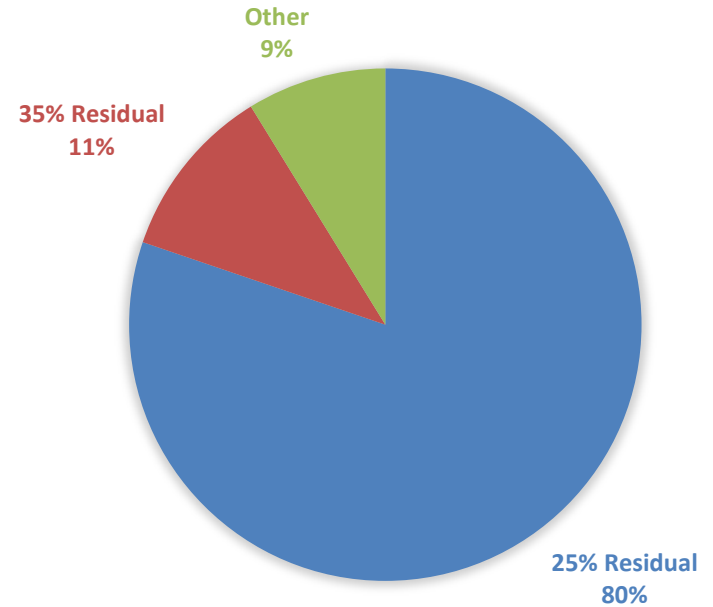
County Farm Equipment Survey Results



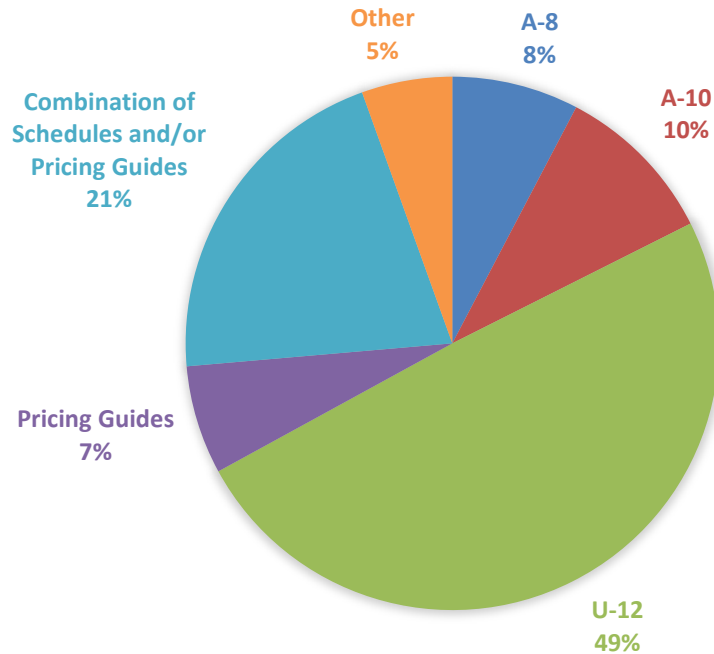
GENERAL FARM EQUIPMENT TAX SCHEDULE



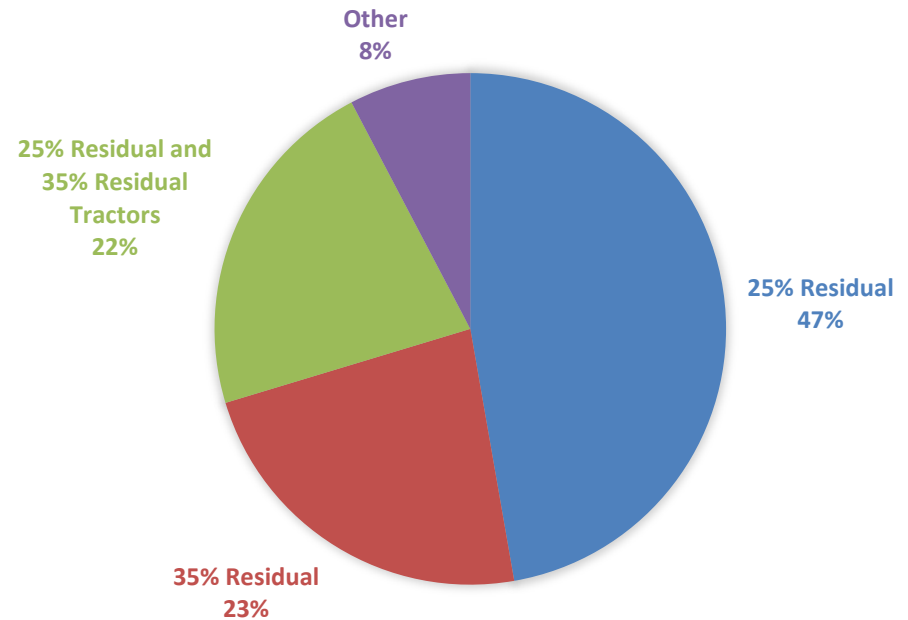
