



North Carolina Department of Revenue

Beverly Eaves Perdue
Governor

David W. Hoyle
Secretary

August 31, 2012

MEMORANDUM

TO: County Assessors and Tax Administrators

FROM: David B. Baker, Director
Local Government Division

RE: 2012 Local Government Legislation

We are enclosing a summary of the significant local government legislation (having state-wide application) enacted by the 2012 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. A copy of each bill may be obtained at the following web page.

<http://www.ncga.state.nc.us/>

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.

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

2012 Local Government LEGISLATION

Bills Enacted by the 2012 Session of the N.C. General Assembly

Ratified House Bills

HB 296

G.S. 153A-340 — Prohibit Issuance of Permit Until Delinquent Property Taxes Are Paid:

Adds Sampson County to the list of counties that may by ordinance provide that a special use permit or conditional use permit may not be issued under subsection (c1) of this section to a person who owes delinquent property taxes, determined under G.S. 105-360, on property owned by the person. Such ordinance may provide that a special use permit or conditional use permit may be issued to a person protesting the assessment or collection of property taxes.

G.S. 153A-357 — Prohibit Issuance of Permit Until Delinquent Property Taxes Are Paid:

Adds Sampson County to the list of counties that may by ordinance provide that a permit may not be issued under subsection (a) of this section to a person who owes delinquent property taxes, determined under G.S. 105-360, on property owned by the person. Such ordinance may provide that a building permit may be issued to a person protesting the assessment or collection of property taxes.

(Effective June 12, 2012; HB 296, s. 1, and 2, S.L. 2012-23)

G.S. 161-31(b) — Payment of Delinquent Property Taxes:

Adds Sampson County to the list of counties authorized to require the payment of delinquent property taxes before recording deeds conveying property.

(Effective June 12, 2012; HB 296, s. 3, S.L. 2012-23.)

HB 391

G.S. 153A-311 – G.S. 153A-317.1 — Revises the Laws Relating to County Research and Production Service Districts and the Approval of Property Taxes in Multijurisdictional Districts.

Revises the standards that a county research and production service district must meet when established by a county board of commissioners. Establishes additional uses for which property within a service district can be used. Establishes standards and rules by which a urban research service district can be established and how such a district may levy a property tax within the district.

(Effective June 26, 2012; HB 391, s. 1, S.L. 2012-73)

HB 462

G.S. 105-243.1(a1) — Use of Contingent Based Contracts:

Adds new section stating that in determining the liability of any person for a tax, the Secretary may not employ an agent who is compensated in whole or in part by the State for services

rendered on a contingent basis or any other basis related to the amount of tax, interest, or penalty assessed against or collected from the person.

(Effective July 1, 2012; HB 462, s. 1, S.L. 2012-152.)

G.S. 105-299 — Use of Contingent Based Contracts:

Adds the following new language: If the board of county commissioners employs any person or firm to assist the assessor in the performance of the assessor's duties, the person or firm may not be compensated, in whole or in part, on a contingent fee basis or any other similar method that may impair the assessor's independence or the perception of the assessor's independence by the public.

(Effective July 1, 2012; HB 462, s. 2, S.L. 2012-152.)

G.S. 153A-146 — Use of Contingent Based Contracts:

Adds the new language: In determining the liability of any taxpayer for a tax, a county may not employ an agent who is compensated in whole or in part by the county for services rendered on a contingent basis or any other basis related to the amount of tax, interest, or penalty assessed against or collected from the taxpayer.

(Effective July 1, 2012; HB 462, s. 4, S.L. 2012-152.)

G.S. 160A-206 — Use of Contingent Based Contracts:

Adds the new language: In determining the liability of any taxpayer for a tax, a city may not employ an agent who is compensated in whole or in part by the city for services rendered on a contingent basis or any other basis related to the amount of tax, interest, or penalty assessed against or collected from the taxpayer.

(Effective July 1, 2012; HB 462, s. 5, S.L. 2012-152.)

HB 605

G.S. § 105A-2(6) Debt Setoff:

Authorizes a regional solid waste management authority to collect unpaid delinquent debt by setting off the debt against a state income tax refund.

(Effective January 1, 2013; HB 605, s. 1, S.L. 2012-88)

HB 1088

G.S. 105-458 — Apportionment of Payments in Lieu of Taxes Between Local Units:

Clarifies the apportionment of TVA payments between Swain County and Graham County and establishes the boundary line between the two counties.

(Effective June 1, 2012; HB 1088, s. 1 and 2, S.L. 2012-62.)

HB 1090

A local act only in effect for Alamance County and Orange County:

An act to authorize Alamance County and Orange County to establish the location of the remaining nine percent (9%) of the common boundary between Alamance County and Orange County not addressed by Session Law 2011-88 and as authorized by Session Law 2010-62.

