

**GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2005**

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**HOUSE DRH80370-LAx-11 (5/6)**

Short Title: Wildlife Conservation - Present-Use Value. (Public)

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Sponsors: Representatives Brubaker, Hackney, Harrison, and Gibson (Primary Sponsors).

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Referred to:

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A BILL TO BE ENTITLED

AN ACT TO EXTEND PRESENT-USE VALUE TAX STATUS TO LANDS  
MANAGED FOR WILDLIFE CONSERVATION AND TO MAKE OTHER  
CHANGES REGARDING PRESENT-USE VALUE.

The General Assembly of North Carolina enacts:

**SECTION 1.** G.S. 105-277.2 reads as rewritten:

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

The following definitions apply in G.S. 105-277.3 through G.S. 105-277.7:

- (1) Agricultural land. – 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-wildlife land, woodland,~~ and wasteland that is a part of the farm unit, but the ~~woodland-wildlife land, woodland,~~ and wasteland included in the unit must be appraised under the use-value schedules as ~~woodland-wildlife land, 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. If the agricultural land includes less than 20 acres of woodland, then the woodland portion is not required to be under a sound management program. Also, woodland is not required to be under a sound management program if it is determined that the highest and best use of the woodland is to diminish wind erosion of adjacent agricultural land, protect water quality of adjacent agricultural land, or serve as buffers for adjacent livestock or poultry operations. If the agricultural

- 1                    land includes less than 10 acres of wildlife land, then the wildlife land  
2                    portion is not required to be under a sound management program.
- 3            (1a) Bargain sale. – A transaction conveying an interest in real property  
4                    that consists of a sale for consideration below fair market value or of a  
5                    combined sale and donation. To qualify as a bargain sale, the total  
6                    consideration for all of the property conveyed may not exceed  
7                    seventy-five percent (75%) of its fair market value.
- 8            (1a)(1b) Business entity. – A corporation, a general partnership, a limited  
9                    partnership, or a limited liability company.
- 10           (2) Forestland. – Land that is a part of a forest unit that is actively engaged  
11                    in the commercial growing of trees under a sound management  
12                    program. Forestland includes wildlife land and wasteland that is a part  
13                    of the forest unit, but the wildlife land and wasteland included in the  
14                    unit must be appraised under the use-value schedules as wildlife land  
15                    or wasteland. A forest unit may consist of more than one tract of  
16                    forestland, but at least one of the tracts must meet the requirements in  
17                    G.S. 105-277.3(a)(3), and each tract must be under a sound  
18                    management program. If the forestland includes less than 10 acres of  
19                    wildlife land, then the wildlife land portion is not required to be under  
20                    a sound management program.
- 21           (3) Horticultural land. – Land that is a part of a horticultural unit that is  
22                    actively engaged in the commercial production or growing of fruits or  
23                    vegetables or nursery or floral products under a sound management  
24                    program. Horticultural land includes ~~woodland~~ wildlife land,  
25                    woodland, and wasteland that is a part of the horticultural unit, but the  
26                    ~~woodland~~ wildlife land, woodland, and wasteland included in the unit  
27                    must be appraised under the use-value schedules as ~~woodland~~ wildlife  
28                    land, woodland, or wasteland. A horticultural unit may consist of more  
29                    than one tract of horticultural land, but at least one of the tracts must  
30                    meet the requirements in G.S. 105-277.3(a)(2), and each tract must be  
31                    under a sound management program. If the horticultural land includes  
32                    less than 20 acres of woodland, then the woodland portion is not  
33                    required to be under a sound management program. Also, woodland is  
34                    not required to be under a sound management program if it is  
35                    determined that the highest and best use of the woodland is to diminish  
36                    wind erosion of adjacent horticultural land or protect water quality of  
37                    adjacent horticultural land. If the horticultural land includes less than  
38                    10 acres of wildlife land, then the wildlife land portion is not required  
39                    to be under a sound management program.
- 40           (4) Individually owned. – Owned by one of the following:  
41                    a.        A natural person. For the purpose of this section, a natural  
42                    person who is an income beneficiary of a trust that owns land  
43                    may elect to treat the person's beneficial share of the land as  
44                    owned by that person. If the person's beneficial interest is not an

1 identifiable share of land but can be established as a  
2 proportional interest in the trust income, the person's beneficial  
3 share of land is a percentage of the land owned by the trust that  
4 corresponds to the beneficiary's proportional interest in the trust  
5 income. For the purpose of this section, a natural person who is  
6 a member of a business entity, other than a corporation, that  
7 owns land may elect to treat the person's share of the land as  
8 owned by that person. The person's share is a percentage of the  
9 land owned by the business entity that corresponds to the  
10 person's percentage of ownership in the entity.

