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Short Title: Wildlife Land Property Tax Changes.

(Public)

Sponsors:

Referred to:

April 30, 2007

A BILL TO BE ENTITLED

AN ACT TO PROVIDE PROPERTY TAX RELIEF FOR QUALIFYING WILDLIFE
CONSERVATION LAND AND TO CLARIFY THE PRESENT-USE
VALUATION OF PROPERTY SUBJECT TO A CONSERVATION EASEMENT.

The General Assembly of North Carolina enacts:

SECTION 1. Article 12 of Subchapter II of Chapter 105 of the General
Statutes is amended by adding the following new section to read:

"§ 105-277.15. Taxation of wildlife conservation land.

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

(1) Business entity. – Defined in G.S. 105-277.2.

(2) Family business entity. – A business entity whose members are, directly or indirectly, individuals and are relatives. An individual is indirectly a member of a business entity if the individual is a member of a business entity or a beneficiary of a trust that is part of the ownership structure of the business entity.

(3) Family trust. – A trust that was created by an individual and whose beneficiaries are, directly or indirectly, individuals who are the creator of the trust or a relative of the creator. An individual is indirectly a beneficiary of a trust if the individual is a beneficiary of another trust or a member of a business entity that has a beneficial interest in the trust.

(4) Member. – Defined in G.S. 105-277.2.

(5) Relative. – Defined in G.S. 105-277.2.

(b) Classification. – Wildlife conservation land is designated a special class of property under Article V, Section 2(2) of the North Carolina Constitution and must be appraised, assessed, and taxed in accordance with this section. Wildlife conservation

1 land classified under this section must be appraised and assessed as if it were classified
2 under G.S. 105-277.3 as agricultural land.

3 (c) Requirements. – Land qualifies as wildlife conservation land if it meets the
4 following size, ownership, and use requirements:

5 (1) Size. – The land must consist of at least 20 contiguous acres.

6 (2) Ownership. – The land must be owned by an individual, a family
7 business entity, or a family trust and must have been owned by the
8 same owner for the previous five years, except as follows:

9 a. If the land is owned by a family business entity, the land meets
10 the ownership requirement if the land was owned by one or
11 more members of the family business entity for the required
12 time.

13 b. If the land is owned by a family trust, the land meets the
14 ownership requirement if the land was owned by one or more
15 beneficiaries of the family trust for the required time.

16 c. If an owner acquires land that was classified as wildlife
17 conservation land under this section when it was acquired and
18 the owner continues to use the land as wildlife conservation
19 land, then the land meets the ownership requirement if the new
20 owner files an application and signs the wildlife habitat
21 conservation agreement in effect for the property within 60 days
22 after acquiring the property.

23 (3) Use. – The land must meet all of the following requirements:

24 a. The land must be managed under a written wildlife habitat
25 conservation agreement with the North Carolina Wildlife
26 Resources Commission that is in effect as of January 1 of the
27 year for which the benefit of this section is claimed and that
28 requires the owner to do one or more of the following:

29 1. Protect an animal species that lives on the land and, as of
30 January 1 of the year for which the benefit of this section
31 is claimed, is on a North Carolina protected animal list
32 published by the Commission under G.S. 113-333.

33 2. Conserve any of the following priority animal wildlife
34 habitats: longleaf pine forest, early successional habitat,
35 small wetland community, stream and riparian zone,
36 rock outcrop, or bat cave.

37 b. It must have been classified under G.S. 105-277.3 when the
38 wildlife habitat conservation agreement was signed or the
39 owner must demonstrate to both the Wildlife Resources
40 Commission and the assessor that the owner used the land for a
41 purpose specified in the signed wildlife habitat conservation
42 agreement for three years preceding the January 1 of the year
43 for which the benefit of this section is claimed.

1 (d) Restrictions. – The following restrictions apply to the classification allowed
2 under this section:

3 (1) No more than 100 acres of an owner's land in a county may be
4 classified under this section.

5 (2) Land owned by a business entity is not eligible for classification under
6 this section if the business entity is a corporation whose shares are
7 publicly traded or one of its members is a corporation whose shares are
8 publicly traded.

9 (e) Deferred Taxes. – The difference between the taxes that are due on wildlife
10 conservation land classified under this section and that would be due if the land were
11 taxed on the basis of its true value is a lien on the property. The difference in taxes must
12 be carried forward in the records of each taxing unit as deferred taxes. The deferred
13 taxes for the preceding three fiscal years are due and payable in accordance with
14 G.S. 105-277.1D when the land loses its eligibility for deferral as a result of a
15 disqualifying event. A disqualifying event occurs when the property no longer qualifies
16 as wildlife conservation land.

17 (f) Exceptions to Payment. – No deferred taxes are due in the following
18 circumstances and the deferred taxes remain a lien on the land:

19 (1) When the owner of wildlife conservation land that was previously
20 classified under G.S. 105-277.3 before the wildlife habitat
21 conservation agreement was signed does not transfer the land and the
22 land again becomes eligible for classification under G.S. 105-277.3. In
23 this circumstance, the deferred taxes are payable in accordance with
24 G.S. 105-277.3.

25 (2) When land that is classified under this section is transferred to an
26 owner who signed the wildlife habitat conservation agreement in effect
27 for the land at the time of the transfer and the land remains classified
28 under this section. In this circumstance, the deferred taxes are payable
29 in accordance with this section.

