

## Ownership Requirements

Qualifying ownership is limited to individuals, certain trusts, and certain farming related business entities. All property qualifying must be individually owned. A business entity must have agriculture, horticulture, or forestry as its principal business.

At the time of application, the owner must reside on the land or have owned the land for the four (4) full years preceding January 1 of the year the application is made, unless the owner already has another tract of land in the program.

## Application

The present-use value program is a voluntary program that provides the owner with preferential tax treatment if the owner and the property meet the eligibility requirements. Acceptance into the program also requires that the owner and the property continue to meet the requirements, and failure to do so is generally subject to financial consequences.

### Initial Application

- Must be filed during the regular listing period, January 1—January 31, or within 30 days of a notice of change in value.

### Application Due to Transfer/Continued Use

- Must be filed within 60 days of the date of the property transfer.
- The property must currently be in the program and meet the requirements for continued qualification.

### Application for Expansion of Existing Unit

- Must be filed during the regular listing period, January 1—January 31, or within 30 days of a notice of change in value.

## Compliance Review

Each county assessor is required by law to periodically review all properties that are receiving the benefit of the present-use value classification to verify that these properties continue to qualify for the classification. The General Assembly recognized that the long-term success of the program depends on the integrity of the program and the assurance that only those people who qualify for the present-use value program receive the intended benefit.

### Compliance Review Frequency

- Agriculture & Horticulture —Every 4 years
- Forestry—Based on plan objectives, typically every 10 years
- Wildlife—Based on agreement, typically every 5-8 years

## Disqualification

Present-use value is a voluntary program that requires compliance with certain rules by the owner in exchange for preferential tax treatment. As long as the owner continues to meet the statutory requirements, the property will remain in present-use value.

However, failure to meet the requirements will result in removal from the program, and, in most instances, the billing of the deferred taxes for the year of disqualification and the three previous years with interest.

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## Present-Use Value Deferment Program



A deferred tax program available to landowners of agricultural, horticultural, forestry and wildlife conservation land

## About the Program

Effective January 1, 1974, the General Assembly enacted a voluntary program that allows certain agricultural land, horticultural land and forestland to be appraised at its present-use value.

Generally, all property in North Carolina is valued at its market value, which is the estimated price at which property would change hands between a willing buyer and a willing seller, neither being under compulsion to buy or sell, and both having reasonable knowledge of the various potential uses of the property.

Present-use value is the value of land in its current use as agricultural land, horticultural land or forestland, based solely on its ability to produce income and assuming an average level of management.

Property that qualifies for present-use value classification is appraised at its present-use value, rather than its market value.

## Deferral Program

The present-use value program is a deferral program, not an exemption. The difference between the market value and the present-use value is the deferred value. When a property is removed from the present-use value program, either voluntarily or involuntarily, the deferred taxes for the year of disqualification (usually the current year) and the three previous years with accrued interest become immediately due and payable. Interest accrues on each year's taxes as if they had been payable on the dates on which they had originally become due, and both the principal and interest are due and payable when the property is removed from the program.

**Deferred taxes are a lien on the property.**

## Horticulture

Horticultural land is land that is actively engaged in the commercial production or growing of fruits, vegetables, nursery products, or floral products. Examples of horticultural products include apples, peaches, strawberries, pecans, sod, shrubs, greenhouse plants, and evergreens intended for use as Christmas trees.

### Size

- Requires at least one 5-acre tract in actual production.

### Sound Management

- Requires that land be used in a manner that maximizes the return from the land.

### Income

- Requires that at least one tract generate \$3,000 average gross income over the three preceding years. The income must be from the sale of horticultural products produced from the land. In lieu of gross income requirement for evergreens intended for use as Christmas trees.

## Forestry

Forestland is land that is actively engaged in the commercial growing of trees.

### Size

- Requires at least one 20-acre tract in actual production.

### Sound Management

- Requires that land be managed under a written forestry management plan.

### Income

- No income requirement.

## Agriculture

Agricultural land is land that is actively engaged in the commercial production or growing of crops, plants, or animals. Examples of agricultural products include soybeans, grains, tobacco, cotton, peanuts, corn, horses, cattle, hay, and aquaculture.

### Size

- Requires at least one 10-acre tract in actual production.

### Sound Management

- Requires that land be used in a manner that maximizes the return from the land.

### Income

- Requires that at least one tract generate \$3,000 average gross income over the three preceding years. The income must be from the sale of agricultural products produced from the land.

## Wildlife Conservation

Landowners who manage their property to protect animal species, priority wildlife habitats, or as wildlife reserve area. Use determines if the land is classified as agriculture or forestry.

### Size

- Requires at least 20 contiguous acres.

### Sound Management

- Requires that land be managed under a written wildlife conservation agreement with the N.C. Wildlife Resources Commission.

### Income

- No income requirement.