

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2017

SESSION LAW 2018-113
SENATE BILL 711

AN ACT TO MAKE VARIOUS CHANGES TO THE AGRICULTURAL LAWS.

Whereas, frivolous nuisance lawsuits threaten the very existence of farming in North Carolina; and

Whereas, in response to the long-standing threat to agriculture, in 1979 the General Assembly enacted the State's first effort to statutorily protect the ability of farms and forestry operations to continue to operate as surrounding development encroached; and

Whereas, following the 1979 enactment, at least three succeeding General Assemblies in 1992, 2013, and 2017 tried to perfect a statutory framework that broadly fosters a cooperative relationship between farms and forestry operations and their neighbors across North Carolina; and

Whereas, recently a federal trial court incorrectly and narrowly interpreted the North Carolina Right to Farm Act in a way that contradicts the intent of the General Assembly and effectively renders the Act toothless in offering meaningful protection to long-established North Carolina farms and forestry operations; and

Whereas, regrettably, the General Assembly is again forced to make plain its intent that existing farms and forestry operations in North Carolina that are operating in good faith be shielded from nuisance lawsuits filed long after the operations become established; Now, therefore,

The General Assembly of North Carolina enacts:

FRUIT AND VEGETABLE HANDLERS REGISTRATION ACT

SECTION 1.(a) Article 44 of Chapter 106 of the General Statutes is repealed.

SECTION 1.(b) Chapter 106 of the General Statutes is amended by adding a new Article to read:

"Article 44A.

"Fruit and Vegetable Handlers Registration Act.

"§ 106-501.1. Definitions.

The following definitions shall apply when used under this Article:

- (1) "Commissioner" means the Commissioner of Agriculture of the State of North Carolina.
- (2) "Consignment" means any transfer of fruits and vegetables by a seller to the custody of another person who acts as the agent for the seller for the purpose of selling such fruits and vegetables.
- (3) "Department" means the Department of Agriculture and Consumer Services.
- (4) "Farmer" means any person who produces fruits or vegetables or both.
- (5) "Handler" means any person in the business of buying, receiving, selling, exchanging, negotiating, processing for resale, or soliciting the sale, resale, exchange, or transfer of any fruits and vegetables purchased from a North Carolina farmer, received on consignment from a North Carolina farmer, or received to be handled on net return basis from a North Carolina farmer.



- (6) "Net return basis" means a purchase for sale of fruits and vegetables from a farmer or shipper at an unfixeD or unstateD price at the time the fruits and vegetables are shipped from the point of origin, and it shall include all purchases made "at the market price," "at net worth," and on similar terms, which indicate that the buyer is the final arbiter of the price to be paid.
- (7) "Processing" means any act or operation that freezes, dehydrates, cans, or otherwise changes the physical form or characteristic of fruits and vegetables.

"§ 106-501.2. Registration required.

(a) Prior to conducting business in North Carolina, a handler shall register with the Department, free of cost, by providing to the Department the following information:

- (1) The handler's name.
- (2) The handler's principal place of business.
- (3) The type of fruits and vegetables handled by the handler.
- (4) The annual volume, in dollar amount, of fruits and vegetables handled by the handler in North Carolina.

(b) A handler shall update the Department within 60 calendar days of any change in information required under subdivision (a)(1), (a)(2), or (a)(3) of this section.

(c) A handler shall update the Department of the annual volume required under subdivision (a)(4) of this section by February 1st of each year.

(d) Information collected under this Article shall be held confidential by the Department and not subject to public records disclosure.

"§ 106-501.3. Exemptions to registration.

This Article shall not apply to:

- (1) A farmer or group of farmers in the sale of fruits and vegetables produced by the farmer or group of farmers.
- (2) A handler who pays at the time of purchase with United States cash currency or a cash equivalent, such as a money order, cashier's check, wire transfer, electronic funds transfer, or PIN-based debit transaction, or a credit card.
- (3) A restaurant.
- (4) A retailer that sells fruits and vegetables to end-use consumers through retail establishments or food stands operated by the company, its affiliates, or subsidiaries.

"§ 106-501.4. Authority of the Board of Agriculture.

The Board of Agriculture may adopt rules to implement this Article.

"§ 106-501.5. Civil penalties.

(a) The Commissioner may assess a civil penalty of not more than one hundred dollars (\$100.00) per violation against any person or business entity who violates a provision of this Article or any rule adopted thereunder. In determining the amount of the penalty, the Commissioner shall consider the degree and extent of harm caused by the violation. The clear proceeds of civil penalties assessed pursuant to this section shall be remitted to the Civil Penalty and Forfeiture Fund in accordance with G.S. 115C-457.2.

