



North Carolina Department of Revenue

Pat McCrory
Governor

Lyons Gray
Secretary

November 5, 2013

MEMORANDUM

TO: County Assessors and Tax Administrators

FROM: David B. Baker, Director
Local Government Division

RE: 2013 Local Government Legislation

We are enclosing a summary of the significant local government legislation (having state-wide application) enacted by the 2013 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 919-814-1129.

2013 Local Government LEGISLATION

Bills Enacted by the 2013 Session of the N.C. General Assembly

Ratified House Bills

HB 14

Tag and Tax System:

Amends Section 24(c) of SL 2009-445, as amended, to provide that with the exception of amendments to GS 105-330.9 and GS 105-330.11, the remainder of subsection (a) of Section 24 and all of subsection (b) of Section 24 become effective July 1, 2013, and apply to combined tax and registration notices issued on or after that date and deletes the alternative option for becoming effective when the DMV and the Department of Revenue certify that the integrated computer system or registration renewal and property tax collection for motor vehicles is in operation. Provides that counties may continue to collect property taxes on motor vehicles for taxable years beginning on or before September 1, 2013, under Article 22A of GS Chapter 105 as those statutes are in effect on June 30, 2013. Makes identical changes regarding the respective stated effective dates for Section 8 of SL 2007-471, as amended, and Section 13 of SL 2005-294, as amended. Repeals Sections 3.2 (amending GS 105-330.2), 3.3 (amending GS 105-330.3), and 3.4 (amending GS 105-330.4) of SL 2012-79.

(Effective August 23, 2013; HB 14, s. 70(a) -71(e), S.L. 2013-414.)

G.S. 105-330.1 — Unclassified Motor Vehicles

Adds motor vehicles owned by participants in the Address Confidentiality Program authorized under Chapter 15C of the General Statutes to the list of unclassified motor vehicles.

(Effective August 23, 2013; HB 14, s. 72, S.L. 2013-414.)

G.S. 105-330.2 — Tag and Tax System:

Amends GS 105-330.2, as amended by Section 2 of SL 2005-294 and Section 24(a) of SL 2009-445, to provide that the owner of a classified motor vehicle may appeal the appraised value of the vehicle but not the taxability of the vehicle (was, appraised value or taxability). Provides that appeals filed under this subsection, (b1), are to proceed as provided in GS 105-312(d). Adds a new subsection (b2) to provide that an owner of a classified motor vehicle may appeal the vehicle's eligibility for an exemption or exclusion within 30 days of the initial decision. Provides that appeals filed under this new subsection are to proceed in the manner provided in GS 105-312(d).

(Effective August 23, 2013; HB 14, s. 71(b), S.L. 2013-414.)

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 August 23, 2013; HB 14, s. 71(b), S.L. 2013-414.)

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 August 23, 2013; HB 14, s. 71(c), S.L. 2013-414.)

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 August 23, 2013; HB 14, s. 71(c), S.L. 2013-414.)

G.S. 105-330.4(b) — Due Date

Prohibits issuing the registration for a classified motor vehicle unless (1) a temporary registration for the vehicle is issued under GS 20-79.1A or (2) the taxes for the motor vehicle's tax year that starts after the issuance of the registration are paid upon registration. Prohibits renewing the registration for a classified motor vehicle unless the taxes for the motor vehicle's tax year that begins after the registration expires are paid upon registration.

(Effective August 23, 2013; HB 14, s. 71(d), S.L. 2013-414.)

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 3/4% interest begins the second month following the due date with an additional 3/4% interest charged for each month thereafter.

(Effective August 23, 2013; HB 14, s. 71(d), S.L. 2013-414.)

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 October 1, 2013.

(Effective August 23, 2013; HB 14, s. 71(d), S.L. 2013-414.)

HB 439

G.S. 105-277.1F — Payment of deferred taxes:

Amends GS 105-277.1F(a), (Uniform provisions for payment of deferred taxes), adding GS 105-277.1F(a)(4b) - site infrastructure land to the scope of the statute. Above provisions are effective for taxes imposed for taxable years beginning on or after July 1, 2013.

(Effective July 1, 2013; HB 439, s. 3, S.L. 2013-130.)