GENERAL FARM EQUIPMENT RESIDUAL VALUE



LARGE FARM EQUIPMENT TAX SCHEDULE



LARGE FARM EQUIPMENT RESIDUAL VALUE



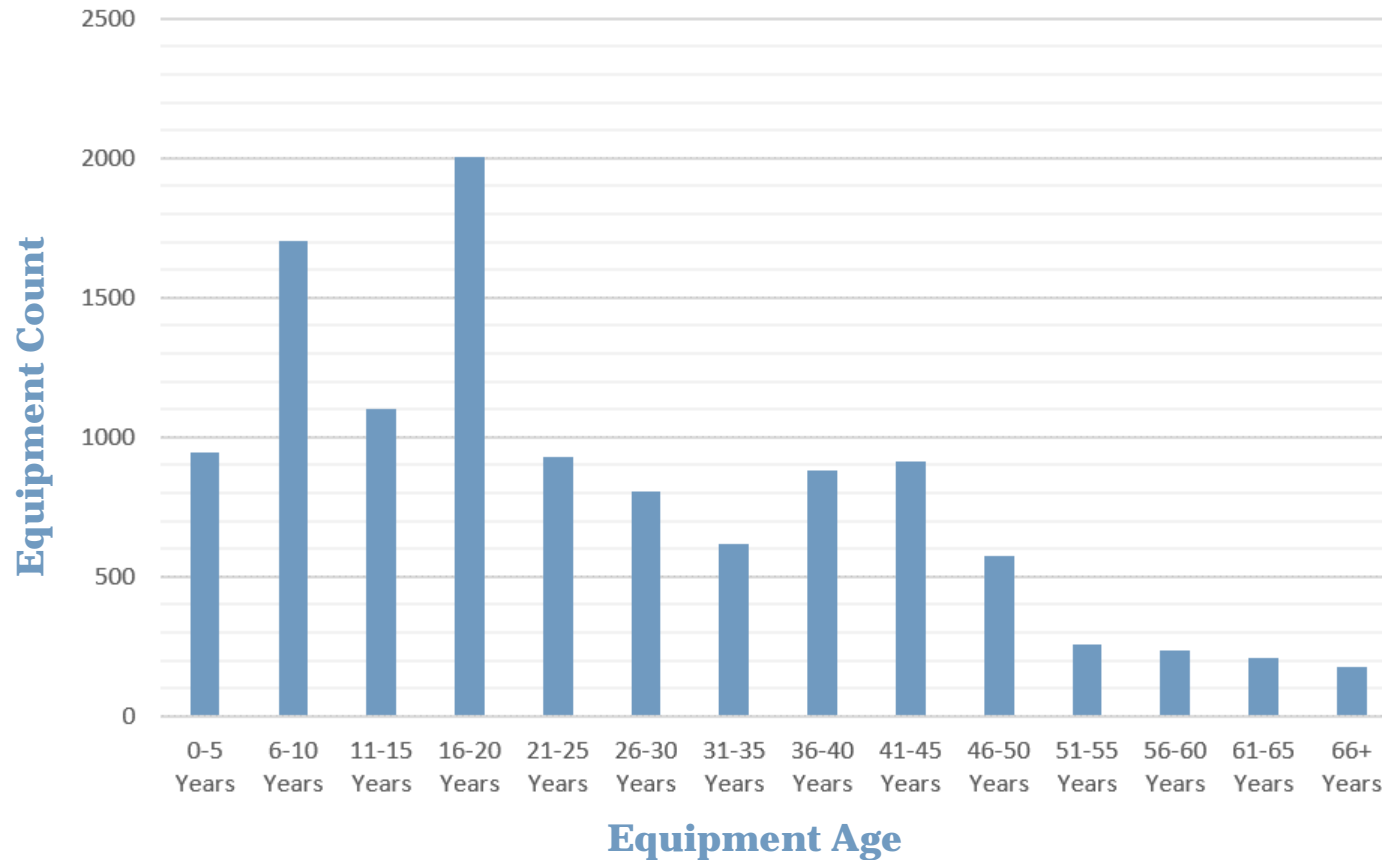
Respondent Revenue Data (40 Counties Reporting)