(b) Civil penalties for failure to register or provide updated information under this Article shall only be issued after a 15-calendar-day notice has been provided to the handler and the handler fails to remedy the deficiency within the 15 days.

"§ 106-501.6. Injunctions.

In addition to the remedies provided in this Article and notwithstanding the existence of any adequate remedy at law, the Commissioner is authorized to apply to any court of competent jurisdiction, and such court shall have jurisdiction upon hearing and for cause shown to grant, for a temporary or permanent injunction, or both, restraining any person from violating or continuing to violate any of the provisions of this Article or any rule promulgated thereunder. Such injunction shall be issued without bond."

SECTION 1.(c) This section becomes effective January 1, 2019, and applies to handlers conducting business in the State on or after that date.

**DEPARTMENT OF AGRICULTURE AND CONSUMER SERVICES
CONFIDENTIALITY CHANGE**

SECTION 2. G.S. 106-24.1 reads as rewritten:

"§ 106-24.1. Confidentiality of information collected and published.

All information published by the Department of Agriculture and Consumer Services pursuant to this Part shall be classified so as to prevent the identification of information received from individual farm operators. All information generated by any federal agency received pursuant to this ~~Part~~ Chapter that is confidential under federal law shall be held confidential by the Department and its ~~employees~~ employees, unless confidentiality is waived by the federal agency. All information collected by the Department from farm owners or animal owners, including, but not limited to, certificates of veterinary inspection, animal medical records, laboratory reports received or generated from samples submitted for analysis, or other records that may be used to identify a person or private business entity subject to regulation by the Department shall not be disclosed without the permission of the owner unless the State Veterinarian determines that disclosure is necessary to prevent the spread of an animal disease or to protect the public health, or the disclosure is necessary in the implementation of these animal health programs."

EXEMPT GOT TO BE NC AGRICULTURE MERCHANDISE FROM UMSTEAD ACT

SECTION 3. G.S. 66-58 reads as rewritten:

"§ 66-58. Sale of merchandise or services by governmental units.

(a) Except as may be provided in this section, it shall be unlawful for any unit, department or agency of the State government, or any division or subdivision of the unit, department or agency, or any individual employee or employees of the unit, department or agency in his, or her, or their capacity as employee or employees thereof, to engage directly or indirectly in the sale of goods, wares or merchandise in competition with citizens of the State, or to engage in the operation of restaurants, cafeterias or other eating places in any building owned by or leased in the name of the State, or to maintain service establishments for the rendering of services to the public ordinarily and customarily rendered by private enterprises, or to provide transportation services, or to contract with any person, firm or corporation for the operation or rendering of the businesses or services on behalf of the unit, department or agency, or to purchase for or sell to any person, firm or corporation any article of merchandise in competition with private enterprise. The leasing or subleasing of space in any building owned, leased or operated by any unit, department or agency or division or subdivision thereof of the State for the purpose of operating or rendering of any of the businesses or services herein referred to is hereby prohibited.

(b) The provisions of subsection (a) of this section shall not apply to:

...

(13b) The Department of Agriculture and Consumer Services with regard to its lessees at farmers' markets operated by the Department.

(13c) The Western North Carolina Agricultural Center.

(13d) Agricultural centers or livestock facilities operated by the Department of Agriculture and Consumer Services.

(13e) The Department of Agriculture and Consumer Services with regard to its Got to Be NC Agriculture promotion.

...."

ALLOW DISTRIBUTION OF VERIFIED PROPAGULES BY INDUSTRIAL HEMP COMMISSION

SECTION 4. G.S. 106-568.51 reads as rewritten:

"§ 106-568.51. Definitions.

The following definitions apply in this Article:

- (1) ~~Certified seed. — Industrial hemp seed that has been certified as having a delta-9 tetrahydrocannabinol concentration less than that adopted by federal law in the Controlled Substances Act, 21 U.S.C. § 801 et seq.~~
- (2) Commercial use. – The use of industrial hemp as a raw ingredient in the production of hemp products.
- (3) Commission. – The North Carolina Industrial Hemp Commission created by this Article.
- (4) Department. – The North Carolina Department of Agriculture.
- (5) Grower. – Any person licensed to grow industrial hemp by the Commission pursuant to this Article.
- (6) Hemp products. – All products made from industrial hemp, including, but not limited to, cloth, cordage, fiber, food, fuel, paint, paper, particleboard, plastics, seed, seed meal and seed oil for consumption, and ~~certified seed~~verified propagules for cultivation if the seeds originate from industrial hemp varieties.
- (7) Industrial hemp. – All parts and varieties of the plant *Cannabis sativa* (L.), cultivated or possessed by a grower licensed by the Commission, whether growing or not, that contain a delta-9 tetrahydrocannabinol concentration of not more than three-tenths of one percent (0.3%) on a dry weight basis.
- (7a) Industrial hemp research program. – The research program established pursuant to G.S. 106-568.53(1).
- (7b) State land grant university. – North Carolina State University and North Carolina A&T State University.
- (8) Tetrahydrocannabinol or THC. – The natural or synthetic equivalents of the substances contained in the plant, or in the resinous extractives of, cannabis, or any synthetic substances, compounds, salts, or derivatives of the plant or chemicals and their isomers with similar chemical structure and pharmacological activity.
- (9) Verified propagule. – A seed or clone from an industrial hemp plant from which THC concentration samples have been tested by a qualified laboratory and confirmed as having a delta-9 tetrahydrocannabinol concentration less than that adopted by federal law in the Controlled Substances Act, 21 U.S.C. § 801, et seq.

TECHNICAL CORRECTIONS TO FORESTRY STATUTES

SECTION 5.(a) G.S. 106-980(b) reads as rewritten:

"(b) Three or more persons, who associate themselves by an agreement in writing for the purpose, may become a private limited dividend corporation to finance and carry out projects for the protection and development of forests and for such other related purposes as the ~~Secretary~~Commissioner shall approve, subject to all the duties, restrictions and liabilities, and possessing all the rights, powers, and privileges, of corporations organized under the general corporation laws of the State of North Carolina, except where such provisions are in conflict with this Article."

SECTION 5.(b) G.S. 106-981 reads as rewritten:

"§ 106-981. Manner of organizing.

A corporation formed under this Article shall be organized and incorporated in the manner provided for organization of corporations under the general corporation laws of the State of North Carolina, except where such provisions are in conflict with this Article. The certificate of organization of any such corporation shall contain a statement that it is organized under the

provisions of this Article and that it consents to be and shall be at all times subject to the rules and supervision of the ~~Secretary, Commissioner~~, and shall set forth as or among its purposes the protection and development of forests and the purchase, acquisition, sale, conveyance and other dealing in the same and the products therefrom, subject to the rules from time to time imposed by the ~~Secretary, Commissioner~~."

SECTION 5.(c) G.S. 106-982 reads as rewritten:

"§ 106-982. Directors.

There shall not be less than three directors, one of whom shall always be a person designated by the ~~Secretary, Commissioner~~, which one need not be a stockholder."

SECTION 5.(d) G.S. 106-1003 reads as rewritten:

"§ 106-1003. Deposit of receipts with State treasury.

All moneys paid to the ~~Secretary, Commissioner~~ for services rendered under the provisions of this Article shall be deposited into the State treasury to the credit of the Department."

SECTION 5.(e) G.S. 106-1012(2) reads as rewritten:

"(2) "Approved practices" mean those silvicultural practices approved by the ~~Secretary, Commissioner~~ for the purpose of commercially growing timber through the establishment of forest stands, of insuring the proper regeneration of forest stands to commercial production levels following the harvest of mature timber, or of insuring maximum growth potential of forest stands to commercial production levels. Such practices shall include those required to accomplish site preparation, natural and artificial forestation, noncommercial removal of residual stands for silvicultural purposes, cultivation of established young growth of desirable trees for silvicultural purposes, and improvement of immature forest stands for silvicultural purposes. In each case, approved practices will be determined by the needs of the individual forest stand. These practices shall include existing practices and such practices as are developed in the future to insure both maximum forest productivity and environmental protection."

DIRECT DEPARTMENT OF AGRICULTURE AND CONSUMER SERVICES TO ADDRESS MISLABELING OF PLANT-BASED PRODUCTS AS "MILK"

SECTION 6.(a) It is declared to be the policy of the State of North Carolina that it is necessary to take steps to assure the continued viability of dairy farming and to assure consumers of an adequate, local supply of pure and wholesome milk. The dairy industry is an essential agricultural activity and dairy farms, and associated suppliers, marketers, processors, and retailers, are an integral component of the region's economy. The North Carolina General Assembly finds that the United States Food and Drug Administration has not provided consistent guidance to the Department of Agriculture and Consumer Services, dairy farms, associated suppliers, marketers, processors, retailers, and consumers as to the application of the established standard of identity of milk as defined in 21 C.F.R. § 131.110. The North Carolina General Assembly seeks to be a national leader in the preservation of the dairy industry while balancing the need to maintain interstate commerce.