11 b. **(Effective for taxes imposed for taxable years beginning**  
12 **prior to July 1, 2004)** A business entity having as its principal  
13 business one of the activities described in subdivisions (1), (2),  
14 and (3) and whose members are all natural persons who meet  
15 one or more of the following conditions:

- 16 1. The member is actively engaged in the business of the  
17 entity.
- 18 2. The member is a relative of a member who is actively  
19 engaged in the business of the entity.
- 20 3. The member is a relative of, and inherited the  
21 membership interest from, a decedent who met one or  
22 both of the preceding conditions after the land qualified  
23 for classification in the hands of the business entity.

24 b. **(Effective for taxes imposed for taxable years beginning on**  
25 **or after July 1, 2004)** A business entity having as its principal  
26 business one of the activities described in subdivisions (1), (2),  
27 and (3) and whose members are all natural persons who meet  
28 one or more of the conditions listed in this sub-subdivision. For  
29 the purpose of this sub-subdivision, the terms "having as its  
30 principal business" and "actively engaged in the business of the  
31 entity" include the leasing of the land for one of the activities  
32 described in subdivisions (1), (2), and (3) only if all members of  
33 the business entity are relatives.

- 34 1. The member is actively engaged in the business of the  
35 entity.
- 36 2. The member is a relative of a member who is actively  
37 engaged in the business of the entity.
- 38 3. The member is a relative of, and inherited the  
39 membership interest from, a decedent who met one or  
40 both of the preceding conditions after the land qualified  
41 for classification in the hands of the business entity.

42 c. A trust that was created by a natural person who transferred the  
43 land to the trust and each of whose beneficiaries who is

- 1 currently entitled to receive income or principal meets one of  
 2 the following conditions:
- 3 1. Is the creator of the trust or the creator's relative.
  - 4 2. Is a second trust whose beneficiaries who are currently  
 5 entitled to receive income or principal are all either the  
 6 creator of the first trust or the creator's relatives.
- 7 d. A testamentary trust that meets all of the following conditions:
- 8 1. It was created by a natural person who transferred to the  
 9 trust land that qualified in that person's hands for  
 10 classification under G.S. 105-277.3.
  - 11 2. At the time of the creator's death, the creator had no  
 12 relatives as defined in this section as of the date of death.
  - 13 3. The trust income, less reasonable administrative  
 14 expenses, is used exclusively for educational, scientific,  
 15 literary, cultural, charitable, or religious purposes as  
 16 defined in G.S. 105-278.3(d).
- 17 e. Tenants in common, if each tenant is either a natural person or a  
 18 business entity described in sub-subdivision b. of this  
 19 subdivision. Tenants in common may elect to treat their  
 20 individual shares as owned by them individually in accordance  
 21 with G.S. 105-302(c)(9). The ownership requirements of  
 22 G.S. 105-277.3(b) apply to each tenant in common who is a  
 23 natural person, and the ownership requirements of  
 24 G.S. 105-277.3(b1) apply to each tenant in common who is a  
 25 business entity.
- 26 (4a) Member. – A shareholder of a corporation, a partner of a general or  
 27 limited partnership, or a member of a limited liability company.
- 28 (5) Present-use value. – The value of land in its current use as agricultural  
 29 land, horticultural land, ~~or forestland,~~ forestland, or wildlife land, based  
 30 solely on its ability to produce income and assuming an average level  
 31 of management. A rate of nine percent (9%) shall be used to capitalize  
 32 the expected net income of forestland. The capitalization rate for  
 33 agricultural ~~land and~~ land, horticultural ~~land and~~ land, and wildlife land is  
 34 to be determined by the Use-Value Advisory Board as provided in  
 35 G.S. 105-277.7.
- 36 (5a) Relative. – Any of the following:
- 37 a. A spouse or the spouse's lineal ancestor or descendant.
  - 38 b. A lineal ancestor or a lineal descendant.
  - 39 c. A brother or sister, or the lineal descendant of a brother or  
 40 sister. For the purposes of this sub-subdivision, the term brother  
 41 or sister includes stepbrother or stepsister.
  - 42 d. An aunt or an uncle.

e. A spouse of a person listed in paragraphs a. through d. For the purpose of this subdivision, an adoptive or adopted relative is a relative and the term "spouse" includes a surviving spouse.