Year Range	Cost	Tax Value	Tax
2012-2016	\$1,050,503,516	\$719,220,556	\$5,278,713
2007-2011	\$766,495,578	\$243,199,574	\$1,714,901
2002-2006	\$481,385,159	\$133,875,737	\$919,282
1997-2001	\$286,688,339	\$79,359,143	\$558,778
1992-1996	\$154,628,577	\$44,148,006	\$317,965
1987-1991	\$78,731,087	\$22,591,929	\$164,793
1986-Older	\$80,726,796	\$23,136,723	\$157,179
Grand Total	\$2,899,159,052	\$1,265,531,668	\$9,111,611

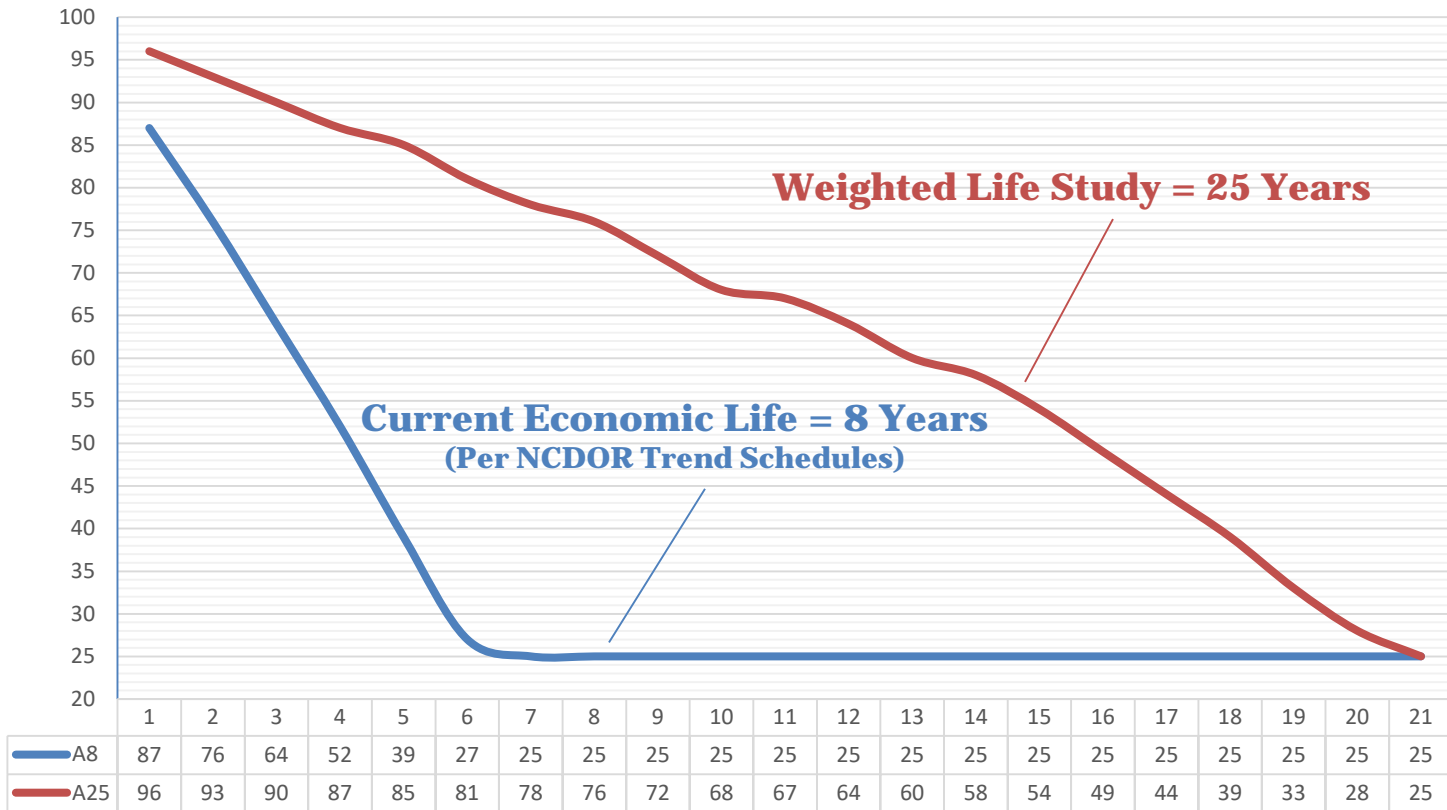
Note: Tax estimates based on published 2017-18 county tax rates. Figures represent base county tax only. Figures do not include additional taxes for municipalities, fire districts, special taxing districts, fees, etc.



