

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1993

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SENATE BILL 763

Short Title: Use Value Size Limit.

(Public)

Sponsors: Senators Sherron; and Carpenter.

Referred to: Finance.

April 8, 1993

A BILL TO BE ENTITLED

AN ACT TO PROVIDE THAT THE MINIMUM SIZE REQUIREMENTS FOR TAXATION OF A FARM AT USE VALUE APPLY TO THE COMBINED AREA OF ALL TRACTS IN THE FARM UNIT.

The General Assembly of North Carolina enacts:

Section 1. G.S. 105-277.2 reads as rewritten:

"§ 105-277.2. Agricultural, horticultural and forestland – Definitions.

For the purposes of G.S. 105-277.3 through 105-277.7 the following definitions shall apply:

- (1) 'Agricultural land' means land that is a part of a farm unit that is actively engaged in the commercial production or growing of crops, plants, or animals under a sound management program. Agricultural land includes woodland and wasteland that is a part of the farm unit, but the woodland and wasteland included in the unit shall be appraised under the use-value schedules as woodland or wasteland. A farm unit may consist of more than one tract of agricultural land, but ~~at least one of the tracts must meet the requirements in G.S. 105-277.3(a)(1), and~~ each tract must be under a sound management program.
- (2) 'Forestland' means land that is a part of a forest unit that is actively engaged in the commercial growing of trees under a sound management program. Forestland includes wasteland that is a part of the forest unit, but the wasteland included in the unit shall be appraised under the use-value schedules as wasteland. A forest unit may consist of more than one tract of forestland, but ~~at least one of the tracts must~~

1 ~~meet the requirements in G.S. 105-277.3(a)(3), and each tract must be~~
2 under a sound management program.

3 (3) 'Horticultural land' means land that is a part of a horticultural unit that
4 is actively engaged in the commercial production or growing of fruits
5 or vegetables or nursery or floral products under a sound management
6 program. Horticultural land includes woodland and wasteland that is a
7 part of the horticultural unit, but the woodland and wasteland included
8 in the unit shall be appraised under the use-value schedules as
9 woodland or wasteland. A horticultural unit may consist of more than
10 one tract of horticultural land, but ~~at least one of the tracts must meet the~~
11 ~~requirements in G.S. 105-277.3(a)(2), and each tract must be under a~~
12 sound management program.

13 (4) 'Individually owned' means owned by:

- 14 a. A natural person; or
15 b. A corporation having as its principal business one of the
16 activities described in subdivisions (1), (2), and (3) and whose
17 shareholders are all natural persons actively engaged in the
18 business of the corporation or a relative of a shareholder who is
19 actively engaged in the business of the corporation.

20 (5) 'Present-use value' means the value of land in its current use as
21 agricultural land, horticultural land, or forestland, based solely on its
22 ability to produce income, using a rate of nine percent (9%) to
23 capitalize the expected net income of the property and assuming an
24 average level of management.

25 (5a) 'Relative' means:

- 26 a. Spouse;
27 b. A lineal ancestor;
28 c. A lineal descendant;
29 d. A brother or sister, including a stepbrother or stepsister;
30 e. An adopted or adoptive child, parent, grandchild, or
31 grandparent; or
32 f. A spouse of a person listed in paragraphs b. through e.

33 (6) 'Sound management program' means a program of production designed
34 to obtain the greatest net return from the land consistent with its
35 conservation and long-term improvement."

36 Sec. 2. G.S. 105-277.3(a) reads as rewritten:

37 "(a) The following classes of property are hereby designated special classes of
38 property under authority of Article V, Sec. 2(2) of the North Carolina Constitution and
39 shall be appraised, assessed and taxed as hereinafter provided:

40 (1) Individually owned agricultural land consisting of one or more tracts,
41 ~~one the combined area~~ of which consists of at least 10 acres that are in
42 actual production and that, for the three years preceding January 1 of
43 the year for which the benefit of this section is claimed, have produced
44 an average gross income of at least one thousand dollars (\$1,000).

1 Gross income includes income from the sale of the agricultural
2 products produced from the land and any payments received under a
3 governmental soil conservation or land retirement program. Land in
4 actual production includes land under improvements used in the
5 commercial production or growing of crops, plants, or animals.

- 6 (2) Individually owned horticultural land consisting of one or more tracts,
7 ~~one~~ the combined area of which consists of at least five acres that are
8 in actual production and that, for the three years preceding January 1
9 of the year for which the benefit of this section is claimed, have either:
10 a. Been used to produce evergreens intended for use as Christmas
11 trees and met the qualifying or gross income requirements
12 established by the Department of Revenue for the land; or
13 b. Produced an average gross income of at least one thousand
14 dollars (\$1,000).

15 Gross income includes income from the sale of the horticultural
16 products produced from the land and any payments received under a
17 governmental soil conservation or land retirement program. Land in
18 actual production includes land under improvements used in the
19 commercial production or growing of fruits or vegetables or nursery or
20 floral products.

- 21 (3) Individually owned forestland consisting of one or more tracts, ~~one~~ the
22 combined area of which consists of at least 20 acres that are in actual
23 production and are not included in a farm unit."

24 Sec. 3. This act is effective for taxes imposed for taxable years beginning on
25 or after January 1, 1993. Notwithstanding the provisions of G.S. 105-277.4(a), an
26 application for the benefit provided in this act for the 1993-94 tax year shall be
27 considered timely if it is filed on or before September 1, 1993.