(6) Sound management program. – A program of production designed to obtain the greatest net return from the land consistent with its conservation and long-term improvement.

(7) Unit. – One or more tracts of agricultural land, horticultural land, ~~or forestland~~, forestland, or wildlife land. Multiple tracts must be under the same ownership. If the multiple tracts are located within different counties, they must be within 50 miles of a tract qualifying under G.S. 105-277.3(a) and share one of the following characteristics:

a. Type of classification.

b. Use of the same equipment or labor force.

(8) Wildlife land. – Land that is part of a wildlife unit that is actively managed for the conservation of wildlife or other natural resources under a sound management program. Wildlife land includes wasteland that is part of the wildlife unit, but the wasteland included in the unit must be appraised under the use-value schedules as wasteland. A wildlife unit may consist of more than one tract of wildlife land, but at least one of the tracts must meet the requirements in G.S. 105-277.3(a)(4), and each tract must be under a sound management program."

**SECTION 2.** Article 12 of Chapter 105 of the General Statutes is amended by adding a new section to read:

**"§ 105-277.2A. Purpose of present use-value program.**

The purpose of the present use-value program is to encourage and assist the maintenance of North Carolina's productive agricultural land and forestland; to encourage and assist in their conservation and preservation for future productive use and for the protection of wildlife and natural ecological systems; to prevent the accelerated conversion of these lands to more intensive use by the pressure of property taxation at values incompatible with the productive capacity of the land; to achieve more equitable taxation for undeveloped lands; to encourage and assist in the preservation and enhancement of North Carolina's scenic natural resources; and to enable the citizens of North Carolina to plan its orderly growth in the face of increasing development pressures in the interests of the public health, safety, and welfare."

**SECTION 3.** G.S. 105-277.3 reads as rewritten:

**"§ 105-277.3. Agricultural, horticultural, wildlife, and forestland – Classifications.**

(a) Classes Defined. – The following classes of property are designated special classes of property under authority of Section 2(2) of Article V of the North Carolina Constitution and must be appraised, assessed, and taxed as provided in G.S. 105-277.2 through G.S. 105-277.7.

(1) Agricultural land. – Individually owned agricultural land consisting of one or more tracts, one of which consists of at least 10 acres that are in actual production and that, for the three years preceding January 1 of

1 the year for which the benefit of this section is claimed, have produced  
2 an average gross income of at least one thousand dollars (\$1,000).  
3 Gross income includes income from the sale of the agricultural  
4 products produced from the land and any payments received under a  
5 governmental soil conservation or land retirement program. Land in  
6 actual production includes land under improvements used in the  
7 commercial production or growing of crops, plants, or animals.

8 (2) Horticultural land. – Individually owned horticultural land consisting  
9 of one or more tracts, one of which consists of at least five acres that  
10 are in actual production and that, for the three years preceding January  
11 1 of the year for which the benefit of this section is claimed, have met  
12 the applicable minimum gross income requirement. Land in actual  
13 production includes land under improvements used in the commercial  
14 production or growing of fruits or vegetables or nursery or floral  
15 products. Land that has been used to produce evergreens intended for  
16 use as Christmas trees must have met the minimum gross income  
17 requirements established by the Department of Revenue for the land.  
18 All other horticultural land must have produced an average gross  
19 income of at least one thousand dollars (\$1,000). Gross income  
20 includes income from the sale of the horticultural products produced  
21 from the land and any payments received under a governmental soil  
22 conservation or land retirement program.

23 (3) Forestland. – Individually owned forestland consisting of one or more  
24 tracts, one of which consists of at least 20 acres that are in actual  
25 production and are not included in a farm unit.