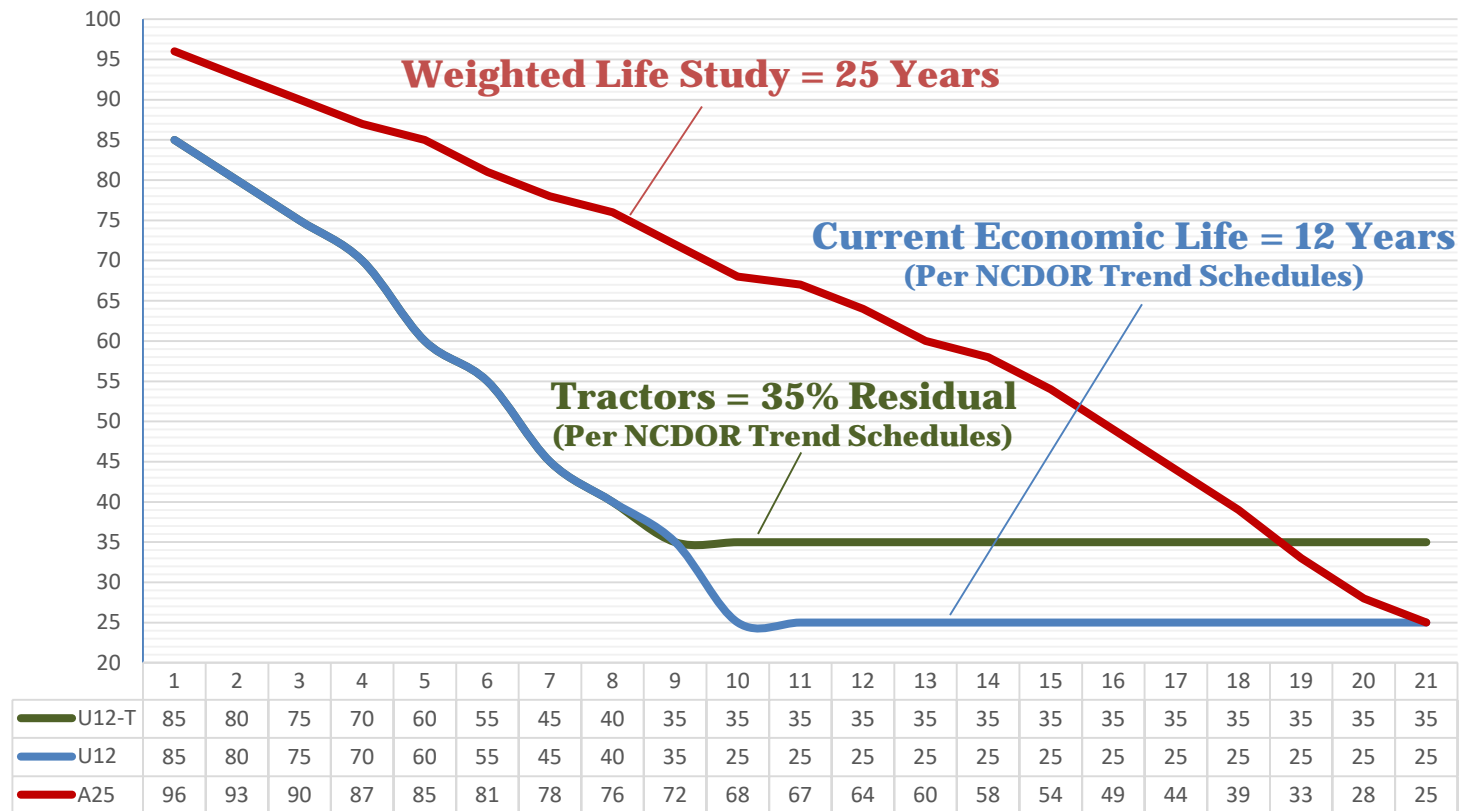
Farm Equipment Age Distribution



