

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2005

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HOUSE BILL 1722

Short Title: Wildlife Conservation - Present-Use Value. (Public)

Sponsors: Representatives Brubaker, Hackney, Harrison, Gibson (Primary Sponsors); Coates, Faison, Glazier, Haire, Harrell, and Insko.

Referred to: Finance.

May 12, 2005

A BILL TO BE ENTITLED
AN ACT TO EXTEND PRESENT-USE VALUE TAX STATUS TO LANDS
MANAGED FOR WILDLIFE CONSERVATION AND TO MAKE OTHER
CHANGES REGARDING PRESENT-USE VALUE.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 105-277.2 reads as rewritten:

"§ 105-277.2. Agricultural, horticultural, wildlife, and forestland – Definitions.

The following definitions apply in G.S. 105-277.3 through G.S. 105-277.7:

- (1) 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. Agricultural land includes ~~woodland-wildlife land, woodland,~~ and wasteland that is a part of the farm unit, but the ~~woodland-wildlife land, woodland,~~ and wasteland included in the unit must be appraised under the use-value schedules as ~~woodland-wildlife land, woodland,~~ or wasteland. A farm unit may consist of more than one tract of agricultural land, but at least one of the tracts must meet the requirements in G.S. 105-277.3(a)(1), and each tract must be under a sound management program. If the agricultural land includes less than 20 acres of woodland, then the woodland portion is not required to be under a sound management program. Also, woodland is not required to be under a sound management program if it is determined that the highest and best use of the woodland is to diminish wind erosion of adjacent agricultural land, protect water quality of adjacent agricultural land, or serve as buffers for adjacent livestock or poultry operations. If the agricultural land includes less than 10 acres of wildlife land, then the wildlife land portion is not required to be under a sound management program.

- 1 (1a) Bargain sale. – A transaction conveying an interest in real property
2 that consists of a sale for consideration below fair market value or of a
3 combined sale and donation. To qualify as a bargain sale, the total
4 consideration for all of the property conveyed may not exceed
5 seventy-five percent (75%) of its fair market value.
- 6 (1a)(1b) Business entity. – A corporation, a general partnership, a limited
7 partnership, or a limited liability company.
- 8 (2) Forestland. – Land that is a part of a forest unit that is actively engaged
9 in the commercial growing of trees under a sound management
10 program. Forestland includes wildlife land and wasteland that is a part
11 of the forest unit, but the wildlife land and wasteland included in the
12 unit must be appraised under the use-value schedules as wildlife land
13 or wasteland. A forest unit may consist of more than one tract of
14 forestland, but at least one of the tracts must meet the requirements in
15 G.S. 105-277.3(a)(3), and each tract must be under a sound
16 management program. If the forestland includes less than 10 acres of
17 wildlife land, then the wildlife land portion is not required to be under
18 a sound management program.
- 19 (3) Horticultural land. – Land that is a part of a horticultural unit that is
20 actively engaged in the commercial production or growing of fruits or
21 vegetables or nursery or floral products under a sound management
22 program. Horticultural land includes ~~woodland~~ wildlife land,
23 woodland, and wasteland that is a part of the horticultural unit, but the
24 ~~woodland~~ wildlife land, woodland, and wasteland included in the unit
25 must be appraised under the use-value schedules as ~~woodland~~ wildlife
26 land, woodland, or wasteland. A horticultural unit may consist of more
27 than one tract of horticultural land, but at least one of the tracts must
28 meet the requirements in G.S. 105-277.3(a)(2), and each tract must be
29 under a sound management program. If the horticultural land includes
30 less than 20 acres of woodland, then the woodland portion is not
31 required to be under a sound management program. Also, woodland is
32 not required to be under a sound management program if it is
33 determined that the highest and best use of the woodland is to diminish
34 wind erosion of adjacent horticultural land or protect water quality of
35 adjacent horticultural land. If the horticultural land includes less than
36 10 acres of wildlife land, then the wildlife land portion is not required
37 to be under a sound management program.
- 38 (4) Individually owned. – Owned by one of the following:
39 a. A natural person. For the purpose of this section, a natural
40 person who is an income beneficiary of a trust that owns land
41 may elect to treat the person's beneficial share of the land as
42 owned by that person. If the person's beneficial interest is not an
43 identifiable share of land but can be established as a
44 proportional interest in the trust income, the person's beneficial

1 share of land is a percentage of the land owned by the trust that
2 corresponds to the beneficiary's proportional interest in the trust
3 income. For the purpose of this section, a natural person who is
4 a member of a business entity, other than a corporation, that
5 owns land may elect to treat the person's share of the land as
6 owned by that person. The person's share is a percentage of the
7 land owned by the business entity that corresponds to the
8 person's percentage of ownership in the entity.

