

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2005

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SENATE BILL 405

Short Title: Wildlife Conservation Present-Use Value.

(Public)

Sponsors: Senator Hartsell.

Referred to: Finance.

March 7, 2005

A BILL TO BE ENTITLED

AN ACT TO ESTABLISH WILDLIFE AND OTHER CONSERVATION LAND AS A
SPECIAL CLASS OF PROPERTY SUBJECT TO PRESENT-USE VALUE 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.

(1a) Bargain sale. – A transaction conveying an interest in real property that consists of a sale for consideration below fair market value or of a

1 combined sale and donation. To qualify as a bargain sale, the total
2 consideration for all of the property conveyed may not exceed
3 seventy-five percent (75%) of its fair market value.

4 (1a) (1b) Business entity. – A corporation, a general partnership, a limited
5 partnership, or a limited liability company.

6 (2) Forestland. – Land that is a part of a forest unit that is actively engaged
7 in the commercial growing of trees under a sound management
8 program. Forestland includes wildlife land and wasteland that is a part
9 of the forest unit, but the wildlife land and wasteland included in the
10 unit must be appraised under the use-value schedules as wildlife land
11 or wasteland. A forest unit may consist of more than one tract of
12 forestland, but at least one of the tracts must meet the requirements in
13 G.S. 105-277.3(a)(3), and each tract must be under a sound
14 management program. If the forestland includes less than 10 acres of
15 wildlife land, then the wildlife land portion is not required to be under
16 a sound management program.

17 (3) Horticultural land. – Land that is a part of a horticultural unit that is
18 actively engaged in the commercial production or growing of fruits or
19 vegetables or nursery or floral products under a sound management
20 program. Horticultural land includes ~~woodland~~ wildlife land,
21 woodland, and wasteland that is a part of the horticultural unit, but the
22 ~~woodland~~ wildlife land, woodland, and wasteland included in the unit
23 must be appraised under the use-value schedules as ~~woodland~~ wildlife
24 land, woodland, or wasteland. A horticultural unit may consist of more
25 than one tract of horticultural land, but at least one of the tracts must
26 meet the requirements in G.S. 105-277.3(a)(2), and each tract must be
27 under a sound management program. If the horticultural land includes
28 less than 20 acres of woodland, then the woodland portion is not
29 required to be under a sound management program. Also, woodland is
30 not required to be under a sound management program if it is
31 determined that the highest and best use of the woodland is to diminish
32 wind erosion of adjacent horticultural land or protect water quality of
33 adjacent horticultural land. If the horticultural land includes less than
34 10 acres of wildlife land, then the wildlife land portion is not required
35 to be under a sound management program.

36 (4) Individually owned. – Owned by one of the following:

37 a. A natural person. For the purpose of this section, a natural
38 person who is an income beneficiary of a trust that owns land
39 may elect to treat the person's beneficial share of the land as
40 owned by that person. If the person's beneficial interest is not an
41 identifiable share of land but can be established as a
42 proportional interest in the trust income, the person's beneficial
43 share of land is a percentage of the land owned by the trust that
44 corresponds to the beneficiary's proportional interest in the trust

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

7 b. **(Effective for taxes imposed for taxable years beginning on**
8 **or after July 1, 2004)** A business entity having as its principal
9 business one of the activities described in subdivisions (1), (2),
10 and (3) and whose members are all natural persons who meet
11 one or more of the conditions listed in this sub-subdivision. For
12 the purpose of this sub-subdivision, the terms "having as its
13 principal business" and "actively engaged in the business of the
14 entity" include the leasing of the land for one of the activities
15 described in subdivisions (1), (2), and (3) only if all members of
16 the business entity are relatives.

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

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

- 29 1. Is the creator of the trust or the creator's relative.
- 30 2. Is a second trust whose beneficiaries who are currently
31 entitled to receive income or principal are all either the
32 creator of the first trust or the creator's relatives.

33 d. A testamentary trust that meets all of the following conditions:

- 34 1. It was created by a natural person who transferred to the
35 trust land that qualified in that person's hands for
36 classification under G.S. 105-277.3.
- 37 2. At the time of the creator's death, the creator had no
38 relatives as defined in this section as of the date of death.
- 39 3. The trust income, less reasonable administrative
40 expenses, is used exclusively for educational, scientific,
41 literary, cultural, charitable, or religious purposes as
42 defined in G.S. 105-278.3(d).