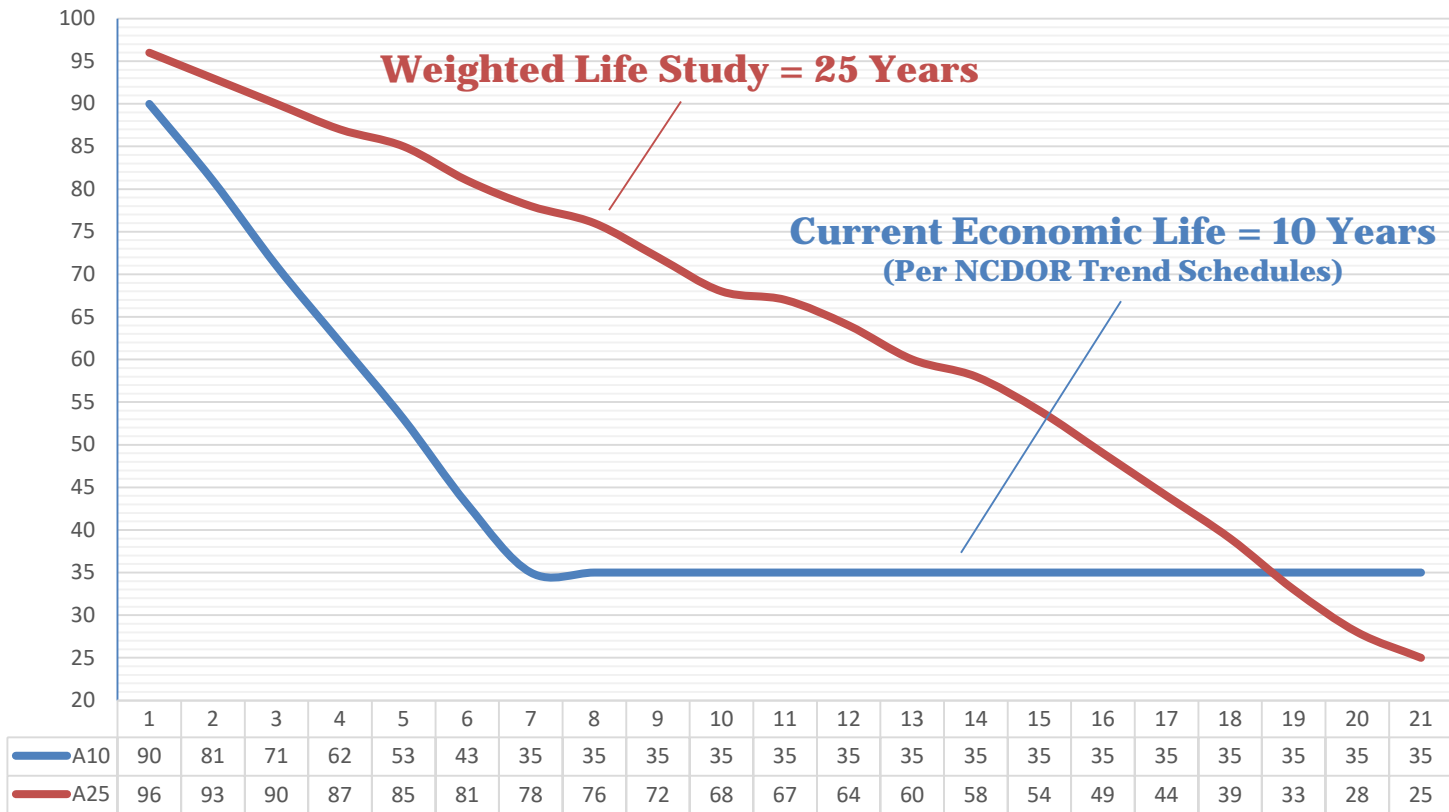
General Farm Equipment Depreciation Chart