SECTION 6.(b) The following definitions apply to this section:

- (1) "Department" means the Department of Agriculture and Consumer Services.
- (2) "FDA" means the United States Food and Drug Administration.
- (3) "Milk" means the lacteal secretion, practically free from colostrum, obtained by the complete milking of one or more healthy hooved mammals. Hooved mammals include, but are not limited to, the members of the Order Cetartiodactyla, such as: Family Bovidae (cattle, water buffalo, sheep, goats, yaks, etc.), Family Camelidae (llamas, alpacas, camels, etc.), Family Cervidae (deer, reindeer, moose, etc.), and Family Equidae (horses, donkeys, etc.).

SECTION 6.(c) In accordance with the established standard of identity for milk defined in 21 C.F.R. § 131.110 and the Pasteurized Milk Ordinance, the Department shall immediately develop an enforcement plan to enforce FDA's standard of identity for milk as adopted in the North Carolina Administrative Code to prohibit the sale of plant-based products mislabeled as milk.

SECTION 6.(d) No later than 90 days after the effective date of this subsection, the Department shall begin to implement its enforcement plan, which shall include, but is not limited to, notification of the Department's intent to embargo all mislabeled products offered for sale in this State. All plant-based products displayed for sale in this State shall be labeled in accordance with FDA's standard of identity for milk and the Pasteurized Milk Ordinance no later than six months after the effective date of this section.

SECTION 6.(e) Subsection (d) of this section is effective upon the enactment into law of a mandatory labeling requirement to prohibit the sale of plant-based products mislabeled as milk that is consistent with this section by any 11 of the group of states composed of Alabama, Arkansas, Florida, Georgia, Kentucky, Louisiana, Maryland, Mississippi, Oklahoma, South Carolina, Tennessee, Texas, Virginia, and West Virginia. The remainder of this section is effective when it becomes law.

SECTION 6.(f) Nothing in this section shall be construed to limit the Department's authority to enforce its laws and regulations.

SET QUORUM FOR AGRICULTURE AND FORESTRY AWARENESS STUDY COMMISSION

SECTION 7. G.S. 120-150 reads as rewritten:

"§ 120-150. Creation; appointment of members.

There is created an Agriculture and Forestry Awareness Study Commission. Members of the Commission shall be citizens of North Carolina who are interested in the vitality of the agriculture and forestry sectors of the State's economy. Members shall be as follows:

- (1) Three appointed by the Governor.
- (2) Three appointed by the President Pro Tempore of the Senate.
- (3) Three appointed by the Speaker of the House.
- (4) The chairs of the House Agriculture Committee.
- (5) The chairs of the Senate Committee on Agriculture, Environment, and Natural Resources.
- (6) The Commissioner of Agriculture or the Commissioner's designee.
- (7) A member of the Board of Agriculture designated by the chair of the Board of Agriculture.
- (8) The President of the North Carolina Farm Bureau Federation, Inc., or the President's designee.
- (9) The President of the North Carolina State Grange or the President's designee.
- (10) The Secretary of Environmental Quality or the Secretary's designee.
- (11) The President of the North Carolina Forestry Association, Inc., or the President's designee.

Members shall be appointed for two-year terms beginning October 1 of each odd-numbered year. The Chairs of the House Agriculture Committee and the Chairs of the Senate Committee on Agriculture, Environment, and Natural Resources shall serve as cochairs. The President Pro Tempore of the Senate and the Speaker of the House of Representatives may each appoint an additional member of the Senate and House, respectively, to serve as cochair. If appointed, these cochairs shall be voting members of the Commission. A quorum of the Commission is nine members."

AGRICULTURE AND FORESTRY AWARENESS STUDY COMMISSION STUDIES

SECTION 8.(a) The Agriculture and Forestry Awareness Study Commission shall study all of the following matters:

- (1) Requiring the holders of unused rights-of-way and utility easements to offer the easements to the underlying property owners for fair market value.
- (2) The advisability of excluding property enrolled in present use value taxation from rural fire protection district and county service district taxes.

SECTION 8.(b) The Agriculture and Forestry Awareness Study Commission shall complete the studies required by subsection (a) of this section and report its findings and recommendations, including any legislative proposals, to the General Assembly by January 1, 2019.

MANDATORY RECORD NOTICE OF PROXIMITY TO FARMLANDS

SECTION 9. G.S. 106-741 reads as rewritten:

"§ 106-741. Record notice of proximity to farmlands.