(Effective June 28, 2012; HB 1090, s. 1-12, S.L. 2012-108.)

HB 1105

G.S. 105-277.8. — Taxation of nonprofit homeowners' association:

Simplifies the collection of property taxes that are due on property owned by certain nonprofit homeowners associations when the association's property is located in one unit of local government and the association members' property is located in a different unit of local government.

(Effective July 1, 2012; HB 1105, s. 1, 2, and 3, S.L. 2012-157.)

HB 1181

A local act to study local option sales tax and to study the taxation and valuation of leasehold interests in exempt real property:

Allows the Revenue Laws Study Committee to conduct a study whether municipalities should be granted the authority to levy a local option sales tax for the purpose of providing dedicated funding for beach nourishment and other natural resources preservation. Allows the Committee to study the taxation and valuation of leasehold interests in exempt real property.

(Effective July 16, 2012; HB 1181, s. 1 and 2, S.L. 2012-189.)

HB 1197

G.S. 161-31(b) — Payment of Delinquent Property Taxes:

Adds Stokes County to the list of counties authorized to require the payment of delinquent property taxes before recording deeds conveying property.

(Effective June 28, 2012; HB 1197, s. 1, S.L. 2012-114.)

Ratified Senate Bills

SB 826

G.S. 105-321 — Minimal Taxes:

Removes motor vehicles from the minimal taxes statutes which allow the amount of property tax on a motor vehicle of any amount to be billed in the new combined property tax and motor vehicle registration system. Does not affect taxes on other real or personal property.

(Effective July 1, 2013; SB 826, s. 3.1, S.L. 2012-79.)

G.S. 105-330.2 — Motor Vehicle Appeals:

Clarifies the appeal process for a vehicle owner to appeal the value of a motor vehicle and provides for a 30-day appeal process for a vehicle owner to appeal the county assessor's initial decision to deny a motor vehicle exemption or exclusion application.

(Effective July 1, 2013; SB 826, s. 3.2, S.L. 2012-79.)

G.S. 105-330.3(a1) — Taxation of Unregistered Motor Vehicles:

Clarifies the process for taxing motor vehicles which are unregistered on January 1, of each year. Ensures that no vehicle is double taxed as a registered vehicle and an unregistered vehicle for the same tax year. Allows the county assessor to assess and tax any unregistered vehicle for the months in which it remained unregistered.

(Effective July 1, 2013; SB 826, s. 3.3, S.L. 2012-79.)

G.S. 105-330.3(b) — Property Tax Exemption and Exclusion of Motor Vehicles:

Clarifies that a motor vehicle owner has to make an application for an exemption or exclusion within 30 days of the date the taxes on a motor vehicle are due.

(Effective July 1, 2013; SB 826, s. 3.3, S.L. 2012-79.)

G.S. 105-330.4(b) — Interest on Unpaid Motor Vehicle Taxes:

Interest on unpaid motor vehicle taxes accrues at the rate of 5% for the remainder of the month following the date in which the registration renewal sticker expired and provides that $\frac{3}{4}$ % interest begins the second month following the due date with an additional $\frac{3}{4}$ % interest charged for each month thereafter.

(Effective July 1, 2013; SB 826, s. 3.4, S.L. 2012-79.)

G.S. 105-330.4(c) — Collection Remedies on Unpaid Motor Vehicle Taxes:

Clarifies that the enforcement remedies in this Subchapter apply to unpaid taxes on an unregistered classified motor vehicle and for any unpaid taxes on a registered motor vehicle for which the tax year begins on or before July 1, 2013.

(Effective July 1, 2013; SB 826, s. 3.4, S.L. 2012-79.)

G.S. 105-330.4(d) — Tax Payments Submitted by Mail:

Changes the tax collector to the collecting authority to determine when a tax payment is deemed to be received.

(Effective July 1, 2013; SB 826, s. 3.4, S.L. 2012-79.)

G.S. 105-330.5(e) — Is Repealed

(Effective July 1, 2013; SB 826, s. 3.5, S.L. 2012-79.)

SB 847

Effective Date of House Bill 462:

Places the following sunset on the ban on contingency fee basis audits by local government: From July 1, 2013, until July 1, 2015, cities and counties shall not renew any contingency fee-based contracts for these services. From July 1, 2013, until July 1, 2015, cities and counties shall not assign further audits on a contingency fee basis to an auditing firm under a contract that meets all the following conditions: (i) the contract would have been prohibited under this act had the contract been entered into after July 1, 2013, and (ii) the contract allows the assignment of audits on a discretionary basis. The remainder of the act is effective when the act becomes law.

(Effective July 17, 2012; SB 847, s. 61.5(b), S.L. 2012-194.)