Large Farm Equipment Depreciation Chart



Combined Farm Equipment Depreciation Chart



Note: A-10 schedule with 35% residual is recommended for usage when large farm equipment is not broken out from farm implements.





2010 Frontier BB2060

Purchased 2010 \$850

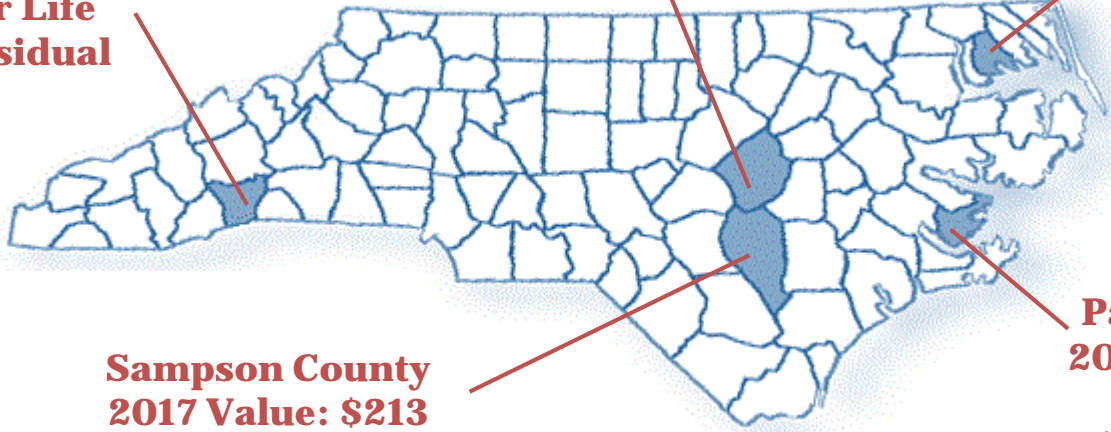
Henderson County
2017 Value: \$383
12 Year Life
25% Residual