9 b. **(Effective for taxes imposed for taxable years beginning**
10 **prior to July 1, 2004)** A business entity having as its principal
11 business one of the activities described in subdivisions (1), (2),
12 and (3) and whose members are all natural persons who meet
13 one or more of the following conditions:

- 14 1. The member is actively engaged in the business of the
15 entity.
- 16 2. The member is a relative of a member who is actively
17 engaged in the business of the entity.
- 18 3. The member is a relative of, and inherited the
19 membership interest from, a decedent who met one or
20 both of the preceding conditions after the land qualified
21 for classification in the hands of the business entity.

22 b. **(Effective for taxes imposed for taxable years beginning on**
23 **or after July 1, 2004)** A business entity having as its principal
24 business one of the activities described in subdivisions (1), (2),
25 and (3) and whose members are all natural persons who meet
26 one or more of the conditions listed in this sub-subdivision. For
27 the purpose of this sub-subdivision, the terms "having as its
28 principal business" and "actively engaged in the business of the
29 entity" include the leasing of the land for one of the activities
30 described in subdivisions (1), (2), and (3) only if all members of
31 the business entity are relatives.

- 32 1. The member is actively engaged in the business of the
33 entity.
- 34 2. The member is a relative of a member who is actively
35 engaged in the business of the entity.
- 36 3. The member is a relative of, and inherited the
37 membership interest from, a decedent who met one or
38 both of the preceding conditions after the land qualified
39 for classification in the hands of the business entity.

40 c. A trust that was created by a natural person who transferred the
41 land to the trust and each of whose beneficiaries who is
42 currently entitled to receive income or principal meets one of
43 the following conditions:

- 44 1. Is the creator of the trust or the creator's relative.

- 1 2. Is a second trust whose beneficiaries who are currently
2 entitled to receive income or principal are all either the
3 creator of the first trust or the creator's relatives.
- 4 d. A testamentary trust that meets all of the following conditions:
5 1. It was created by a natural person who transferred to the
6 trust land that qualified in that person's hands for
7 classification under G.S. 105-277.3.
8 2. At the time of the creator's death, the creator had no
9 relatives as defined in this section as of the date of death.
10 3. The trust income, less reasonable administrative
11 expenses, is used exclusively for educational, scientific,
12 literary, cultural, charitable, or religious purposes as
13 defined in G.S. 105-278.3(d).
- 14 e. Tenants in common, if each tenant is either a natural person or a
15 business entity described in sub-subdivision b. of this
16 subdivision. Tenants in common may elect to treat their
17 individual shares as owned by them individually in accordance
18 with G.S. 105-302(c)(9). The ownership requirements of
19 G.S. 105-277.3(b) apply to each tenant in common who is a
20 natural person, and the ownership requirements of
21 G.S. 105-277.3(b1) apply to each tenant in common who is a
22 business entity.
- 23 (4a) Member. – A shareholder of a corporation, a partner of a general or
24 limited partnership, or a member of a limited liability company.
- 25 (5) Present-use value. – The value of land in its current use as agricultural
26 land, horticultural land, ~~or forestland, forestland, or wildlife land~~, based
27 solely on its ability to produce income and assuming an average level
28 of management. A rate of nine percent (9%) shall be used to capitalize
29 the expected net income of forestland. The capitalization rate for
30 agricultural ~~land and land~~, horticultural ~~land and land~~, and wildlife land is
31 to be determined by the Use-Value Advisory Board as provided in
32 G.S. 105-277.7.
- 33 (5a) Relative. – Any of the following:
34 a. A spouse or the spouse's lineal ancestor or descendant.
35 b. A lineal ancestor or a lineal descendant.
36 c. A brother or sister, or the lineal descendant of a brother or
37 sister. For the purposes of this sub-subdivision, the term brother
38 or sister includes stepbrother or stepsister.
39 d. An aunt or an uncle.
40 e. A spouse of a person listed in paragraphs a. through d. For the
41 purpose of this subdivision, an adoptive or adopted relative is a
42 relative and the term "spouse" includes a surviving spouse.

