

NC's Deferred Property Tax Program

- Ownership requirements
- Acreage requirements
- Sound management requirements
- Income requirements

Ownership

- “Natural persons”
 - ◆ Individuals—no active management required (leasing OK)
 - ◆ Closely held business (LLC, LLP, S corporation OK)—active management by members or relatives of members required
 - ◆ Businesses must have a primary purpose of Ag, Hort or Forestry

Active Management Exception for Family Businesses

- If the business is owned solely by family members, then the active management requirement is waived (leasing OK)

Ownership Tenure

- Residence-qualifies immediately
- Non-residence-4 years immediately preceding the date of application
- Exception-land already qualified may continue if the new owner makes application within 60 days of acquisition
 - ◆ Continues same use and;
 - ◆ Accepts deferred tax lien

Minimum Contiguous Acreage ("Parent Tract")

- Agriculture—10 acres
- Forestry—20 acres
- Horticulture (Christmas trees)—5 acres

NOTE:

Must be in actual production

Smaller Non-Contiguous Parcels

- Smaller non-contiguous parcels qualify, once the “parent” tract qualifies, if:
 - ◆ The parcel is under the same use
 - ◆ Is in the same county or within 50 miles of the parent tract

Sound Management- Forestry

- Written “sound” management plan
 - ◆ Landowner objectives
 - ◆ Maps, plats, aerial photos
 - ◆ Forest/stand inventory/description
 - ◆ Forest management prescriptions
 - ◆ Harvest dates, methods and regeneration strategies

Forestry Plan

- Must have commercial timber production as a major objective
- Practices must be implemented on a timely basis

NOTE: Up to 20 acres of woodland may be brought under use-value with an ag or hort application without a plan (Buffers)

Gross Income Requirements

- No annual income required for forestry
- Minimum \$1000 per year GROSS income requirement for Ag and Horticulture
- Special “in lieu of income” requirement for Christmas tree operations

NOTE: Income is from crops actually grown and sold from the qualifying property

Application Procedure

- Landowners must apply
- “Normal” application window is during the regular listing period (January)
- Other window is “within 30 days of receipt of a notice of change in valuation” or;
- Within 60 days of acquisition of already qualified property

Audits and “Rollback”

- Counties will audit use-value properties
- If disqualified:
 - ◆ Current year taxes at FMV
 - ◆ Past three years deferred taxes must be paid
 - ◆ Interest penalty assessed on deferred taxes due

NOTE: It is the owners responsibility to alert the county of change in use or acreage that would disqualify the property...failure to do so equals additional 10% penalty.

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