



North Carolina Department of Revenue

Pat McCrory
Governor

Lyons Gray
Secretary

November 10, 2014

MEMORANDUM

TO: County Assessors and Tax Administrators

FROM: David B. Baker, Director
Local Government Division

RE: 2014 Local Government Legislation

We are enclosing a summary of the significant local government legislation (having state-wide application) enacted by the 2014 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.

2014 Local Government LEGISLATION

Bills Enacted by the 2014 Session of the N.C. General Assembly

Ratified House Bills

HB 558

G.S.105-164.14(c). *Allow sales tax refunds for soil and water conservation districts and regional jails.*

Adds a soil and water conservation district organized under Chapter 139 of the General Statutes and a district confinement facility created pursuant to G.S. 153A-219, including a local act modifying G.S. 153A-219 to those agencies allowed an annual refund of sales and use taxes paid by it under this Article on direct purchases of tangible personal property and services, other than electricity, telecommunications service, and ancillary service.

(Effective July 1, 2015; HB 558, s. 1, S.L. 2014-20.)

HB 1050

G.S. 20-63(h). *Commission contracts for issuance of plates and certificates.*

Establishes that the compensation paid for the issuance of a limited registration "T" sticker and the collection of property tax are each considered a separate transaction for which compensation at the rate of one dollar and twenty-seven cents (\$1.27) and seventy-one cents (\$0.71), one dollar and six cents (\$1.06) respectively, shall be paid by counties and municipalities as a cost of the combined motor vehicle registration renewal and property tax collection system.

(Effective March 1, 2014; HB 1050, s. 13.1-13.5, S.L. 2014-3.)

G.S. 20-79.1A. *Limited registration plates.*

(a) Eligibility. – A limited registration plate is issuable to any of the following:

(1) A person who applies, either directly or through a dealer licensed under Article 12 of this Chapter, for a title to a motor vehicle and a registration plate for the vehicle and who submits payment for the applicable title and registration fees but does not submit payment for any municipal corporation property taxes on the vehicle. A person who submits payment for municipal corporation property taxes receives an annual registration plate.

(2) A person who applies for a plate for a vehicle that was previously registered with the Division but whose registration has not been current for at least a year because the plate for the vehicle was surrendered or the vehicle's registration expired over a year ago.

(b) Form and Authorization. – A limited registration plate must be clearly and visibly designated as "temporary." The plate expires on the last day of the second month following the date of application of the limited registration plate. The plate may be used only on the vehicle for which it is issued and may not be transferred, loaned, or assigned to another. If the plate is lost or stolen, the vehicle for which the plate was issued may not be operated on a highway until a replacement limited registration plate or a regular license plate is received and attached to the vehicle.

(c) Registration Certificate. – The Division is not required to issue a registration certificate for a limited registration plate. A combined tax and registration notice issued under G.S. 105-330.5 serves as the registration certificate for the plate

(Effective May 29, 2014; HB 1050, s. 14.24, S.L. 2014-3.)

G.S. 105-296(m). Transportation Corridor:

The section is rewritten to require the assessor shall annually review the transportation corridor official maps and amendments to them filed with the register of deeds pursuant to Article 2E of Chapter 136 of the General Statutes.

(Effective July 1, 2015; HB 1050, s. 14.19, S.L. 2014-3.)

G.S. 105-309(d). Listing of Personal Property

This section reads as rewritten: (d) Personal property shall be listed to indicate the township and municipality, if any, in which it is taxable and shall be itemized by the taxpayer in such detail as may be prescribed by an abstract form approved by the Department of Revenue. The assessor may require additional information as follows:

- (1) If the assessor considers it necessary to obtain a complete listing of personal property, the assessor may require a taxpayer to submit additional information, inventories, or itemized lists of personal property.
- (2) At the request of the assessor, the taxpayer shall furnish any information the taxpayer has with respect to the true value of the personal property the taxpayer is required to list.

(Effective July 1, 2015; HB 1050, s. 14.20(a), S.L. 2014-3.)

G.S. 105-315. Reports Report by persons having custody of tangible personal property of others.

(a) As of January 1, every person having custody of taxable tangible personal property that has been entrusted to the person by another for storage, sale, renting, or any other business purpose shall furnish to the assessor of the county in which the property is situated a report with the information listed in this subsection. This requirement does not apply to a person having Page 44 Session Law 2014-3 House Bill 1050-Ratified custody of inventories exempt under G.S. 105-275(32a), 105-275(33), or 105-275(34). As used in this section, the term "person having custody of taxable tangible personal property" includes warehouses, cooperative growers' and marketing associations, consignees, factors, commission merchants, and brokers. The report must include all of the following:

- (1) Repealed by Session Laws 1987, c. 813, s. 14.
- (2) The name of the owner of the property.
- (3) A description of the property.
- (4) The quantity of the property.
- (5) The amount of money, if any, advanced against the property by the person having custody of the property.

