

NORTH CAROLINA GENERAL ASSEMBLY
1961 SESSION

CHAPTER 1169
HOUSE BILL 711

1 AN ACT TO AMEND SECTION 3, ARTICLE V, AND SECTION 5, ARTICLE V, OF THE
2 CONSTITUTION OF NORTH CAROLINA RELATIVE TO THE POWER OF THE
3 GENERAL ASSEMBLY TO EXEMPT AND TO CLASSIFY PROPERTY FOR AD
4 VALOREM TAX PURPOSES.

5
6 The General Assembly of North Carolina do enact:
7

8 **Section 1.** The first three sentences of Section 3 of Article V of the Constitution of
9 North Carolina are hereby deleted and the following is inserted in lieu thereof:

10 "The power of taxation shall be exercised in a just and equitable manner, for public
11 purposes only, and shall never be surrendered, suspended, or contracted away. Only the
12 General Assembly shall have the power to classify property and other subjects for taxation,
13 which power shall be exercised only on a State-wide basis. No class or subject shall be taxed
14 except by uniform rule, and every classification shall be uniformly applicable in every county,
15 municipality, and other local taxing unit of the State. The General Assembly's power to classify
16 shall not be delegated, except that the General Assembly may permit the governing boards of
17 counties, cities, and towns to classify trades and professions for local license tax purposes."

18 **Sec. 2.** Section 5 of Article V of the Constitution of North Carolina is hereby
19 rewritten to read as follows:

20 "Property belonging to the State, counties and municipal corporations shall be exempt from
21 taxation. The General Assembly may exempt cemeteries and property held for educational,
22 scientific, literary, cultural, charitable, or religious purposes, and, to a value not exceeding three
23 hundred dollars (\$300.00), any personal property. The General Assembly may exempt from
24 taxation not exceeding one thousand dollars (\$1,000.00) in value of property held and used as
25 the place of residence of the owner. Every exemption shall be on a State-wide basis and shall
26 be uniformly applicable in every county, municipality, and other local taxing unit of the State.
27 No taxing authority other than the General Assembly may grant exemptions, and the General
28 Assembly shall not delegate the powers accorded to it by this Section."

29 **Sec. 3.** Sections 1 and 2 of this Act shall be submitted at the next general election to
30 the qualified voters of the State in the same way and manner and under the same rules and
31 regulations governing general elections in this State.

32 **Sec. 4.** In such election, the electors favoring the amendments in Sections 1 and 2
33 of this Act shall vote ballots on which shall be printed or written the words: "For Constitutional
34 amendment providing that the power of the General Assembly to classify and exempt property
35 for taxation be exercised only on a State-wide basis.", and those opposed shall vote ballots on
36 which shall be printed or written the words: "Against Constitutional amendment providing that
37 the power of the General Assembly to classify and exempt property for taxation be exercised
38 only on a State-wide basis."

39 **Sec. 5.** The election upon these amendments shall be conducted in the same manner
40 and under the same rules and regulations as provided by the laws governing general elections,
41 and if a majority of the votes cast be in favor of the amendments, it shall be the duty of the
42 Governor of the State to certify the amendments under the seal of the State to the Secretary of
43 State, who shall enroll said amendments so certified among the permanent records of his office,

1 and the amendments so certified shall be in full force and every part thereof, from and after the
2 date of such certification.

3 **Sec. 6.** In the event a majority of the votes cast be in favor of the amendment to
4 classify property for taxation only on a State-wide basis, and the amendment thereupon shall be
5 in full force and effect, then and in such event G.S. 105-294.1 shall thereafter read as follows:
6 "Any agricultural product held in North Carolina by any manufacturer or processor for
7 manufacturing or processing, which agricultural product is of such nature as customarily to
8 require storage and processing for periods of more than one year in order to age or condition
9 such product for manufacture, is hereby classified as a special class of property under authority
10 of Section 3, Article V of the Constitution. Such agricultural products so classified shall be
11 taxed uniformly as a class in each local taxing unit at sixty per cent (60%) of the rate levied for
12 all purposes upon real estate and other tangible personal property by said taxing unit in which
13 such agricultural product is listed for taxation."

