

## 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 by 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**.