(b) Any person who fails to make the report required by this section, by January 15 in any year is liable to the counties in which the property is taxable for a penalty to be measured by any portion of the tax on the property that has not been paid at the time the action to collect this penalty is brought

plus two hundred fifty dollars (\$250.00). This penalty may be recovered in a civil action in the appropriate division of the General Court of Justice of the county in which the property is taxable. Upon recovery of this penalty, the tax on the property is deemed paid."

(Effective July 1, 2015; HB 1050, s. 14.21, S.L. 2014-3.)

G.S. 105-320(a)(16). Is repealed.

(Effective July 1, 2015; HB 1050, s. 14.20(b), S.L. 2014-3.)

G.S. 105-333-339.1. Appraisal of property of public service companies.

This section adds mobile telecommunications companies and tower aggregator companies to the list of property which is required to be appraised by the NC Department of Revenue.

(Effective July 1, 2015; HB 1050, s. 11.1, S.L. 2014-3.)

HB 114

Payment of Delinquent Property Taxes:

Adds Town of Elk Park, to the list of Towns in Avery County authorized to require the payment of delinquent property taxes before recording deeds conveying property

(Effective July 16, 2014; HB 1114, s. 1, S.L. 2014-69.)

Ratified Senate Bills

SB 734

G.S. 105-290. Business Entity Representation:

If a property owner is a business entity, the business entity may represent itself using a nonattorney representative who is one or more of the following of the business entity: (i) officer, (ii) manager or member-manager, if the business entity is a limited liability company, (iii) employee whose income is reported on IRS Form W-2, if the business entity authorizes the representation in writing, or (iv) owner of the business entity, if the business entity authorizes the representation in writing and if the owner's interest in the business entity is at least twenty-five percent (25%). Authority for and prior notice of nonattorney representation shall be made in writing, under penalty of perjury, to the Commission on a form provided by the Commission.

(Effective September 18, 2014; SB 734, s. 1, S.L. 2014-120.)

SB 741

G.S. 161-31. Payment of Delinquent Property Taxes:

Adds Bladen County, Columbus County, Franklin County, and Hoke County to the list of counties authorized to require the payment of delinquent property taxes before recording deeds conveying property.

(Effective June 28, 2014; SB 741, s. 1, S.L. 2014-29.)

SB 786

G.S. 105-275 Exclusion of unpermitted energy mineral interest from property tax.

(47) Energy mineral interest in property for which a permit has not been issued under G.S. 113-395. For the purposes of this subdivision, "energy mineral" has the same meaning as in G.S. 105-187.71.

(Effective May 29, 2014; SB 786, s. 18, S.L. 2014-4.)

Study of taxation of energy minerals for property tax purposes.

The Local Government Division of the Department of Revenue shall study how other states value energy minerals for the purpose of property taxation. The Division shall establish guidelines for counties to ensure the consistent and fair taxation of energy minerals throughout the State. The Local Government Division shall report its findings to the Joint Legislative Commission on Energy Policy by January 1, 2015.

(Effective May 29, 2014; SB 786, s. 20, S.L. 2014-4.)

Study of property taxation of energy minerals.

The Joint Legislative Commission on Energy Policy shall study how the development of the oil and gas industry in the State would affect the property tax revenues of local governments. The study shall examine how the presence of energy minerals will affect property enrolled in the present use value program. The study shall also study ways to limit the growth of property tax revenues that result from increased property valuations due to the development of the oil and gas industry in the State. The Commission shall report to the 2015 General Assembly on its findings and recommendations, including any legislative recommendations.

(Effective May 29, 2014; SB 786, s. 21 S.L. 2014-4.)

SB 790

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

(b) Requirements. – Land qualifies as site infrastructure land if it meets the following size and use requirements:

- (1) Size. – The land must consist of at least 100 contiguous acres.

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

a. It must be zoned for industrial use, office use, or both.

b. A building permit for a primary building or structure must not have been issued for the land, and there is no primary building or structure on the land.

(c) Deferred Taxes. – An owner may defer a portion of tax imposed on site infrastructure land that represents the sum of the following: (i) the increase in value of the property attributable solely to improvements made to the site infrastructure land, if any, and (ii) the difference between the true value of the site infrastructure land as it is currently zoned and the value of the site infrastructure land as if it were zoned the same as it was in the calendar year prior to the time the application for property tax relief under this section was filed.

The difference between the taxes due under this section and the taxes that would have been payable in the absence of this section is a lien on the site infrastructure land as provided in G.S. 105-355(a).

The difference in taxes must be carried forward in the records of each taxing unit as deferred taxes.

The deferred taxes are due and payable in accordance with G.S. 105-277.1F when the site infrastructure land loses its eligibility for deferral because of the occurrence of a disqualifying event as follows:

(Effective July 1, 2015; SB 790, s. 2, S.L. 2014-39.)