Johnston County
2017 Value: \$281
10 Year Life
25% Residual

Perquimans County
2017 Value: \$298
10 Year Life
35% Residual

Sampson County
2017 Value: \$213
8 Year Life
25% Residual

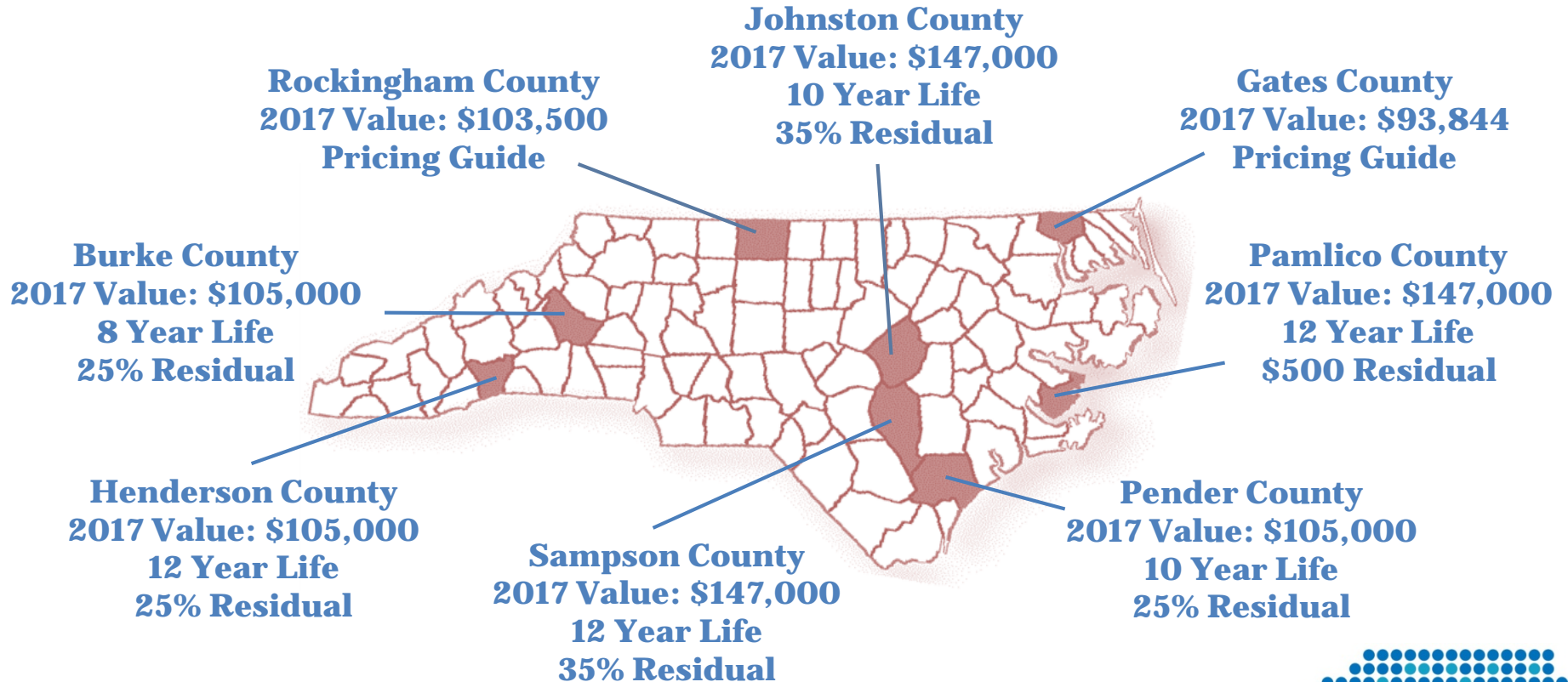
Pamlico County
2017 Value: \$500
8 Year Life
\$500 Residual