- 1 (6) Sound management program. – A program of production designed to
2 obtain the greatest net return from the land consistent with its
3 conservation and long-term improvement.
- 4 (7) Unit. – One or more tracts of agricultural land, horticultural land, ~~or~~
5 ~~forestland~~forestland, or wildlife land. Multiple tracts must be under
6 the same ownership. If the multiple tracts are located within different
7 counties, they must be within 50 miles of a tract qualifying under
8 G.S. 105-277.3(a) and share one of the following characteristics:
9 a. Type of classification.
10 b. Use of the same equipment or labor force.
- 11 (8) Wildlife land. – Land that is part of a wildlife unit that is actively
12 managed for the conservation of wildlife or other natural resources
13 under a sound management program. Wildlife land includes wasteland
14 that is part of the wildlife unit, but the wasteland included in the unit
15 must be appraised under the use-value schedules as wasteland. A
16 wildlife unit may consist of more than one tract of wildlife land, but at
17 least one of the tracts must meet the requirements in
18 G.S. 105-277.3(a)(4), and each tract must be under a sound
19 management program."

20 **SECTION 2.** Article 12 of Chapter 105 of the General Statutes is amended
21 by adding a new section to read:

22 **"§ 105-277.2A. Purpose of present use-value program.**

23 The purpose of the present use-value program is to encourage and assist the
24 maintenance of North Carolina's productive agricultural land and forestland; to
25 encourage and assist in their conservation and preservation for future productive use and
26 for the protection of wildlife and natural ecological systems; to prevent the accelerated
27 conversion of these lands to more intensive use by the pressure of property taxation at
28 values incompatible with the productive capacity of the land; to achieve more equitable
29 taxation for undeveloped lands; to encourage and assist in the preservation and
30 enhancement of North Carolina's scenic natural resources; and to enable the citizens of
31 North Carolina to plan its orderly growth in the face of increasing development
32 pressures in the interests of the public health, safety, and welfare."

33 **SECTION 3.** G.S. 105-277.3 reads as rewritten:

34 **"§ 105-277.3. Agricultural, horticultural, wildlife, and forestland – Classifications.**

35 (a) Classes Defined. – The following classes of property are designated special
36 classes of property under authority of Section 2(2) of Article V of the North Carolina
37 Constitution and must be appraised, assessed, and taxed as provided in G.S. 105-277.2
38 through G.S. 105-277.7.

- 39 (1) Agricultural land. – Individually owned agricultural land consisting of
40 one or more tracts, one of which consists of at least 10 acres that are in
41 actual production and that, for the three years preceding January 1 of
42 the year for which the benefit of this section is claimed, have produced
43 an average gross income of at least one thousand dollars (\$1,000).
44 Gross income includes income from the sale of the agricultural

1 products produced from the land and any payments received under a
2 governmental soil conservation or land retirement program. Land in
3 actual production includes land under improvements used in the
4 commercial production or growing of crops, plants, or animals.

5 (2) Horticultural land. – Individually owned horticultural land consisting
6 of one or more tracts, one of which consists of at least five acres that
7 are in actual production and that, for the three years preceding January
8 1 of the year for which the benefit of this section is claimed, have met
9 the applicable minimum gross income requirement. Land in actual
10 production includes land under improvements used in the commercial
11 production or growing of fruits or vegetables or nursery or floral
12 products. Land that has been used to produce evergreens intended for
13 use as Christmas trees must have met the minimum gross income
14 requirements established by the Department of Revenue for the land.
15 All other horticultural land must have produced an average gross
16 income of at least one thousand dollars (\$1,000). Gross income
17 includes income from the sale of the horticultural products produced
18 from the land and any payments received under a governmental soil
19 conservation or land retirement program.

20 (3) Forestland. – Individually owned forestland consisting of one or more
21 tracts, one of which consists of at least 20 acres that are in actual
22 production and are not included in a farm unit.

