

NORTH CAROLINA'S PRESENT USE PROPERTY TAX PROGRAM

The following is a brief overview of a complex set of laws. The interpretations expressed are believed to be correct as of the time of printing. This is a general discussion and not meant to address every specific or detailed aspect of these laws. For answers to specific, detailed questions, contact the Cleveland County Tax Assessor's office at 704 484-4946 or 704 476-3038.

North Carolina general statutes 105-277.2 through 105-277.6 allow a reduction in the assessed value of properties meeting specific requirements. The county will calculate property tax by applying the current tax rate to the use-value rather than the market value. This is not an exemption, but rather a deferral. A deferred tax is carried forward in the taxing records and a certain portion (present year plus three) of that would be due with interest should the property lose its eligibility.

GENERAL GUIDELINES

The property must be owned by:

- A natural person
- A business entity having as its principle business the commercial production of agricultural, horticultural, or forest products.
- Trusts, tenants in common, shareholders, partners, or members of an LLC may qualify in some cases.

The property must have been owned by the current owner, or certain relatives of the current owner, for the four years preceding January 1 of the year for which the benefit is claimed. OR It must be the owner's place of residence.

Application for present use must be filed with the assessor by January 31 of the year for which the benefit is claimed, or within 30 days of the date showing on a notice of change in land value. A change in use must be reported by the owner.

Types of income not allowed: ground rents, grazing, stud or boarding fees, leasing of equipment or animals, fees for services such as plowing, disking, picking, curing, etc., leasing of hunting rights, sale of forestry products such as timber, pine straw, pine cones, bark, etc.

AGRICULTURE CLASSIFICATION:

- One or more tracts, with at least one tract consisting of at least 10 acres.
- All tracts must be in actual production and under sound management.
- An average gross income of at least \$1,000 per year for the preceding 3 years must have been produced directly from the land.

Examples of agriculture products:

CROPS

Field Corn
Seed Corn
Cotton
Barley
Wheat
Rye

CROPS

Soybeans
Sorghum
Alfalfa
Hay
Silage
Pasture Grasses

LIVESTOCK

Beef Cattle
Dairy Cattle
Meat or Dairy Goats
Poultry
Swine

HORTICULTURE CLASSIFICATION:

- One or more tracts, with at least one tract consisting of at least 5 acres.
- All tracts must be in actual production and under sound management.
- An average gross income of at least \$1,000 per year for the preceding 3 years must have been produced directly from the land.

Examples of horticulture products:

FRUITS

Apples
Peaches
Strawberries
Grapes
Blueberries

VEGETABLES

Green Beans
Cabbage
Cucumbers
Potatoes
Squash
Sweet Corn
Sweet Potatoes
Tomatoes

NURSERY

Ornamental shrubs
Floral Products
Container-grown plants
Ornamental trees

FORESTRY CLASSIFICATION:

- One or more tracts, with at least one consisting of at least 20 acres.
- All tracts must be in actual production and under sound management.
- All tracts must be included in a comprehensive sound management plan, a copy of which, should be on file with the assessor.