43 e. Tenants in common, if each tenant is either a natural person or a
44 business entity described in sub-subdivision b. of this

1 subdivision. Tenants in common may elect to treat their
2 individual shares as owned by them individually in accordance
3 with G.S. 105-302(c)(9). The ownership requirements of
4 G.S. 105-277.3(b) apply to each tenant in common who is a
5 natural person, and the ownership requirements of
6 G.S. 105-277.3(b1) apply to each tenant in common who is a
7 business entity.

8 (4a) Member. – A shareholder of a corporation, a partner of a general or
9 limited partnership, or a member of a limited liability company.

10 (5) Present-use value. – The value of land in its current use as agricultural
11 land, horticultural land, ~~or forestland,~~ forestland, or wildlife land, based
12 solely on its ability to produce income and assuming an average level
13 of management. A rate of nine percent (9%) shall be used to capitalize
14 the expected net income of forestland. The capitalization rate for
15 agricultural ~~land and~~ land, horticultural ~~land and~~ land, and wildlife land is
16 to be determined by the Use-Value Advisory Board as provided in
17 G.S. 105-277.7.

18 (5a) Relative. – Any of the following:

- 19 a. A spouse or the spouse's lineal ancestor or descendant.
- 20 b. A lineal ancestor or a lineal descendant.
- 21 c. A brother or sister, or the lineal descendant of a brother or
22 sister. For the purposes of this sub-subdivision, the term brother
23 or sister includes stepbrother or stepsister.
- 24 d. An aunt or an uncle.
- 25 e. A spouse of a person listed in paragraphs a. through d. For the
26 purpose of this subdivision, an adoptive or adopted relative is a
27 relative and the term "spouse" includes a surviving spouse.

28 (6) Sound management program. – A program of production designed to
29 obtain the greatest net return from the land consistent with its
30 conservation and long-term improvement.

31 (7) Unit. – One or more tracts of agricultural land, horticultural land, ~~or~~
32 ~~forestland,~~ forestland, or wildlife land. Multiple tracts must be under
33 the same ownership. If the multiple tracts are located within different
34 counties, they must be within 50 miles of a tract qualifying under
35 G.S. 105-277.3(a) and share one of the following characteristics:

- 36 a. Type of classification.
- 37 b. Use of the same equipment or labor force.

38 (8) Wildlife land. – Land that is part of a wildlife unit that is actively
39 managed for the conservation of wildlife or other natural resources
40 under a sound management program. Wildlife land includes wasteland
41 that is a part of the wildlife unit, but the wasteland included in the unit
42 must be appraised under the use-value schedules as wasteland. A
43 wildlife unit may consist of more than one tract of wildlife land, but at
44 least one of the tracts must meet the requirements in

1 G.S. 105-277.3(a)(4), and each tract must be under a sound
2 management program."

3 **SECTION 2.** G.S. 105-277.3 reads as rewritten:

4 **"§ 105-277.3. Agricultural, horticultural, wildlife, and forestland – Classifications.**

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

9 (1) Agricultural land. – Individually owned agricultural land consisting of
10 one or more tracts, one of which consists of at least 10 acres that are in
11 actual production and that, for the three years preceding January 1 of
12 the year for which the benefit of this section is claimed, have produced
13 an average gross income of at least one thousand dollars (\$1,000).
14 Gross income includes income from the sale of the agricultural
15 products produced from the land and any payments received under a
16 governmental soil conservation or land retirement program. Land in
17 actual production includes land under improvements used in the
18 commercial production or growing of crops, plants, or animals.

19 (2) Horticultural land. – Individually owned horticultural land consisting
20 of one or more tracts, one of which consists of at least five acres that
21 are in actual production and that, for the three years preceding January
22 1 of the year for which the benefit of this section is claimed, have met
23 the applicable minimum gross income requirement. Land in actual
24 production includes land under improvements used in the commercial
25 production or growing of fruits or vegetables or nursery or floral
26 products. Land that has been used to produce evergreens intended for
27 use as Christmas trees must have met the minimum gross income
28 requirements established by the Department of Revenue for the land.
29 All other horticultural land must have produced an average gross
30 income of at least one thousand dollars (\$1,000). Gross income
31 includes income from the sale of the horticultural products produced
32 from the land and any payments received under a governmental soil
33 conservation or land retirement program.

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

37 (4) Wildlife land. – Individually owned wildlife land consisting of one or
38 more tracts, one of which consists of at least 10 acres that are managed
39 under a sound management program and are not included in a farm
40 unit.