23 (4) Wildlife land. – Individually owned wildlife land consisting of one or
24 more tracts, one of which consists of at least 20 acres that are managed
25 under a sound management program and are not included in a farm
26 unit.

27 (b) Natural Person Ownership Requirements. – In order to come within a
28 classification described in subsection (a) of this section, the land must, if owned by a
29 natural person, also satisfy one of the following conditions:

30 (1) It is the owner's place of residence.

31 (2) It has been owned by the current owner or a relative of the current
32 owner for the four years preceding January 1 of the year for which the
33 benefit of this section is claimed.

34 (3) At the time of transfer to the current owner, it qualified for
35 classification in the hands of a business entity or trust that transferred
36 the land to the current owner who was a member of the business entity
37 or a beneficiary of the trust, as appropriate.

38 (b1) Entity Ownership Requirements. – In order to come within a classification
39 described in subsection (a) of this section, the land must, if owned by a business entity
40 or trust, have been owned by the business entity or trust or by one or more of its
41 members or creators, respectively, for the four years immediately preceding January 1
42 of the year for which the benefit of this section is claimed.

43 (b2) Exception to Ownership Requirements. – Notwithstanding the provisions of
44 subsections (b) and (b1) of this section, land may qualify for classification in the hands

1 of the new owner if all of the conditions listed in this subsection are met, even if the
2 new owner does not meet all of the ownership requirements of subsections (b) and (b1)
3 of this section with respect to the land. If the land qualifies for classification in the
4 hands of the new owner under the provisions of this subsection, then the deferred taxes
5 remain a lien on the land under G.S. 105-277.4(c), the new owner becomes liable for the
6 deferred taxes, and the deferred taxes become payable if the land fails to meet any other
7 condition or requirement for classification.

8 (1) The land was appraised at its present use value or was eligible for
9 appraisal at its present use value at the time title to the land passed to
10 the new owner.

11 (2) At the time title to the land passed to the new owner, the new owner
12 acquires the land for the purposes of and continues to use the land for
13 the purposes it was classified under subsection (a) of this section while
14 under previous ownership.

15 (3) The new owner has timely filed an application as required by
16 G.S. 105-277.4(a) and has certified that the new owner accepts liability
17 for the deferred taxes and intends to continue the present use of the
18 land.

19 (c) Repealed by Session Laws 1995, c. 454, s. 2.

20 (d) Exception for Conservation Reserve Program. – Land enrolled in the federal
21 Conservation Reserve Program authorized by 16 U.S.C. Chapter 58 is considered to be
22 in actual production, and income derived from participation in the federal Conservation
23 Reserve Program may be used in meeting the minimum gross income requirements of
24 this section either separately or in combination with income from actual production.
25 Land enrolled in the federal Conservation Reserve Program must be assessed as
26 agricultural land if it is planted in vegetation other than trees, or as forestland if it is
27 planted in trees.

28 (d1) Exception for Easements on Qualified Conservation Lands Previously
29 Appraised at Use Value. – Property that is appraised at its present-use value under
30 G.S. 105-277.4(b) shall continue to qualify for appraisal, assessment, and taxation as
31 provided in G.S. 105-277.2 through G.S. 105-277.7 as long as the property is subject to
32 an enforceable conservation easement that would ~~qualify~~qualify, or that would have
33 qualified had it been conveyed through a donation rather than a bargain sale, for the
34 conservation tax credit provided in G.S. 105-130.34 and G.S. 105-151.12, without
35 regard to actual production or income requirements of this section. Notwithstanding
36 G.S. 105-277.3(b) and (b1), subsequent transfer of the property does not extinguish its
37 present-use value eligibility as long as the property remains subject to an enforceable
38 conservation easement that ~~qualifies~~qualifies, or would have qualified had it been
39 conveyed through a donation rather than a bargain sale, for the conservation tax credit
40 provided in G.S. 105-130.34 and G.S. 105-151.12. The exception provided in this
41 subsection applies only to that part of the property that is subject to the easement.

