

September 7, 2004

MEMORANDUM

TO: County Assessors and Tax Administrators

FROM: David B. Baker, Director
Property Tax Division

RE: 2004 Property Tax Legislation

We are enclosing a summary of the significant property tax legislation (having state wide application) enacted by the 2004 Session of the North Carolina General Assembly. The summary includes the bill number, purpose of the bill, and brief comments as to each ratified bill. We are also enclosing copies of the chaptered bills.

If you do not serve as the tax collector, please make copies of this memorandum and summary available to the person holding that position in your county. In addition, please provide him/her with copies of any bills applicable to tax collection.

If you have any questions concerning any of this new legislation, please call our staff at 919-733-7711.

2004 PROPERTY TAX LEGISLATION

Bills Enacted by the 2004 session of the N.C. General Assembly

Ratified Senate Bills

S.B. 933: AN ACT TO REQUIRE STATE AND LOCAL GOVERNMENT AGENCIES THAT ACQUIRE LAND FOR WETLANDS MITIGATION TO REIMBURSE THE COUNTY IN WHICH THE LAND IS LOCATED FOR ITS LOST TAXES DUE TO THE ACQUISITION.

G.S.153A-15.1– Reimbursement for Wetlands Mitigation: This amendment adds a new section which requires state and local government agencies that acquire land for wetlands mitigation to reimburse the county in which the land is located for its lost property taxes due to the acquisition. (Effective August 17, 2004; SB 933, S.L. 2004-188.)

S.B. 1083: AN ACT TO PROVIDE FOR STAGGERED ISSUANCE OF COMMERCIAL LICENSE PLATES, DEALER LICENSE PLATES, AND MOTOR VEHICLE DEALERS AND MANUFACTURERS LICENSES, AND TO EXEMPT HISTORIC VEHICLES FROM THE REQUIREMENT FOR A SAFETY INSPECTION.

This act changes most of the commercial vehicles from the annual system to the staggered system for the issuance of license plates. This amendment provides that most commercial vehicle owners will purchase license plates on a staggered system starting in January of 2005. Our office will be working with the DMV to determine the best way for the counties to implement this change. We will provide more information on this change over the next several weeks.

S.B. 1093: AN ACT TO ADD EDGECOMBE, HALIFAX, LENOIR, NASH, PENDER, AND WILSON COUNTIES TO THOSE COUNTIES AUTHORIZED TO USE A TAX CERTIFICATION PROCESS TO ASSIST IN THE COLLECTION OF DELINQUENT PROPERTY TAXES.

G. S. 161-31–Tax Certification: This amendment adds Edgecombe, Halifax, Lenoir, Nash, Pender, and Wilson counties to those counties authorized to use a tax certification process to assist in the collection of delinquent property taxes. This allows the board of commissioners of a county, by resolution, to require the register of deeds not to accept any deed transferring real property for registration unless the county tax collector has certified that no delinquent property taxes or other taxes the collector is charged with are a lien on the property described in the deed. (Effective July 8, 2004; SB 1093, S.L. 2004-65.)

S.B. 277: AN ACT TO EXEMPT FROM PROPERTY TAX EDUCATIONAL PROPERTY HELD BY A NONPROFIT ENTITY FOR A PUBLIC OR PRIVATE UNIVERSITY OR COMMUNITY COLLEGE LOCATED IN NORTH CAROLINA.

G.S. 105-278.4 – Real and Personal Property Used for Educational Purposes: This amendment exempts from property tax educational property held by a nonprofit entity for a public or private university or community college located in North Carolina. The ownership requirement is amended to include buildings and land owned by a nonprofit entity for the sole benefit of a constituent or affiliated institution of The University of North Carolina, an institution as defined in G.S. 116-22, a North Carolina community college, or a combination of these. This bill also amends the definition of educational purpose to include the operation of a student housing facility and a student dining facility. (Effective for taxable years beginning on or after July 1, 2004, SB 277, S.L. 2004-173.)

S.B. 1315: AN ACT TO AUTHORIZE THE APPOINTMENT OF A SPECIAL BOARD OF EQUALIZATION AND REVIEW FOR CABARRUS COUNTY.

G.S. 105- 322(g)- Special Board of Equalization and Review: This amendment allows Cabarrus County to appoint a special board of equalization and review. This amendment applies only to Cabarrus County. (Effective July 15, 2004, SB 1315, S.L. 2004 -100.)

Ratified House Bills

H.B. 1213: AN ACT TO REQUIRE LOCAL GOVERNMENTS TO PAY MONETARY COMPENSATION FOR REMOVAL OF LAWFULLY ERECTED OFF-PREMISES OUTDOOR ADVERTISING SIGNS AND TO AUTHORIZE LOCAL GOVERNMENTS TO ENTER INTO RELOCATION AND RECONSTRUCTION AGREEMENTS WITH OWNERS OF NONCONFORMING OFF-PREMISES OUTDOOR ADVERTISING SIGNS.

G.S.153A-143 – Monetary Compensation for Removal of Outdoor Advertising Signs: This amendment adds a new section which requires local governments to pay monetary compensation for removal of lawfully erected off-premises outdoor advertising signs and to authorize local governments to enter into relocation and reconstruction agreements with owners of nonconforming off-premises outdoor advertising signs. (Effective August 2, 2004; HB 1213, S.L. 2004-152.)

H.B. 1465: AN ACT TO ALLOW FARMLAND OWNED BY A FAMILY BUSINESS TO KEEP ITS PRESENT-USE VALUE TAX STATUS WHEN LEASED FOR FARM USE.

G.S. 105-277.2(4)b – Present Use Value: This statute is amended to allow land owned by a family business to obtain present use value when the land is not being actively farmed by the family business entity but is leased out to someone else to farm. The

amendment adds the following language: "For the purpose of this sub-subdivision, the terms 'having as its principal business' and 'actively engaged in the business of the entity' include the leasing of the land for one of the activities described in subdivisions (1), (2), and (3) only if all members of the business entity are relatives." (Effective for taxable years beginning on or after July 1, 2004; HB 1465, S.L. 2004-8.)