26 (4) Wildlife land. – Individually owned wildlife land consisting of one or  
27 more tracts, one of which consists of at least 20 acres that are managed  
28 under a sound management program and are not included in a farm  
29 unit.

30 (b) Natural Person Ownership Requirements. – In order to come within a  
31 classification described in subsection (a) of this section, the land must, if owned by a  
32 natural person, also satisfy one of the following conditions:

33 (1) It is the owner's place of residence.

34 (2) It has been owned by the current owner or a relative of the current  
35 owner for the four years preceding January 1 of the year for which the  
36 benefit of this section is claimed.

37 (3) At the time of transfer to the current owner, it qualified for  
38 classification in the hands of a business entity or trust that transferred  
39 the land to the current owner who was a member of the business entity  
40 or a beneficiary of the trust, as appropriate.

41 (b1) Entity Ownership Requirements. – In order to come within a classification  
42 described in subsection (a) of this section, the land must, if owned by a business entity  
43 or trust, have been owned by the business entity or trust or by one or more of its

1 members or creators, respectively, for the four years immediately preceding January 1  
2 of the year for which the benefit of this section is claimed.

3 (b2) Exception to Ownership Requirements. – Notwithstanding the provisions of  
4 subsections (b) and (b1) of this section, land may qualify for classification in the hands  
5 of the new owner if all of the conditions listed in this subsection are met, even if the  
6 new owner does not meet all of the ownership requirements of subsections (b) and (b1)  
7 of this section with respect to the land. If the land qualifies for classification in the  
8 hands of the new owner under the provisions of this subsection, then the deferred taxes  
9 remain a lien on the land under G.S. 105-277.4(c), the new owner becomes liable for the  
10 deferred taxes, and the deferred taxes become payable if the land fails to meet any other  
11 condition or requirement for classification.

12 (1) The land was appraised at its present use value or was eligible for  
13 appraisal at its present use value at the time title to the land passed to  
14 the new owner.

15 (2) At the time title to the land passed to the new owner, the new owner  
16 acquires the land for the purposes of and continues to use the land for  
17 the purposes it was classified under subsection (a) of this section while  
18 under previous ownership.

19 (3) The new owner has timely filed an application as required by  
20 G.S. 105-277.4(a) and has certified that the new owner accepts liability  
21 for the deferred taxes and intends to continue the present use of the  
22 land.

23 (c) Repealed by Session Laws 1995, c. 454, s. 2.

24 (d) Exception for Conservation Reserve Program. – Land enrolled in the federal  
25 Conservation Reserve Program authorized by 16 U.S.C. Chapter 58 is considered to be  
26 in actual production, and income derived from participation in the federal Conservation  
27 Reserve Program may be used in meeting the minimum gross income requirements of  
28 this section either separately or in combination with income from actual production.  
29 Land enrolled in the federal Conservation Reserve Program must be assessed as  
30 agricultural land if it is planted in vegetation other than trees, or as forestland if it is  
31 planted in trees.

32 (d1) Exception for Easements on Qualified Conservation Lands Previously  
33 Appraised at Use Value. – Property that is appraised at its present-use value under  
34 G.S. 105-277.4(b) shall continue to qualify for appraisal, assessment, and taxation as  
35 provided in G.S. 105-277.2 through G.S. 105-277.7 as long as the property is subject to  
36 an enforceable conservation easement that would ~~qualify~~qualify, or that would have  
37 qualified had it been conveyed through a donation rather than a bargain sale, for the  
38 conservation tax credit provided in G.S. 105-130.34 and G.S. 105-151.12, without  
39 regard to actual production or income requirements of this section. Notwithstanding  
40 G.S. 105-277.3(b) and (b1), subsequent transfer of the property does not extinguish its  
41 present-use value eligibility as long as the property remains subject to an enforceable  
42 conservation easement that ~~qualifies~~qualifies, or would have qualified had it been  
43 conveyed through a donation rather than a bargain sale, for the conservation tax credit

1 provided in G.S. 105-130.34 and G.S. 105-151.12. The exception provided in this  
2 subsection applies only to that part of the property that is subject to the easement.

3 (e) Exception for Turkey Disease. – Agricultural land that meets all of the  
4 following conditions is considered to be in actual production and to meet the minimum  
5 gross income requirements:

6 (1) The land was in actual production in turkey growing within the  
7 preceding two years and qualified for present use value treatment  
8 while it was in actual production.