42 (e) Exception for Turkey Disease. – Agricultural land that meets all of the
43 following conditions is considered to be in actual production and to meet the minimum
44 gross income requirements:

- 1 (1) The land was in actual production in turkey growing within the
- 2 preceding two years and qualified for present use value treatment
- 3 while it was in actual production.
- 4 (2) The land was taken out of actual production in turkey growing solely
- 5 for health and safety considerations due to the presence of Poulter
- 6 Enteritis Mortality Syndrome among turkeys in the same county or a
- 7 neighboring county.
- 8 (3) The land is otherwise eligible for present use value treatment.

9 (f) Sound Management Program for Agricultural Land and Horticultural Land. –
 10 If the property owner demonstrates any one of the following factors with respect to
 11 agricultural land or horticultural land, then the land is operated under a sound
 12 management program:

- 13 (1) Enrollment in and compliance with an agency-administered and
- 14 approved farm management plan.
- 15 (2) Compliance with a set of best management practices.
- 16 (3) Compliance with a minimum gross income per acre test.
- 17 (4) Evidence of net income from the farm operation.
- 18 (5) Evidence that farming is the farm operator's principal source of
- 19 income.
- 20 (6) Certification by a recognized agricultural or horticultural agency
- 21 within the county that the land is operated under a sound management
- 22 program.

23 Operation under a sound management program may also be demonstrated by evidence
 24 of other similar factors. As long as a farm operator meets the sound management
 25 requirements, it is irrelevant whether the property owner received income or rent from
 26 the farm operator.

27 (g) Sound Management Program for Forestland. – If the owner of forestland
 28 demonstrates that the forestland complies with a written sound forest management plan
 29 for the production and sale of forest ~~products, products,~~ or with a plan approved by the
 30 Forest Stewardship Program administered by the Division of Forest Resources, then the
 31 forestland is operated under a sound management program.

32 (h) Sound Management Program for Wildlife Land. – If the owner of wildlife
 33 land demonstrates that the wildlife land complies with a written sound wildlife
 34 management plan that complies with standards established by the Wildlife Resources
 35 Commission or the Forest Stewardship Program administered by the Division of Forest
 36 Resources, then the wildlife land is operated under a sound management program."

37 **SECTION 4.** G.S. 105-277.4 reads as rewritten:

38 "**§ 105-277.4. Agricultural, ~~horticultural~~ horticultural, wildlife, and forestland –**
 39 **Application; appraisal at use value; appeal; deferred taxes.**

40 (a) Application. – Property coming within one of the classes defined in
 41 G.S. 105-277.3 is eligible for taxation on the basis of the value of the property in its
 42 present use if a timely and proper application is filed with the assessor of the county in
 43 which the property is located. The application must clearly show that the property
 44 comes within one of the classes and must also contain any other relevant information

1 required by the assessor to properly appraise the property at its present-use value. An
2 initial application must be filed during the regular listing period of the year for which
3 the benefit of this classification is first claimed, or within 30 days of the date shown on
4 a notice of a change in valuation made pursuant to G.S. 105-286 or G.S. 105-287. A
5 new application is not required to be submitted unless the property is transferred or
6 becomes ineligible for use-value appraisal because of a change in use or acreage. An
7 application required due to transfer of the land may be submitted at any time during the
8 calendar year but must be submitted within 60 days of the date of the property's transfer.

9 (b) Appraisal at Present-use Value. – Upon receipt of a properly executed
10 application, the assessor must appraise the property at its present-use value as
11 established in the schedule prepared pursuant to G.S. 105-317. In appraising the
12 property at its present-use value, the assessor must appraise the improvements located
13 on qualifying land according to the schedules and standards used in appraising other
14 similar improvements in the county. If all or any part of a qualifying tract of land is
15 located within the limits of an incorporated city or town, or is property annexed subject
16 to G.S. 160A-37(f1) or G.S. 160A-49(f1), the assessor must furnish a copy of the
17 property record showing both the present-use appraisal and the valuation upon which
18 the property would have been taxed in the absence of this classification to the collector
19 of the city or town. The assessor must also notify the tax collector of any changes in the
20 appraisals or in the eligibility of the property for the benefit of this classification. Upon
21 a request for a certification pursuant to G.S. 160A-37(f1) or G.S. 160A-49(f1), or any
22 change in the certification, the assessor for the county where the land subject to the
23 annexation is located must, within 30 days, determine if the land meets the requirements
24 of G.S. 160A-37(f1)(2) or G.S. 160A-49(f1)(2) and report the results of its findings to
25 the city.