(a) ~~Any county that has a computerized land records system may require that such~~All counties shall require that land records include some form of notice reasonably calculated to alert a person researching the title of a particular tract that such tract is located within one-half mile of a poultry, swine, or dairy qualifying farm or within 600 feet of any other qualifying farm or within one-half mile of a voluntary agricultural district.

(b) In no event shall the county or any of its officers, employees, or agents be held liable in damages for any misfeasance, malfeasance, or nonfeasance occurring in good faith in connection with the duties or obligations imposed by any ordinance adopted under subsection (a).

(c) In no event shall any cause of action arise out of the failure of a person researching the title of a particular tract to report to any person the proximity of the tract to a qualifying farm or voluntary agricultural district as defined in this Article.

(d) In no event shall any cause of action arise out of the failure of a person licensed under Chapters 93A or 93E of the General Statutes for failure to report to any person the proximity of a tract to a qualifying farm or voluntary agricultural district as defined in this Article."

AMEND NORTH CAROLINA RIGHT TO FARM LAW

SECTION 10.(a) G.S. 106-701 reads as rewritten:

"§ 106-701. ~~When agricultural and forestry operation, etc., not constituted nuisance by changed conditions in or about the locality outside of the operation.~~Right to farm defense; nuisance actions.

~~(a) No agricultural or forestry operation or any of its appurtenances shall be or become a nuisance, private or public, by any changed conditions in or about the locality outside of the operation after the operation has been in operation for more than one year, when such operation was not a nuisance at the time the operation began.~~No nuisance action may be filed against an agricultural or forestry operation unless all of the following apply:

- (1) The plaintiff is a legal possessor of the real property affected by the conditions alleged to be a nuisance.
- (2) The real property affected by the conditions alleged to be a nuisance is located within one half-mile of the source of the activity or structure alleged to be a nuisance.
- (3) The action is filed within one year of the establishment of the agricultural or forestry operation or within one year of the operation undergoing a fundamental change.

~~(a1) The provisions of subsection (a) of this section shall not apply when the plaintiff demonstrates that the agricultural or forestry operation has undergone a fundamental change. A~~

For the purposes of subsection (a) of this section, a fundamental change to the operation does not include any of the following:

- (1) A change in ownership or size.
- (2) An interruption of farming for a period of no more than three years.
- (3) Participation in a government-sponsored agricultural program.
- (4) Employment of new technology.
- (5) A change in the type of agricultural or forestry product produced.

~~(a2) The provisions of subsection (a) of this section shall not apply whenever a nuisance results from the negligent or improper operation of any agricultural or forestry operation or its appurtenances.~~

(b) For the purposes of this Article, "agricultural operation" includes, without limitation, any facility for the production for commercial purposes of crops, livestock, poultry, livestock products, or poultry products.

(b1) For the purposes of this Article, "forestry operation" shall mean those activities involved in the growing, managing, and harvesting of trees.

(c) The provisions of subsection (a) shall not affect or defeat the right of any person, firm, or corporation to recover damages for any injuries or damages sustained by him on account of any pollution of, or change in condition of, the waters of any stream or on the account of any overflow of lands of any such person, firm, or corporation.

(d) Any and all ordinances of any unit of local government now in effect or hereafter adopted that would make the operation of any such agricultural or forestry operation or its appurtenances a nuisance or providing for abatement thereof as a nuisance in the circumstance set forth in this section are and shall be null and void; ~~provided, however, that the provisions of this subsection shall not apply whenever a nuisance results from the negligent or improper operation of any such agricultural or forestry operation or any of its appurtenances. Provided further, void. Provided, however,~~ that the provisions shall not apply whenever a nuisance results from an agricultural or forestry operation located within the corporate limits of any city at the time of enactment hereof.

(e) This section shall not be construed to invalidate any contracts heretofore made but insofar as contracts are concerned, it is only applicable to contracts and agreements to be made in the future.

(f) In a nuisance action against an agricultural or forestry operation, the court shall award costs and expenses, including reasonable attorneys' fees, to:

- (1) The agricultural or forestry operation when the court finds the operation was not a nuisance and the nuisance action was frivolous or malicious; or
- (2) The plaintiff when the court finds the agricultural or forestry operation was a nuisance and the operation asserted an affirmative defense in the nuisance action that was frivolous and malicious."

SECTION 10.(b) G.S. 106-702 reads as rewritten:

"§ 106-702. Limitations on private nuisance actions against agricultural and forestry operations.