9 (2) The land was taken out of actual production in turkey growing solely  
10 for health and safety considerations due to the presence of Poul  
11 Enteritis Mortality Syndrome among turkeys in the same county or a  
12 neighboring county.

13 (3) The land is otherwise eligible for present use value treatment.

14 (f) Sound Management Program for Agricultural Land and Horticultural Land. –  
15 If the property owner demonstrates any one of the following factors with respect to  
16 agricultural land or horticultural land, then the land is operated under a sound  
17 management program:

18 (1) Enrollment in and compliance with an agency-administered and  
19 approved farm management plan.

20 (2) Compliance with a set of best management practices.

21 (3) Compliance with a minimum gross income per acre test.

22 (4) Evidence of net income from the farm operation.

23 (5) Evidence that farming is the farm operator's principal source of  
24 income.

25 (6) Certification by a recognized agricultural or horticultural agency  
26 within the county that the land is operated under a sound management  
27 program.

28 Operation under a sound management program may also be demonstrated by evidence  
29 of other similar factors. As long as a farm operator meets the sound management  
30 requirements, it is irrelevant whether the property owner received income or rent from  
31 the farm operator.

32 (g) Sound Management Program for Forestland. – If the owner of forestland  
33 demonstrates that the forestland complies with a written sound forest management plan  
34 for the production and sale of forest ~~products, products,~~ or with a plan approved by the  
35 Forest Stewardship Program administered by the Division of Forest Resources, then the  
36 forestland is operated under a sound management program.

37 (h) Sound Management Program for Wildlife Land. – If the owner of wildlife  
38 land demonstrates that the wildlife land complies with a written sound wildlife  
39 management plan that complies with standards established by the Wildlife Resources  
40 Commission or the Forest Stewardship Program administered by the Division of Forest  
41 Resources, then the wildlife land is operated under a sound management program."

42 **SECTION 4.** G.S. 105-277.4 reads as rewritten:

43 **"§ 105-277.4. Agricultural, ~~horticultural~~ horticultural, wildlife, and forestland –**  
44 **Application; appraisal at use value; appeal; deferred taxes.**



1 (a) Application. – Property coming within one of the classes defined in  
2 G.S. 105-277.3 is eligible for taxation on the basis of the value of the property in its  
3 present use if a timely and proper application is filed with the assessor of the county in  
4 which the property is located. The application must clearly show that the property  
5 comes within one of the classes and must also contain any other relevant information  
6 required by the assessor to properly appraise the property at its present-use value. An  
7 initial application must be filed during the regular listing period of the year for which  
8 the benefit of this classification is first claimed, or within 30 days of the date shown on  
9 a notice of a change in valuation made pursuant to G.S. 105-286 or G.S. 105-287. A  
10 new application is not required to be submitted unless the property is transferred or  
11 becomes ineligible for use-value appraisal because of a change in use or acreage. An  
12 application required due to transfer of the land may be submitted at any time during the  
13 calendar year but must be submitted within 60 days of the date of the property's transfer.

14 (b) Appraisal at Present-use Value. – Upon receipt of a properly executed  
15 application, the assessor must appraise the property at its present-use value as  
16 established in the schedule prepared pursuant to G.S. 105-317. In appraising the  
17 property at its present-use value, the assessor must appraise the improvements located  
18 on qualifying land according to the schedules and standards used in appraising other  
19 similar improvements in the county. If all or any part of a qualifying tract of land is  
20 located within the limits of an incorporated city or town, or is property annexed subject  
21 to G.S. 160A-37(f1) or G.S. 160A-49(f1), the assessor must furnish a copy of the  
22 property record showing both the present-use appraisal and the valuation upon which  
23 the property would have been taxed in the absence of this classification to the collector  
24 of the city or town. The assessor must also notify the tax collector of any changes in the  
25 appraisals or in the eligibility of the property for the benefit of this classification. Upon  
26 a request for a certification pursuant to G.S. 160A-37(f1) or G.S. 160A-49(f1), or any  
27 change in the certification, the assessor for the county where the land subject to the  
28 annexation is located must, within 30 days, determine if the land meets the requirements  
29 of G.S. 160A-37(f1)(2) or G.S. 160A-49(f1)(2) and report the results of its findings to  
30 the city.