2008 John Deere 9670 STS

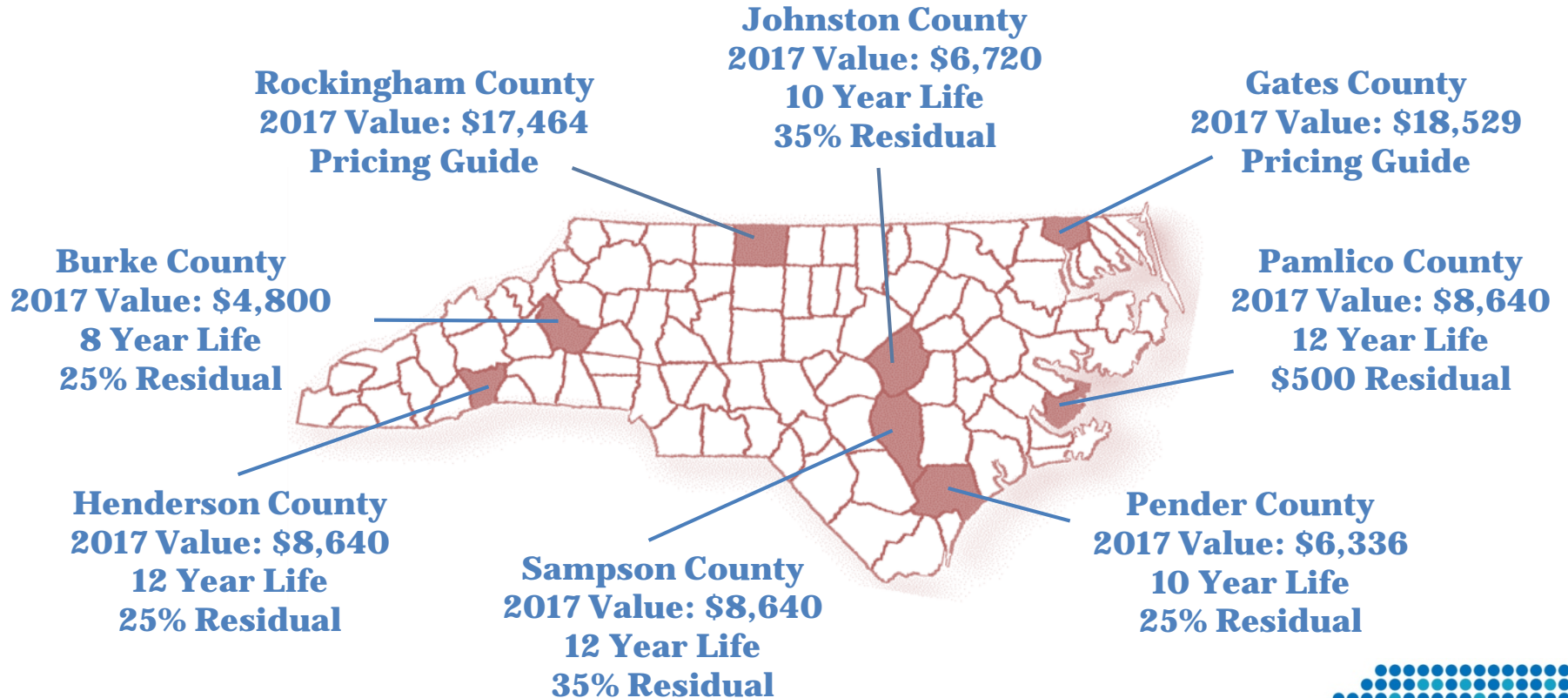
Purchased 2008 \$420,000





2010 John Deere 5055E

Purchased 2010 \$19,200



Solution



Simplify the Process

- Single Schedule (A-10)
- 10 Year Life
- 25% Residual
- Apply to all farm and ranch equipment.



Administrative Advantages:

Counties

- No need to separate equipment
- Listing forms allow for mass appraisal
- Simplified data entry
- Uniformity

Taxpayers

- Simplifies listing for taxpayer and accountants
- No need to keep separate records for IRS & County
- Uniformity



Questions?



Local Government Division

Tony Simpson, Director

Tina Stone, Personal Property Manager

Chelsie Cornelius, Property Tax Specialist