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

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

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

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

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

13 (b2) Exception to Ownership Requirements. – Notwithstanding the provisions of
14 subsections (b) and (b1) of this section, land may qualify for classification in the hands
15 of the new owner if all of the conditions listed in this subsection are met, even if the
16 new owner does not meet all of the ownership requirements of subsections (b) and (b1)
17 of this section with respect to the land. If the land qualifies for classification in the
18 hands of the new owner under the provisions of this subsection, then the deferred taxes
19 remain a lien on the land under G.S. 105-277.4(c), the new owner becomes liable for the
20 deferred taxes, and the deferred taxes become payable if the land fails to meet any other
21 condition or requirement for classification.

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

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

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

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

34 (d) Exception for Conservation Reserve Program. – Land enrolled in the federal
35 Conservation Reserve Program authorized by 16 U.S.C. Chapter 58 is considered to be
36 in actual production, and income derived from participation in the federal Conservation
37 Reserve Program may be used in meeting the minimum gross income requirements of
38 this section either separately or in combination with income from actual production.
39 Land enrolled in the federal Conservation Reserve Program must be assessed as
40 agricultural land if it is planted in vegetation other than trees, or as forestland if it
41 is planted in trees.

42 (d1) Exception for Easements on Qualified Conservation Lands Previously
43 Appraised at Use Value. – Property that is appraised at its present-use value under
44 G.S. 105-277.4(b) shall continue to qualify for appraisal, assessment, and taxation as

1 provided in G.S. 105-277.2 through G.S. 105-277.7 as long as the property is subject to
2 an enforceable conservation easement that would ~~qualify~~qualify, or that would have
3 qualified had it been conveyed through donation rather than a bargain sale, for the
4 conservation tax credit provided in G.S. 105-130.34 and G.S. 105-151.12, without
5 regard to actual production or income requirements of this section. Notwithstanding
6 G.S. 105-277.3(b) and (b1), subsequent transfer of the property does not extinguish its
7 present-use value eligibility as long as the property remains subject to an enforceable
8 conservation easement that ~~qualifies~~qualifies, or that would have qualified had it been
9 conveyed through donation rather than a bargain sale, for the conservation tax credit
10 provided in G.S. 105-130.34 and G.S. 105-151.12. The exception provided in this
11 subsection applies only to that part of the property that is subject to the easement.

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

15 (1) The land was in actual production in turkey growing within the
16 preceding two years and qualified for present use value treatment
17 while it was in actual production.

18 (2) The land was taken out of actual production in turkey growing solely
19 for health and safety considerations due to the presence of Poulter
20 Enteritis Mortality Syndrome among turkeys in the same county or a
21 neighboring county.

22 (3) The land is otherwise eligible for present use value treatment.

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

27 (1) Enrollment in and compliance with an agency-administered and
28 approved farm management plan.

29 (2) Compliance with a set of best management practices.

30 (3) Compliance with a minimum gross income per acre test.

31 (4) Evidence of net income from the farm operation.

32 (5) Evidence that farming is the farm operator's principal source of
33 income.

34 (6) Certification by a recognized agricultural or horticultural agency
35 within the county that the land is operated under a sound management
36 program.

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

41 (g) Sound Management Program for Forestland. – If the owner of forestland
42 demonstrates that the forestland complies with a written sound forest management plan
43 for the production and sale of forest ~~products,~~products that includes the use of best
44 management practices for water quality as adopted by the Department of Environment

1 and Natural Resources, then the forestland is operated under a sound management
2 program.

3 (h) Sound Management Program for Wildlife Land. – If the owner of wildlife
4 land demonstrates that the wildlife land complies with a written sound wildlife
5 management plan that complies with standards established by the Wildlife Resources
6 Commission and the Department of Environment and Natural Resources, then the
7 wildlife land is operated under a sound management program."

8 **SECTION 3.** G.S. 105-277.4 reads as rewritten:

9 **"§ 105-277.4. Agricultural, ~~horticultural~~ horticultural, wildlife, and forestland –**
10 **Application; appraisal at use value; appeal; deferred taxes.**

11 (a) Application. – Property coming within one of the classes defined in
12 G.S. 105-277.3 is eligible for taxation on the basis of the value of the property in its
13 present use if a timely and proper application is filed with the assessor of the county in
14 which the property is located. The application must clearly show that the property
15 comes within one of the classes and must also contain any other relevant information
16 required by the assessor to properly appraise the property at its present-use value. An
17 initial application must be filed during the regular listing period of the year for which
18 the benefit of this classification is first claimed, or within 30 days of the date shown on
19 a notice of a change in valuation made pursuant to G.S. 105-286 or G.S. 105-287. A
20 new application is not required to be submitted unless the property is transferred or
21 becomes ineligible for use-value appraisal because of a change in use or acreage. An
22 application required due to transfer of the land may be submitted at any time during the
23 calendar year but must be submitted within 60 days of the date of the property's transfer.

