

# **How Local and County Governments Interface with Local Foods Businesses and Farms**

**NC Sustainable Local Food Advisory  
Council**

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# Most Areas of Interaction Are Regulatory

- Taxation
- Land Use Regulations
- Building/Fire Codes
- Imminent Domain
- Food Preparation
- Business License

# Taxation

- Property Taxes
  - Present Use Value Program available to reduce taxes on land in production
  - Buildings, equipment, machinery and vehicles (business personal property) taxed at full market value
- Local Sales Tax
  - Bona fide farm can receive sales tax exemption on supplies and equipment
  - Local sales tax should be collected on the direct sale of food and products and remitted to NC Dept. of Revenue

# Land Use Regulations

## Zoning

- Counties
  - Agricultural production and related activities exempt from zoning regulations (except swine farms)
  - Agricultural processing, marketing, and sales exempt only if performed on the farm
  - On farm agro-tourism exempt
  - Non-agricultural uses on farms may be regulated at the discretion of the Board of Commissioners, e.g., dwellings, accessory buildings, etc.

# Land Use Regulations

## Zoning

- Cities
  - No statutory exemptions for agricultural uses; zoning regulations governing farming and food related uses are at the discretion the city council.
  - Annexations and extra-territorial zoning jurisdiction (if granted by county) subjects farms that were previously in the county's jurisdiction to city zoning regulations. While existing uses and activities are “grandfathered,” new or expanded uses may be prohibited.

# Land Use Regulations

## Zoning

- Other Implications
  - Zoning districts surrounding farms may permit or encourage uses that:
    - result in development pressures by high intensity/density zoning (especially if utilities are available)
    - nuisance lawsuits, especially when medium to high density residential zoning is nearby
    - prohibit expansion
    - increase property values making expansion cost-prohibitive
    - discourage development through low density zoning districts

# Land Use Regulations

## Zoning

- Example of practices that support agriculture:

Concord and Cabarrus County jointly prepared a land use plan for a 39,000 acre area with suburban and rural characteristics. A portion of the land was in the city or in its utility service (and future annexation) area. Public participation was significant and in most of the study area there was a strong preference for a rural environment.

The final plan included a growth area, but most of the existing rural area was zoned very-low density to discourage development (and encourage agricultural uses) - and that area in the county's jurisdiction included a prohibition on utilities to even further discourage development.

# Land Use Regulations

## Zoning

- Example of practices that support agriculture (continued):  
The land use plan was adopted by both governing boards, as well as a 15-year agreement with the following provisions:
  - The densities and uses specified in the plan will be honored unless the changed by joint agreement
  - If the city annexes any land, the densities and uses specified in the plan will remain
  - A boundary was established beyond which no utilities will be extended without consent of both governing boards (e.g., utilities were extended to a school in the area, but no new development may tap into the lines.

# Land Use Regulations Watershed Protection

- Local government watershed protection regulations must not exceed NC minimum standards as they relate to farms

# Building and Fire Codes

- Improvements with a value of \$5,000 or less are not subject to building permits.
- Other improvements are subject to permits and inspections
- Agricultural activities on farms are exempt from fire codes except those areas open to the public
- Code requirements can make improvements more costly.
  - Example: greenhouses with a particular type of engineering certification are exempt from building codes, others are not. Many “mail-order” greenhouses will not meet codes

# Building and Fire Codes

- Example of practices that support agriculture:
  - Mail-order greenhouse at Cabarrus County incubator farm is a “temporary structure.”  
Essentially, it is considered a tent – otherwise it would not be permitted.

# Imminent Domain

- Farms are not protected from the exercise of imminent domain, even if they are in voluntary agriculture districts and even if other alternatives are available.

# Food Preparation

- County Health Departments inspect:
  - Restaurants and other establishments that serve prepared and ready-to-eat foods, including catering operations
  - Red meat (livestock) slaughter houses and businesses that further process / fabricate meat and poultry products for wholesale distribution

# Business License

- Statutorily, cities have much broader authority to establish business (privilege) license fees
- Requirements and fees vary by jurisdiction

# Non-regulatory Interaction to Promote Agriculture and Local Food

- Voluntary Agriculture Districts
- Food Policy Councils
- Community Food Assessments
- Incubator Farms and other Educational Opportunities
- Support and Promote Cooperative Extension Programs
- Participate in the 10% Campaign
- Use the Bully Pulpit