26 (b1) Appeal. – Decisions of the assessor regarding the qualification or appraisal of
27 property under this section may be appealed to the county board of equalization and
28 review or, if that board is not in session, to the board of county commissioners.
29 Decisions of the county board may be appealed to the Property Tax Commission.

30 (c) Deferred Taxes. – Land meeting the conditions for classification under
31 G.S. 105-277.3 must be taxed on the basis of the value of the land for its present use.
32 The difference between the taxes due on the present-use basis and the taxes that would
33 have been payable in the absence of this classification, together with any interest,
34 penalties, or costs that may accrue thereon, are a lien on the real property of the
35 taxpayer as provided in G.S. 105-355(a). The difference in taxes must be carried
36 forward in the records of the taxing unit or units as deferred taxes. The taxes become
37 due and payable when the land fails to meet any condition or requirement for
38 classification. Failure to have an application approved is ground for disqualification.
39 The tax for the fiscal year that opens in the calendar year in which deferred taxes
40 become due is computed as if the land had not been classified for that year, and taxes
41 for the preceding ~~three~~five fiscal years that have been deferred are immediately
42 payable, together with interest as provided in G.S. 105-360 for unpaid taxes. Interest
43 accrues on the deferred taxes due as if they had been payable on the dates on which they
44 originally became due. If only a part of the qualifying tract of land fails to meet a

1 condition or requirement for classification, the assessor must determine the amount of
 2 deferred taxes applicable to that part and that amount becomes payable with interest as
 3 provided above. Upon the payment of any taxes deferred in accordance with this section
 4 for the ~~three-five~~ years immediately preceding a disqualification, all liens arising under
 5 this subsection are extinguished. The deferred taxes for any given year may be paid in
 6 that year without the qualifying tract of land becoming ineligible for deferred status.

7 (d) Exceptions. – Notwithstanding the provisions of subsection (c) of this section,
 8 if property loses its eligibility for present use value classification solely due to one of
 9 the following reasons, no deferred taxes are due and the lien for the deferred taxes is
 10 extinguished:

- 11 (1) There is a change in income caused by enrollment of the property in
 12 the federal conservation reserve program established under 16 U.S.C.
 13 Chapter 58.
- 14 (2) The property is conveyed by gift or bargain sale to a nonprofit
 15 organization and qualifies for exclusion from the tax base pursuant to
 16 ~~G.S. 105-275(12)~~G.S. 105-275(12), G.S. 105-275(12a), or
 17 G.S. 105-275(29).
- 18 (3) The property is conveyed by gift or bargain sale to the State, a political
 19 subdivision of the State, or the United States.

20 (e) Repealed by Session Laws 1997-270, s. 3, effective July 3, 1997."

21 **SECTION 5.** G.S. 105-277.6 reads as rewritten:

22 "**§ 105-277.6. Agricultural, ~~horticultural~~ horticultural, wildlife, and forestland –**
 23 **Appraisal; computation of deferred tax.**

24 (a) In determining the amount of the deferred taxes herein provided, the assessor
 25 shall use the appraised valuation established in the county's last general revaluation
 26 except for any changes made under the provisions of G.S. 105-287.

27 (b) In revaluation years, as provided in G.S. 105-286, all property entitled to
 28 classification under G.S. 105-277.3 shall be reappraised at its true value in money and at
 29 its present use value as of the effective date of the revaluation. The two valuations shall
 30 continue in effect and shall provide the basis for deferred taxes until a change in one or
 31 both of the appraisals is required by law. The present use-value schedule, standards, and
 32 rules shall be used by the tax assessor to appraise property receiving the benefit of this
 33 classification until the next general revaluation of real property in the county as required
 34 by G.S. 105-286.

35 (c) Repealed by Session Laws 1987, c. 295, s. 2."

36 **SECTION 6.** G.S. 105-275(12) reads as rewritten:

37 "**§ 105-275. Property classified and excluded from the tax base.**

38 The following classes of property are hereby designated special classes under
 39 authority of Article V, Sec. 2(2), of the North Carolina Constitution and shall not be
 40 listed, appraised, assessed, or taxed:

41 ...