(a) The compensatory damages that may be awarded to a plaintiff for a private nuisance action where the alleged nuisance emanated from an agricultural or forestry operation shall be as follows:

- (1) If the nuisance is a permanent nuisance, compensatory damages shall be measured by the reduction in the fair market value of the plaintiff's property caused by the nuisance, but not to exceed the fair market value of the property.
- (2) If the nuisance is a temporary nuisance, compensatory damages shall be limited to the diminution of the fair rental value of the plaintiff's property caused by the nuisance.

(a) A plaintiff may not recover punitive damages for a private nuisance action where the alleged nuisance emanated from an agricultural or forestry operation that has not been subject to a criminal conviction or a civil enforcement action taken by a State or federal environmental regulatory agency pursuant to a notice of violation for the conduct alleged to be the source of the nuisance within the three years prior to the first act on which the nuisance action is based.

(b) If any plaintiff or plaintiff's successor in interest brings a subsequent private nuisance action against any agricultural or forestry operation, the combined recovery from all such actions shall not exceed the fair market value of his or her property. This limitation applies regardless of whether the subsequent action or actions were brought against a different defendant than the preceding action or actions.

(c) This Article shall apply to any private nuisance claim brought against any party based on that party's contractual or business relationship with an agricultural or forestry operation.

(d) This Article does not apply to any cause of action brought against an agricultural or forestry operation for negligence, trespass, personal injury, strict liability, or other cause of action for tort liability other than nuisance, nor does this Article prohibit or limit any request for injunctive relief or punitive damages that are that is otherwise available."

SECTION 10.(c) This section is effective when it becomes law and applies to causes of action commenced on or after that date.

AMEND SOIL AND WATER CONSERVATION DISTRICT SUPERVISOR CONTINUING EDUCATION REQUIREMENTS

SECTION 12. G.S. 139-7.2 reads as rewritten:

"§ 139-7.2. Training of elective and appointive district supervisors.

(a) All district supervisors, whether elected or appointed, shall complete a minimum of six clock hours of training ~~annually~~ per term of service.

(b) The training shall include soil, water, and natural resources conservation and the duties and responsibilities of district supervisors.

(c) The training may be provided by the School of Government at the University of North Carolina at Chapel Hill, or other qualified sources as approved by the Soil and Water.

PROVIDE UNIFORMITY TO ASSESSMENT OF FARM MACHINERY

SECTION 14.(a) G.S. 105-317.1 reads as rewritten:

"§ 105-317.1. Appraisal of personal property; elements to be considered.

(a) Appraisal Elements. – Whenever any personal property is appraised it shall be the duty of the persons making appraisals to consider the following as to each item (or lot of similar items):

- (1) The replacement cost of the property;
- (2) The sale price of similar property;
- (3) The age of the property;
- (4) The physical condition of the property;
- (5) The productivity of the property;
- (6) The remaining life of the property;
- (7) The effect of obsolescence on the property;
- (8) The economic utility of the property, that is, its usability and adaptability for industrial, commercial, or other purposes; and
- (9) Any other factor that may affect the value of the property.

(b) Business Property. – In determining the true value of taxable tangible personal property held and used in connection with the mercantile, manufacturing, producing, processing, or other business enterprise of any taxpayer, the persons making the appraisal shall consider any information as reflected by the taxpayer's records and as reported by the taxpayer to the North Carolina Department of Revenue and to the Internal Revenue Service for income tax purposes,

taking into account the accuracy of the taxpayer's records, the taxpayer's method of accounting, and the level of trade at which the taxpayer does business.

(b1) Farm Equipment. – In determining the true value of taxable farm equipment, the person making the appraisal may use any of the appraisal methods listed in subsection (a) of this section and must consider relevant taxpayer information as required under subsection (b) of this section. The Department must publish a depreciation schedule for farm equipment to assist counties that use the cost approach to appraise this equipment. The Department must make the schedule available electronically on its Web site. A county that uses a cost approach method to appraise this equipment must use the depreciation schedule published pursuant to this subsection.

(c) Appeal Process. – A taxpayer who owns personal property taxable in the county may appeal the value, situs, or taxability of the property within 30 days after the date of the initial notice of value. If the assessor does not give separate written notice of the value to the taxpayer at the taxpayer's last known address, then the tax bill serves as notice of the value of the personal property. The notice must contain a statement that the taxpayer may appeal the value, situs, or taxability of the property within 30 days after the date of the notice. Upon receipt of a timely appeal, the assessor must arrange a conference with the taxpayer to afford the taxpayer the opportunity to present any evidence or argument regarding the value, situs, or taxability of the property. Within 30 days after the conference, the assessor must give written notice to the taxpayer of the assessor's final decision. Written notice of the decision is not required if the taxpayer signs an agreement accepting the value, situs, or taxability of the property. If an agreement is not reached, the taxpayer has 30 days from the date of the notice of the assessor's final decision to request review of that decision by the board of equalization and review or, if that board is not in session, by the board of county commissioners. Unless the request for review is given at the conference, it must be made in writing to the assessor. Upon receipt of a timely request for review, the provisions of G.S. 105-322 or G.S. 105-325, as appropriate, must be followed."