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

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

1 (c) Deferred Taxes. – Land meeting the conditions for classification under
2 G.S. 105-277.3 must be taxed on the basis of the value of the land for its present use.
3 The difference between the taxes due on the present-use basis and the taxes that would
4 have been payable in the absence of this classification, together with any interest,
5 penalties, or costs that may accrue thereon, are a lien on the real property of the
6 taxpayer as provided in G.S. 105-355(a). The difference in taxes must be carried
7 forward in the records of the taxing unit or units as deferred taxes. The taxes become
8 due and payable when the land fails to meet any condition or requirement for
9 classification. Failure to have an application approved is ground for disqualification.
10 The tax for the fiscal year that opens in the calendar year in which deferred taxes
11 become due is computed as if the land had not been classified for that year, and taxes
12 for the preceding ~~three~~ 10 fiscal years that have been deferred are immediately payable,
13 together with interest as provided in G.S. 105-360 for unpaid taxes. Interest accrues on
14 the deferred taxes due as if they had been payable on the dates on which they originally
15 became due. If only a part of the qualifying tract of land fails to meet a condition or
16 requirement for classification, the assessor must determine the amount of deferred taxes
17 applicable to that part and that amount becomes payable with interest as provided
18 above. Upon the payment of any taxes deferred in accordance with this section for the
19 ~~three~~ 10 years immediately preceding a disqualification, all liens arising under this
20 subsection are extinguished. The deferred taxes for any given year may be paid in that
21 year without the qualifying tract of land becoming ineligible for deferred status.

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

- 26 (1) There is a change in income caused by enrollment of the property in
27 the federal conservation reserve program established under 16 U.S.C.
28 Chapter 58.
- 29 (2) The property is conveyed by gift or bargain sale to a nonprofit
30 organization and qualifies for exclusion from the tax base pursuant to
31 G.S. 105-275(12) or G.S. 105-275(29).
- 32 (3) The property is conveyed by gift or bargain sale to the State, a political
33 subdivision of the State, or the United States.

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

35 **SECTION 4.** G.S. 105-277.5 reads as rewritten:

36 "**§ 105-277.5. Agricultural, ~~horticultural~~ horticultural, wildlife, and forestland –**
37 **Notice of change in use.**

38 Not later than the close of the listing period following a change ~~which~~ that would
39 disqualify all or a part of a tract of land receiving the benefit of this classification, the
40 property owner shall furnish the assessor with complete information regarding such
41 change. Any property owner who fails to notify the assessor of changes as aforesaid
42 regarding land receiving the benefit of this classification shall be subject to a penalty of
43 ten percent (10%) of the total amount of the deferred taxes and interest thereon for each
44 listing period for which the failure to report continues."

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

2 "**§ 105-277.6. Agricultural, ~~horticultural~~ horticultural, wildlife, and forestland –**
3 **Appraisal; computation of deferred tax.**

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

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

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

16 **SECTION 6.** G.S. 160A-37(f1) reads as rewritten:

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

22 (1) ~~Land that~~The land is being taxed at present-use value pursuant to
23 G.S. 105-277.4.

24 (2) ~~Land that~~The land ~~meets [both of the following conditions];~~meets
25 both of the following conditions:

26 a. On the date of the resolution of intent for annexation it was
27 being used for actual production and is eligible for present-use
28 value taxation under G.S. 105-277.4, but the land ~~has [had]~~had
29 not been in use for actual production for the required time under
30 G.S. 105-277.3.

31 b. The assessor for the county where the land subject to
32 annexation is located has certified to the city that the land meets
33 the requirements of this subdivision."

34 **SECTION 7.** G.S. 160A-49(f1) reads as rewritten:

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

40 (1) ~~Land that~~The land is being taxed at present-use value pursuant to
41 G.S. ~~105-277.4; or~~105-277.4.

42 (2) ~~Land that:~~The land meets both of the following conditions:

43 a. ~~Was on~~On the date of the resolution of intent for annexation it
44 was being used for actual production and is eligible for

1 present-use value taxation under G.S. 105-277.4, but the land
2 ~~has had~~ not been in use for actual production for the required
3 time under G.S. ~~105-277.3; and~~ 105-277.3.

4 b. The assessor for the county where the land subject to
5 annexation is located has certified to the city that the land meets
6 the requirements of this ~~subdivision~~ subdivision
7 ~~the annexation becomes effective as to that property pursuant to subsection (f2) of this~~
8 ~~section."~~

9 **SECTION 8.** This act is effective for taxes imposed for taxable years
10 beginning on or after July 1, 2006.