- 42 (12) Real property owned by a nonprofit corporation or association
 43 exclusively held and used by its owner as a protected natural area for
 44 educational and scientific ~~purposes~~purposes, or for conservation

1 ~~purposes in perpetuity as a protected natural area. (For~~ For purposes of
 2 ~~this subdivision, section,~~ the term "protected natural area" means a
 3 ~~nature reserve or park in which all types of wild nature, native~~ native flora and
 4 ~~fauna, and biotic communities are preserved for observation and~~
 5 ~~study.)~~ conserved for the maintenance of ecological functions and
 6 appropriate use. Revenue may be generated from management activity
 7 if it is incidental to maintaining the primary conservation purpose or
 8 use and is reinvested in the stewardship of protected natural areas. A
 9 protected natural area may, in accordance with a detailed management
 10 plan, be actively managed to do any combination of the following:

- 11 a. Restore and maintain native conditions and species that were
 12 previously converted or degraded.
- 13 b. Control invasive species.
- 14 c. Conserve native ecological systems in their existing conditions.
- 15 d. Maintain the area for appropriate conservation-related use.
- 16 e. Protect adjoining lands from wildlife, infestation, disease, or
 17 other natural hazards.

18 (12a) Real property owned by a nonprofit corporation or association that
 19 meets one or more of the following descriptions:

- 20 a. It is acquired and held for the purpose of transferring the
 21 property to a state or federal conservation agency for permanent
 22 protection.
- 23 b. It is under a written long-term management plan to promote
 24 conservation of natural resources.
- 25 c. It is subject to a permanent conservation easement.
- 26 d. It is accessible to the public for recreational purposes."

27 **SECTION 7.** G.S. 160A-37(f1) reads as rewritten:

28 "(f1) Property Subject to Present-Use Value Appraisal. – If an area described in an
 29 annexation ordinance includes agricultural land, horticultural land, ~~or~~
 30 ~~forestland~~ forestland, or wildlife land that meets either of the conditions listed below on
 31 the effective date of annexation, then the annexation becomes effective as to that
 32 property pursuant to subsection (f2) of this section:

- 33 (1) ~~Land that~~ The land is being taxed at present-use value pursuant to
 34 G.S. 105-277.4.
- 35 (2) ~~Land that~~ The land ~~meets [both of the following conditions]:~~ meets
 36 both of the following conditions:
 - 37 a. On the date of the resolution of intent for annexation it was
 38 being used for actual production and is eligible for present-use
 39 value taxation under G.S. 105-277.4, but the land ~~has [had]~~ had
 40 not been in use for actual production for the required time under
 41 G.S. 105-277.3.
 - 42 b. The assessor for the county where the land subject to
 43 annexation is located has certified to the city that the land meets
 44 the requirements of this subdivision.

1 **SECTION 8.** G.S. 160A-49(f1) reads as rewritten:
2 "(f1) Property Subject to Present-Use Value Appraisal. – If an area described in an
3 annexation ordinance includes agricultural land, horticultural land, ~~or~~
4 ~~forestland~~forestland, or wildlife land that meets either of the conditions listed below on
5 the effective date of ~~annexation is:~~annexation, then the annexation becomes effective as
6 to that property pursuant to subsection (f2) of this section:

7 (1) ~~Land that~~That the land is being taxed at present-use value pursuant to
8 G.S. ~~105-277.4; or~~105-277.4.

9 (2) ~~Land that:~~That the land meets both of the following conditions:

10 a. ~~Was on~~On the date of the resolution of intent for annexation it
11 was being used for actual production and is eligible for
12 present-use value taxation under G.S. 105-277.4, but the land
13 ~~has had~~ not been in use for actual production for the required
14 time under G.S. ~~105-277.3; and~~105-277.3.

15 b. The assessor for the county where the land subject to
16 annexation is located has certified to the city that the land meets
17 the requirements of this ~~subdivision~~subdivision.

18 ~~the annexation becomes effective as to that property pursuant to subsection (f2) of this~~
19 ~~section."~~

20 **SECTION 9.** This act is effective for taxes imposed for taxable years
21 beginning on or after July 1, 2006.