G.S. 105-277.3 — Infrastructure Exception:

Amends GS 105-277.3 by creating a new subsection GS 105-277.3(d3), which provides for a Site Infrastructure Exception in certain circumstances. The exception, when applicable, provides for deferred taxes to become a lien on the land which are then payable in accordance with GS 105-277.15A.

(Effective July 1, 2013; HB 439, s. 2, S.L. 2013-130.)

G.S. 105-277.15A — Taxation of site infrastructure land:

Amends GS Chapter 105 by creating a new section GS 105-277.15A, providing for the classification of site infrastructure land, a special class of property under section 2(2) of Article V of the NC Constitution. It must be appraised, assessed, and taxed in accordance with GS 105-277.15A. Provides the requirements that must be met for land to be considered site infrastructure land, including must be at least 100 contiguous acres and zoned for industrial use and/or office use. Provides how an owner of site infrastructure land can defer a portion of the taxes on that land and when and how the deferred taxes are due. On or before September 1 of each year, the tax collector will notify each owner who has previously received a tax deferral of the accumulated sum of deferred taxes and interest. Owner must notify the county assessor when land classified under this section loses its eligibility or face a penalty. Provides instances when deferred taxes will not be due and when they will remain as a lien on the land. Provides for an application for property tax relief, as well as the procedures, timing, and appeals of such applications. Provides that on August 1 of each year, the Secretary of Revenue will report to the Department of Commerce the number and location of all site infrastructure lands qualified under this section.

(Effective July 1, 2013; HB 439, s. 1, S.L. 2013-130.)

G.S. 143-437.02(k) — Monitoring and reports:

Amends GS 143B-437.02(k), providing that the information in the report required by GS 105-277.15A(g) should also be included with the annual report which is given to the Joint 2013 UNC Chapel Hill School of Government 146 Legislative Commission on Governmental Operations, regarding Site Infrastructure Development Program.

(Effective June 19, 2013; HB 439, s. 4, S.L. 2013-130.)

Ratified Senate Bills

SB 159

REQUIRE CERTAIN GENERAL REAPPRAISALS.

Directs boards of county commissioners to either (1) conduct a reappraisal, by no less than one appraiser certified by the Department of Revenue (DOR) for mass valuation per 4,250 parcels, within 18 months, applicable to all tax years from and including the tax year when the last general appraisal was performed, or (2) have a qualified appraisal company conduct a total review of all the values in the county by neighborhood and make recommendations as to the true value of the properties as of January 1 of the year of the last general review, when all of the following conditions are met:

- (1) County has independent, corroborating evidence that the majority of commercial neighborhoods in the county have significant issues of inequity in valuations.
- (2) County has independent, corroborating evidence that residential neighborhoods have instances of inequity or erroneous data that had significant impact on the valuation of the neighborhood.
- (3) County's last general reappraisal was performed for the 2008, 2009, 2010, 2011, 2012 tax year.
- (4) The independent, corroborating evidence came from a review performed by a qualified appraisal company selected and retained by the county and registered with the DOR and had a sample size of no less than 375 properties.

Directs boards of commissioners to, after the above review or reappraisal is completed, make any change to property abstracts and tax records needed to ensure that assessed values of incorrectly appraised properties in the county reflect the true values, effective the year of the last general reappraisal, applying the adjusted values for each tax year until the next general reappraisal, unless those values are changed pursuant to GS 105-287.

(Effective July 26, 2013; SHB 159, s. 1-4, S.L. 2013-362.)

SB 257

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 of the common boundary between Alamance County and Orange County.

(Effective June 10, 2013; SB 257, s. 1-5, S.L. 2013-68.)

SB 337

G.S.105-275(46). Property classified and excluded from the tax base.

The following classes of property are designated special classes under Article V, Sec. 2(2), of the North Carolina Constitution and are excluded from tax: (46) Real property that is occupied by a charter school and is wholly and exclusively used for educational purposes as defined in G.S. 105-278.4(f)

(Effective July 1, 2013; SB 337, s. 3, S.L. 2013-355.)

SB 490

G.S.105-275(40). Property classified and excluded from the tax base.

Excludes from taxation the development of software or any modifications to software, whether done internally by the taxpayer or externally by a third party, to meet the customer's specified needs.

(Effective July 1, 2014; SB 490, s. 1,2, S.L. 2013-259.)