30 (g) Exceptions to Payment and Lien. – Notwithstanding subsection (e) of this
31 section, if land loses its eligibility for deferral solely due to one of the following
32 reasons, no deferred taxes are due and the lien for the deferred taxes is extinguished:

33 (1) The property is conveyed by gift to a nonprofit organization and
34 qualifies for exclusion from the tax base under G.S. 105-275(12) or
35 G.S. 105-275(29).

36 (2) The property is conveyed by gift to the State, a political subdivision of
37 the State, or the United States.

38 (h) Administration. – An owner who applies for the classification allowed under
39 this section must attach a copy of the owner's written wildlife habitat agreement
40 required under subsection (c) of this section. An owner who fails to notify the county
41 assessor when land classified under this section loses its eligibility for classification is
42 subject to a penalty in the amount set in G.S. 105-277.5."

1 **SECTION 2.** G.S. 105-277.1D(a), as enacted by Section 2.2 of S.L. 2008-35
2 and amended by Section 28.11(h) of House Bill 2436 of the 2008 Session, reads as
3 rewritten:

4 (a) Scope. – This section applies to the following deferred tax programs:

- 5 (1) G.S. 105-275(29a), historic district property held as future site of
6 historic structure.
7 (2) G.S. 105-277.1B, the property tax homestead circuit breaker.
8 (3) G.S. 105-277.4(c), present-use value property.
9 (4) G.S. 105-277.14, working waterfront property.
10 (5) G.S. 105-277.15, wildlife conservation land.
11 ~~(5)(6)~~ G.S. 105-278(b), historic property.
12 ~~(6)(7)~~ G.S. 105-278.6(e), nonprofit property held as future site of low- or
13 moderate-income housing."

14 **SECTION 3.** G.S. 105-282.1(a)(2) reads as rewritten:

15 (2) **(Effective for taxes imposed for taxable years beginning on or**
16 **after July 1, 2009)** Single application required. – An owner of one or
17 more of the following properties eligible for a property tax benefit
18 must file an application for the benefit to receive it. Once the
19 application has been approved, the owner does not need to file an
20 application in subsequent years unless new or additional property is
21 acquired or improvements are added or removed, necessitating a
22 change in the valuation of the property, or there is a change in the use
23 of the property or the qualifications or eligibility of the taxpayer
24 necessitating a review of the benefit.

- 25 a. Property exempted from taxation under G.S. 105-278.3,
26 105-278.4, 105-278.5, 105-278.6, 105-278.7, or 105-278.8.
27 b. Special classes of property excluded from taxation under
28 G.S. 105-275(3), (7), (8), (12), (17), (18), (19), (20), (21), (35),
29 (36), (38), (39), or (41) or under G.S. 131A-21.
30 c. Special classes of property classified for taxation at a reduced
31 valuation under G.S. 105-277(h), 105-277.1, 105-277.10,
32 105-277.13, ~~105-278.105-278,~~ or 105-277.15.
33 d. Property owned by a nonprofit homeowners' association but
34 where the value of the property is included in the appraisals of
35 property owned by members of the association under
36 G.S. 105-277.8.
37 e. Special classes of property eligible for tax relief under
38 G.S. 105-277.1B."

39 **SECTION 4.** G.S. 105-277.3(d1) reads as rewritten:

40 (d1) Exception for Easements on Qualified Conservation Lands Previously
41 Appraised at Use Value. – Property that is appraised at its present-use value under
42 G.S. 105-277.4(b) shall continue to qualify for appraisal, assessment, and taxation as
43 provided in G.S. 105-277.2 through G.S. 105-277.7 as long as (i) the property is subject
44 to an enforceable conservation easement that would qualify for the conservation tax

1 credit provided in G.S. 105-130.34 and G.S. 105-151.12, without regard to actual
2 production or income requirements of this ~~section~~, section; and (ii) the taxpayer received
3 no more than seventy-five percent (75%) of the fair market value of the donated
4 property interest in compensation. Notwithstanding G.S. 105-277.3(b) and (b1),
5 subsequent transfer of the property does not extinguish its present-use value eligibility
6 as long as the property remains subject to an enforceable conservation easement that
7 qualifies for the conservation tax credit provided in G.S. 105-130.34 and
8 G.S. 105-151.12. The exception provided in this subsection applies only to that part of
9 the property that is subject to the easement."

10 **SECTION 5.** G.S. 105-277.3 is amended by adding a new subsection to
11 read:

12 "(d2) Wildlife Exception. – When an owner of land classified under this section
13 does not transfer the land and the land becomes eligible for classification under
14 G.S. 105-277.15, no deferred taxes are due. The deferred taxes remain a lien on the land
15 and are payable in accordance with G.S. 105-277.15."

16 **SECTION 6.** The Revenue Laws Study Committee is directed to study the
17 three-year impact of classifying land as wildlife conservation land for property tax
18 purposes. The study must include a review of the amount of property classified as
19 wildlife conservation land, the fiscal impact on local governments, and any other
20 impact.

21 The Revenue Laws Study Committee must include its findings in the 2015
22 report.

23 **SECTION 7.** Sections 1 through 5 of this act are effective for taxes imposed
24 for taxable years beginning on or after July 1, 2010. The remainder of this act is
25 effective when it becomes law.