SECTION 14.(b) This section is effective for taxes imposed for taxable years beginning on or after July 1, 2019.

CLARIFY CEMETERY PROPERTY TAX EXEMPTION

SECTION 15. G.S. 105-278.2(a) reads as rewritten:

"(a) Real property set apart for burial purposes shall be exempted from taxation unless it is owned and held for purposes of (i) sale or rental or (ii) sale of burial rights therein. No application is required under G.S. 105-282.1 for property exempt under this subsection. A county cannot deny the exemption provided under this subsection to a taxpayer that lacks a survey or plat detailing the exempt property."

LAW ENFORCEMENT MUTUAL AID AND VETERINARIAN COMITY FOR WORLD EQUESTRIAN GAMES

SECTION 15.1.(a) Article 10 of Chapter 153A of the General Statutes is amended by adding a new section to read:

"§ 153A-212.5. Mutual aid assistance by out-of-state law enforcement officers for international equestrian event.

(a) Any law enforcement agency may request and enter into intergovernmental law enforcement mutual aid agreements with out-of-state law enforcement agencies or out-of-state law enforcement officers to aid in enforcing the laws of North Carolina within the jurisdiction of the requesting law enforcement agency for maintaining security and safety for an international equestrian event.

(b) Any intergovernmental law enforcement mutual aid agreement entered into under this section shall be in writing and may be comprised of any of the following:

- (1) Allowing out-of-state law enforcement officers to work temporarily with officers of the requesting law enforcement agency, including in an undercover capacity.
- (2) Furnishing, lending, or exchanging supplies, equipment, facilities, personnel, and services as may be needed.
- (3) Reciprocal law enforcement mutual aid and assistance between law enforcement agencies.

(c) Any intergovernmental law enforcement mutual aid agreement entered into under this section shall address all of the following:

- (1) Standards of conduct for the out-of-state law enforcement officers, including the requesting law enforcement agencies' policies regarding the use of force.
- (2) Training requirements, as prescribed by the requesting law enforcement agency.
- (3) Reimbursement of costs and expenses for supplies, equipment, facilities, personnel, services, and similar items if furnished, lent, or exchanged as part of the intergovernmental law enforcement mutual aid agreement.
- (4) Protocols for processing claims made against or by the out-of-state law enforcement officer.
- (5) Approval of the governing body, if the law enforcement agency is a sheriff or municipal police force.

(d) While working with the requesting law enforcement agency under the authority of this section, an out-of-state law enforcement officer shall have the same jurisdiction, powers, rights, privileges, and immunities, including those relating to the defense of civil actions and payment of judgments, as the officers of the requesting law enforcement agency. While on duty with the requesting law enforcement agency, the out-of-state law enforcement officer shall be subject to the lawful operational commands of the requesting law enforcement agency.

(e) Notwithstanding the provisions of Chapter 17C and Chapter 17E of the General Statutes, out-of-state law enforcement officers certified and sworn in the officers' home jurisdiction and subject to the provisions of an intergovernmental law enforcement mutual aid agreement under this section shall be deemed to have met the certification requirements of this State for the purposes of being sworn as a law enforcement officer with the requesting law enforcement agency.

(f) Notwithstanding the provisions of G.S. 128-1 and G.S. 128-1.1(c1), out-of-state law enforcement officers shall be authorized to hold dual offices when one of the appointive offices held is that of a out-of-state law enforcement officer and the other appointive office is that of a law enforcement officer for a law enforcement agency authorized to enter into an intergovernmental law enforcement mutual aid agreement under this section.

(g) This section in no way reduces the jurisdiction or authority of State law enforcement officers.

(h) As used in this section, the following definitions apply:

- (1) Law enforcement agency. – Any of the following:
 - a. The Highway Patrol, as established by Article 4 of Chapter 20 of the General Statutes.
 - b. A sheriff serving a county sharing a border with another state and which county is the site of an equestrian event with worldwide participants.
 - c. A municipal police department for a municipality located, in whole or part, in a county sharing a border with another state and which municipality is the site of an equestrian event with worldwide participants.