14 **Sec. 7.** In the event a majority of the votes cast be in favor of the amendment to
15 classify property for taxation only on a State-wide basis, and the amendment thereupon shall be
16 in full force and effect, then and in such event G.S. 105-294.2 shall thereafter read as follows:
17 "Peanuts held in North Carolina in the year following the year in which such peanuts are grown
18 are hereby classified as a special class of property under authority of Section 3, Article V of the
19 Constitution. Such peanuts so classified shall be taxed uniformly as a class in each local taxing
20 unit at twenty per cent (20%) of the rate levied for all purposes upon real estate and other
21 tangible personal property by said taxing unit in which such peanuts are listed for taxation."

22 **Sec. 7 1/2.** In the event a majority of the votes cast be in favor of the amendment to
23 classify property for taxation only on a State-wide basis, and the amendment thereupon shall be
24 in full force and effect, then and in such event there shall be a new Section added to Chapter
25 105 of the General Statutes, to be numbered 105-294.3, and to read as follows: "Cotton in bales
26 held for manufacture or processing in North Carolina is hereby classified as a special class of
27 property under authority of Section 3, Article V of the Constitution. Such cotton so classified
28 shall be taxed uniformly as a class in each local taxing unit at fifty per cent (50%) of the rate
29 levied for all purposes upon real estate and other tangible personal property by said taxing unit
30 in which such cotton is listed for taxation. This classification shall not be held to repeal any
31 other classification or exemption granted to cotton under any existing law of State-wide
32 application."

33 **Sec. 8.** In the event a majority of the votes cast be in favor of the amendment to
34 classify property for taxation on a State-wide basis, and the amendment thereupon shall be in
35 full force and effect, then and in such event subdivisions (10), (14), and (17) of G.S. 105-297
36 shall be repealed, and G.S. 105-281 shall be amended by adding thereto a new paragraph to
37 read as follows: "Cotton, tobacco, other farm products, goods, wares, and merchandise which
38 are held or stored for shipment to any foreign country, or held or stored at a seaport terminal
39 awaiting further shipment after being imported from a foreign country through any seaport
40 terminal in North Carolina, except any such products, goods, wares, and merchandise which
41 have been so stored for more than twelve months on the date as of which property is assessed
42 for taxation, are hereby designated a special class of personal property and shall not be assessed
43 for taxation. It is hereby declared to be the policy of this State to use its system of property
44 taxation in such manner, through the classification of the aforementioned property, as to
45 encourage the development of the ports of North Carolina. For purposes of this Section and of
46 this Subchapter, the term 'property, real and personal,' as used in the first paragraph of this
47 Section, shall not include the property hereinabove in this paragraph so specially classified."

48 **Sec. 8 1/2.** In the event a majority of the votes cast be in favor of the amendment to
49 classify property for taxation only on a State-wide basis, and the amendment thereupon shall be
50 in full force and effect, then and in such event there shall be a new subdivision added to
51 G.S. 105-297 to read as follows: "Wheat grown in North Carolina and stored in an

1 unmanufactured state, owned or held by one other than a processor of wheat, upon which there
2 is money borrowed and said money borrowed being secured by a mortgage on said wheat, shall
3 be exempt for the year following the year in which grown."

4 **Sec. 9.** All laws and clauses of laws in conflict with this Act are hereby repealed.
5 Provided, however, that this Section shall not have the effect of repealing any statute now in
6 effect relating to classifications or exemptions which have State-wide applicability.

7 **Sec. 10.** This Act shall be in full force and effect from and after its ratification.

8 In the General Assembly read three times and ratified, this the 22nd day of June,
9 1961.