31 (b1) Appeal. – Decisions of the assessor regarding the qualification or appraisal of  
32 property under this section may be appealed to the county board of equalization and  
33 review or, if that board is not in session, to the board of county commissioners.  
34 Decisions of the county board may be appealed to the Property Tax Commission.

35 (c) Deferred Taxes. – Land meeting the conditions for classification under  
36 G.S. 105-277.3 must be taxed on the basis of the value of the land for its present use.  
37 The difference between the taxes due on the present-use basis and the taxes that would  
38 have been payable in the absence of this classification, together with any interest,  
39 penalties, or costs that may accrue thereon, are a lien on the real property of the  
40 taxpayer as provided in G.S. 105-355(a). The difference in taxes must be carried  
41 forward in the records of the taxing unit or units as deferred taxes. The taxes become  
42 due and payable when the land fails to meet any condition or requirement for  
43 classification. Failure to have an application approved is ground for disqualification.  
44 The tax for the fiscal year that opens in the calendar year in which deferred taxes

1 become due is computed as if the land had not been classified for that year, and taxes  
2 for the preceding ~~three~~five fiscal years that have been deferred are immediately  
3 payable, together with interest as provided in G.S. 105-360 for unpaid taxes. Interest  
4 accrues on the deferred taxes due as if they had been payable on the dates on which they  
5 originally became due. If only a part of the qualifying tract of land fails to meet a  
6 condition or requirement for classification, the assessor must determine the amount of  
7 deferred taxes applicable to that part and that amount becomes payable with interest as  
8 provided above. Upon the payment of any taxes deferred in accordance with this section  
9 for the ~~three~~five years immediately preceding a disqualification, all liens arising under  
10 this subsection are extinguished. The deferred taxes for any given year may be paid in  
11 that year without the qualifying tract of land becoming ineligible for deferred status.

12 (d) Exceptions. – Notwithstanding the provisions of subsection (c) of this section,  
13 if property loses its eligibility for present use value classification solely due to one of  
14 the following reasons, no deferred taxes are due and the lien for the deferred taxes is  
15 extinguished:

16 (1) There is a change in income caused by enrollment of the property in  
17 the federal conservation reserve program established under 16 U.S.C.  
18 Chapter 58.

19 (2) The property is conveyed by gift or bargain sale to a nonprofit  
20 organization and qualifies for exclusion from the tax base pursuant to  
21 ~~G.S. 105-275(12)~~G.S. 105-275(12), G.S. 105-275(12a), or  
22 G.S. 105-275(29).

23 (3) The property is conveyed by gift or bargain sale to the State, a political  
24 subdivision of the State, or the United States.

25 (e) Repealed by Session Laws 1997-270, s. 3, effective July 3, 1997."

26 **SECTION 5.** G.S. 105-277.6 reads as rewritten:

27 "**§ 105-277.6. Agricultural, ~~horticultural~~ horticultural, wildlife, and forestland –**  
28 **Appraisal; computation of deferred tax.**

29 (a) In determining the amount of the deferred taxes herein provided, the assessor  
30 shall use the appraised valuation established in the county's last general revaluation  
31 except for any changes made under the provisions of G.S. 105-287.

32 (b) In revaluation years, as provided in G.S. 105-286, all property entitled to  
33 classification under G.S. 105-277.3 shall be reappraised at its true value in money and at  
34 its present use value as of the effective date of the revaluation. The two valuations shall  
35 continue in effect and shall provide the basis for deferred taxes until a change in one or  
36 both of the appraisals is required by law. The present use-value schedule, standards, and  
37 rules shall be used by the tax assessor to appraise property receiving the benefit of this  
38 classification until the next general revaluation of real property in the county as required  
39 by G.S. 105-286.

40 (c) Repealed by Session Laws 1987, c. 295, s. 2."

