Agricultural property tax fact sheet for Equine owners

This fact sheet is for information purposes only. It is not intended as legal advice but is to help the reader be informed about the agricultural lands property tax general statutes. The entire agriculture property tax general statutes can be found at:

http://www.ncga.state.nc.us/gascripts/Statutes/StatutesSearch.asp?searchScope=105&searchCriteria=%22Agricultural%2C+horticultural%2C+and+forestland+%22&returnType=Section

§ 105-277.2. Agricultural, horticultural, and forestland – Definitions;
   a) Agricultural land. – Land that is a part of a farm unit that is actively engaged in the commercial production or growing of crops, plants, or animals under a sound management program.
   b) Individual may be one of the following- an individual, business entity, a trust, a testamentary trust, tenants in common
   c) Sound Management program- A program of production designed to obtain the greatest net return from the land consistent with its conservation and long-term improvement.

§ 105-277.3. Agricultural, horticultural, and forestland – Classifications.
   Agricultural – Individually owned agricultural land consisting of one or more tracts, one of which satisfies the requirements of this subdivision….the tract
   • must meet the income requirement for agricultural land
   • and must be at least 10 acres that are in actual production.
   • Land in actual production includes; land under improvements used in the commercial production or growing of crops, plants, or animals.
   Income requirement, agricultural land must,
   • for the three years preceding January 1 of the year for which the benefit of this section is claimed,
   • produced an average gross income of at least one thousand dollars ($1,000).
   Gross income
   • sale of the agricultural products produced from the land,
   • any payments received under a governmental soil conservation or land retirement program

Individual Ownership Requirements. must satisfy one of the following conditions:
   • It is the owner's place of residence.
   • Owned by the current owner or a relative of the current owner four years preceding January 1
   • Transferred to the current owner, who was a member of the business entity

Entity Ownership Requirements –
   • Owned by the business entity or trust or one or more of its members or creators…..
   • Four years immediately preceding January 1

Exceptions to Ownership Requirements-land may qualify if all of the conditions listed in either subdivision of this subsection are met. …….
   Continued use-. the new owner becomes liable for the deferred taxes, and the deferred taxes become payable if the land fails to meet any other condition or requirement for classification.

Land qualifies for classification- if
   New owner- if all of the following conditions are met:
   • Land was appraised at its present use value at the time title transfer
   • Continues to use the land for the purpose for which it was classified
   • The new owner has timely filed an application
   • New owner accepts liability for any deferred taxes
   • Intends to continue the present use of the land.

Expansion of existing unit:
   • Was being used for the same purpose
   • Was eligible for appraisal at its present-use value as other land already owned by the new owner
   • New owner must timely file an application ……

Exception for Conservation Reserve Program–See statutes for exceptions in
§ 105-277.3.(d,d1,d2) Agricultural, horticultural, and forestland – Classifications.

Sound Management Program for Agricultural Land and Horticultural Land property owner demonstrates any one
   • Enrollment in and compliance with an agency administered and approved farm management plan.
   • Compliance with a set of best management practices.
   • Compliance with a minimum gross income per acre test.
   • Evidence of net income from the farm operation
   • Evidence that farming is the farm operator's principal source of income.
• Certification by a recognized agricultural or horticultural agency within the county that the land is operated under a sound management program.
• Operation under a sound management program may also be demonstrated by evidence of other similar factors. As long as a farm operator meets the sound management requirements, it is irrelevant whether the property owner received income or rent from the farm operator.

§ 105-277.4. Agricultural, horticultural and forestland – Application; appraisal at use value; appeal; deferred taxes.

Application. – Property is eligible to be appraised in its present use
• Initial application must be filed during the regular listing period or within 30 days of the date shown on a notice of a change in valuation made
• Proper application is filed with the assessor …..
• Application must clearly show that the property comes within one of the classes
• Must also contain any other relevant information
• An application required due to transfer of the land’ must be submitted within 60 days of the date of the property's transfer.

Late Application – ……….
• Must show good cause by the applicant …..
• An application may be approved by the board of equalization and review or, if that board is not in session, by the board of county commissioners.
• A late application approved only to property taxes levied.. in the calendar year in it is filed.
• Decisions of the county board may be appealed to the Property Tax Commission.

Appraisal at Present-use Value—Upon receipt of a properly executed application, the assessor must appraise the property at its present-use value …the assessor must appraise the improvements located on qualifying land according to the schedules and standards used in appraising other similar improvements in the county…..

Appeal – Decisions of the assessor
• May be appealed to the county board of equalization and review or, if that board is not in session, to the board of county commissioners.
• Must be made within 60 days after the decision of the assessor.
• Decisions of the county board may be appealed to the Property Tax Commission.

Deferred Taxes. – Land meeting the conditions for classification …
• Must be taxed on its present use.
• Difference between the taxes due…are a lien on the real property
• Must be carried forward…. as deferred taxes.
• For the preceding three fiscal years are due, if property loses its eligibility

Exceptions. if property loses its eligibility for present use value classification solely due to one of the following reasons, no deferred taxes are due and the lien for the deferred taxes is extinguished:
• There is a change in income caused by enrollment of the property in the federal conservation reserve program …
• The property is conveyed by gift to a nonprofit organization…
• The property is conveyed by gift to the State, a political subdivision of the State, or the United States.