- (2) Out-of-state law enforcement agency. – An employer which is a governmental agency outside of this State that meets all of the following criteria:
 - a. Is assigned primary duties and responsibilities for prevention and detection of crime or the general enforcement of the criminal laws of the home jurisdiction or serving civil processes.
 - b. Has employees who possess the power of arrest by virtue of an oath administered under the authority of the home jurisdiction.
- (3) Out-of-state law enforcement officer. – A full-time paid employee of a governmental employer who meets all of the following criteria:
 - a. Is actively serving in a position with assigned primary duties and responsibilities for prevention and detection of crime or the general enforcement of the criminal laws of the officer's home jurisdiction or serving civil processes.
 - b. Possesses the power of arrest by virtue of an oath administered under the authority of the home jurisdiction.
 - c. Is in good standing and has no pending civil, criminal, or departmental action that would disqualify the officer if the officer were certified by this State."

SECTION 15.1.(b) Article 11 of Chapter 90 of the General Statutes is amended by adding a new section to read:

"§ 90-187.3A. Comity for out-of-state veterinarians and international veterinarians for international equestrian event.

(a) Any nonresident veterinarian validly licensed in another state, territory, or district of the United States or a foreign country may submit to the Board an application for a licensure to practice veterinary medicine in this State.

(b) The Board shall issue, without written examination, a license to practice veterinary medicine in this State to a nonresident veterinarian validly licensed in another state, territory, or district of the United States or a foreign country who submits an application for licensure. The Board shall not charge the fee authorized in G.S. 90-186(6)e. for the issuance of a license under this section."

SECTION 15.1.(c) This section is effective when it becomes law and expires October 1, 2018.

ALLOW THE DISPENSING OF RAW MILK AND RAW MILK PRODUCTS TO INDEPENDENT OR PARTIAL OWNERS OF LACTATING ANIMALS FOR PERSONAL USE OR CONSUMPTION

SECTION 15.2.(a) G.S. 106-266.35 reads as rewritten:

"§ 106-266.35. Sale or dispensing of milk.

(a) Except as provided in subsection (d) of this section:

- (1) Only milk that is Grade "A" pasteurized milk may be sold or dispensed directly to consumers for human consumption.
- (2) Raw milk and raw milk products shall be sold or dispensed only to a permitted milk hauler or to a processing facility at which the processing of milk is permitted, graded, or regulated by a local, State, or federal agency.

(b) The Board of Agriculture may adopt rules to provide exceptions for dispensing raw milk and raw milk products for nonhuman consumption. Any raw milk or raw milk product dispensed as animal feed shall include on its label the statement "NOT FOR HUMAN CONSUMPTION" in letters at least one-half inch in height. Any raw milk or raw milk product dispensed as animal feed shall also include on its label the statement "IT IS NOT LEGAL TO SELL RAW MILK FOR HUMAN CONSUMPTION IN NORTH CAROLINA." ~~"Sale"~~This

labeling requirement does not apply to raw milk or raw milk products dispensed for personal use or consumption to the independent or partial owner of a cow, goat, or other lactating animal.

(c) As used in this section, the term "sale" or "sold" shall mean means any transaction that involves the transfer or dispensing of milk and milk products or the right to acquire milk and milk products through barter or contractual arrangement or in exchange for any other form of compensation including, but not limited to, the sale of shares or interest in a cow, goat, or other lactating animal or herd. compensation. The term "sale" or "sold" does not include the transfer or dispensing of raw milk or raw milk products to, or the right to acquire raw milk or raw milk products by, the independent or partial owner of a cow, goat, or other lactating animal.

(d) Nothing in this section shall prohibit the dispensing of raw milk or raw milk products for personal use or consumption to, or the acquisition of raw milk or raw milk products for personal use or consumption by, an independent or partial owner of a cow, goat, or other lactating animal."

SECTION 15.2.(b) This section becomes effective October 1, 2018.

SEVERABILITY CLAUSE AND EFFECTIVE DATE

SECTION 16.(a) If any provision of this act or the application thereof to any person or circumstances is held invalid, such invalidity shall not affect other provisions or applications of this act which can be given effect without the invalid provision or application, and, to this end, the provisions of this act are declared to be severable.

SECTION 16.(b) Except as otherwise provided, this act is effective when it becomes law.

In the General Assembly read three times and ratified this the 15th day of June, 2018.

s/ Philip E. Berger
President Pro Tempore of the Senate

s/ Tim Moore
Speaker of the House of Representatives

VETO Roy Cooper
Governor

Became law notwithstanding the objections of the Governor at 11:13 a.m. this 27th day of June, 2018.

s/ James White
House Principal Clerk