41 **SECTION 6.** G.S. 105-275(12) reads as rewritten:

42 "**§ 105-275. Property classified and excluded from the tax base.**

1 The following classes of property are hereby designated special classes under  
 2 authority of Article V, Sec. 2(2), of the North Carolina Constitution and shall not be  
 3 listed, appraised, assessed, or taxed:

- 4 ...
- 5 (12) Real property owned by a nonprofit corporation or association  
 6 exclusively held and used by its owner as a protected natural area for  
 7 educational and scientific purposes—purposes, or for conservation  
 8 purposes in perpetuity, as a protected natural area. (For For purposes of  
 9 this subdivision, section, the term "protected natural area" means a  
 10 nature reserve or park in which all types of wild nature, native flora and  
 11 fauna, and biotic communities are preserved for observation and  
 12 study.) conserved for the maintenance of ecological functions and  
 13 appropriate use. Revenue may be generated from management activity  
 14 if it is incidental to maintaining the primary conservation purpose or  
 15 use and is reinvested in the stewardship of protected natural areas. A  
 16 protected natural area may, in accordance with a detailed management  
 17 plan, be actively managed to do any combination of the following:  
 18 a. Restore and maintain native conditions and species that were  
 19 previously converted or degraded.  
 20 b. Control invasive species.  
 21 c. Conserve native ecological systems in their existing conditions.  
 22 d. Maintain the area for appropriate conservation-related use.  
 23 e. Protect adjoining lands from wildlife, infestation, disease, or  
 24 other natural hazards.

- 25 (12a) Real property owned by a nonprofit corporation or association that  
 26 meets one or more of the following descriptions:  
 27 a. It is acquired and held for the purpose of transferring the  
 28 property to a state or federal conservation agency for permanent  
 29 protection.  
 30 b. It is under a written long-term management plan to promote  
 31 conservation of natural resources.  
 32 c. It is subject to a permanent conservation easement.  
 33 d. It is accessible to the public for recreational purposes."

34 **SECTION 7.** G.S. 160A-37(f1) reads as rewritten:

35 "(f1) Property Subject to Present-Use Value Appraisal. – If an area described in an  
 36 annexation ordinance includes agricultural land, horticultural land, ~~or~~  
 37 ~~forestland~~ forestland, or wildlife land that meets either of the conditions listed below on  
 38 the effective date of annexation, then the annexation becomes effective as to that  
 39 property pursuant to subsection (f2) of this section:

- 40 (1) ~~Land that~~ The land is being taxed at present-use value pursuant to  
 41 G.S. 105-277.4.  
 42 (2) ~~Land that~~ The land ~~meets [both of the following conditions]:~~ meets  
 43 both of the following conditions:

1 a. On the date of the resolution of intent for annexation it was  
2 being used for actual production and is eligible for present-use  
3 value taxation under G.S. 105-277.4, but the land ~~has had~~ had  
4 not been in use for actual production for the required time under  
5 G.S. 105-277.3.

6 b. The assessor for the county where the land subject to  
7 annexation is located has certified to the city that the land meets  
8 the requirements of this subdivision.

9 **SECTION 8.** G.S. 160A-49(f1) reads as rewritten:

10 "(f1) Property Subject to Present-Use Value Appraisal. – If an area described in an  
11 annexation ordinance includes agricultural land, horticultural land, ~~or~~  
12 ~~forestland~~ forestland, or wildlife land that meets either of the conditions listed below on  
13 the effective date of annexation is: annexation, then the annexation becomes effective as  
14 to that property pursuant to subsection (f2) of this section:

15 (1) ~~Land that~~ That the land is being taxed at present-use value pursuant to  
16 G.S. ~~105-277.4; or~~ 105-277.4.

17 (2) ~~Land that:~~ That the land meets both of the following conditions:

18 a. ~~Was on~~ On the date of the resolution of intent for annexation it  
19 was being used for actual production and is eligible for  
20 present-use value taxation under G.S. 105-277.4, but the land  
21 ~~has had~~ not been in use for actual production for the required  
22 time under G.S. ~~105-277.3; and~~ 105-277.3.

23 b. The assessor for the county where the land subject to  
24 annexation is located has certified to the city that the land meets  
25 the requirements of this ~~subdivision~~ subdivision.

26 ~~the annexation becomes effective as to that property pursuant to subsection (f2) of this~~  
27 ~~section."~~

28 **SECTION 9.** This act is effective for taxes imposed for taxable years  
29 beginning on or after July 1, 2006.