



North Carolina Department of Revenue

Beverly Eaves Perdue  
Governor

Kenneth R. Lay  
Secretary

September 13, 2010

**MEMORANDUM**

TO: County Assessors and Tax Administrators

FROM: David B. Baker, Director  
Property Tax Division

RE: 2010 Property Tax Legislation

We are enclosing a summary of the significant property tax legislation (having state-wide application) enacted by the 2010 Session of the North Carolina General Assembly. The summary includes the bill number, purpose of the bill, and brief comments as to each ratified bill. This year we are not enclosing copies of the chaptered bills. A copy of each bill may be obtained at the following web page.

<http://www.ncga.state.nc.us/>

If you do not serve as the tax collector, please make copies of this memorandum and summary available to the person holding that position in your county.

If you have any questions concerning any of this new legislation, please call our staff at 919-733-7711.

## 2010 PROPERTY TAX LEGISLATION

### Bills Enacted by the 2010 Session of the N.C. General Assembly

#### Ratified House Bills

##### **HB 1249**

##### **G.S. 277.1D — Inventory Property Tax Deferral:**

Allows the taxes on a residence constructed by a builder and owned by the builder or a business entity of which the builder is a member, as defined in G.S. 105-277.2 to be deferred until a disqualifying event occurs.

(Effective for taxes imposed for taxable years beginning on or after July 1, 2010; HB 1249, s. 1, S.L. 2010-140.)

1. The counties may have denied applications from taxpayers who may now qualify under the revised statutory language. It is recommended that the county send a notice to those taxpayers who were previously denied to let them know that they may reapply for the 2010 tax year based upon the revised statutory language.
2. Some taxpayers may not have filed an application. Those taxpayers may now apply based upon the revised statutory language.

In both situations, the applications must be filed before the end of 2010 to be effective for this tax year pursuant to G.S. 105-382.1(a1). Since the General Assembly did not provide an extended time period for timely filing of these applications, the applications will be untimely. NCDOR recommends that the assessor take the untimely applications filed under this specific circumstance to the county commissioners with the recommendation that they be approved if all requirements are met. While the taxpayers must show good cause for failure to timely file the applications, they were either turned away, chose not to file, or their applications were denied based on requirements that have since been changed by the new statutory language. Thus, the good cause requirement has likely been met.

##### **HB 1673**

##### **G.S. 161-31 — Payment of Delinquent Property Taxes:**

Provides that the Duplin County Board of Commissioners may by resolution require the register of deeds not to accept any deed transferring real property for registration unless the county tax collector has certified that no county or municipal ad valorem taxes are a lien on the property or that no other taxes which have been charged to the collector are a lien on the property. This act only applies to Duplin County.

(Effective June 28, 2010; HB 1673, s. 1, S.L. 2010-24.)

##### **HB 1754**

##### **G.S. 161-31(b) — Payment of Delinquent Property Taxes:**

Adds Dare and McDowell counties to the list of counties authorized to require the payment of delinquent property taxes before recording deeds conveying property.

(Effective July 1, 2010; HB 1754, s. 1, S.L. 2010-44.)

## **HB 1953**

### **G.S. 153A-340, G.S. 153A-357(c)(2) and G.S. 105-360 — Currituck County and Pasquotank County:**

Provides that Currituck County may prohibit the issuance of a land-use permit or a building permit to a delinquent taxpayer and allows Pasquotank County to set the tax prepayment discount by June 30, 2010.

(Effective June 30, 2010; HB 1953, s. 2, 3, and 4, S.L. 2010-30.)

## **Ratified Senate Bills**

### **SB 897**

#### **G.S. 105-501(b) — Reimbursement to the State for Local Government Services:**

Changes the method by which the State is reimbursed for costs incurred by the Department of Revenue for performing duties imposed by Article 15 and the costs incurred by the North Carolina Property Tax Commission.

(Effective July 1, 2010; SB 897, s. 26.1(a), S.L. 2010-31.)

#### **G.S. 105A-2 and G.S. 105A-3(c) — Debt Set-Off:**

Changes the definition of a Debtor from an "individual" to "a person who owes a debt." Adds the requirement that whenever possible, all claimant agencies shall obtain and provide to the Department of Revenue the full name, social security number or federal identification number, address, and any other identifying information required by the Department of Revenue.

(Effective July 1, 2010; SB 897, s. 31.8(d), 31.8(e), and 31.8(f), S.L. 2010-31.)

### **SB 1177**

#### **G.S. 105-275(29a) — Historic Property:**

Technical change which clarifies that all liens arising under this subdivision are extinguished upon the location of an historic structure on the site within the time period allowed under this subdivision.

(Effective July 17, 2010; SB 1177, s. 15, S.L. 2010-95.)

#### **G.S. 105-277.1C(b)(1) — Disabled Veteran Property Tax Homestead Exclusion:**

Adds a new section which allows a residence owned by a deceased veteran to qualify for the disabled veteran property tax exclusion, if the United States Department of Veterans Affairs or another federal agency has certified that, as of January 1, preceding the taxable year for which the exclusion allowed by this section is claimed, the veteran's death was the result of a service-connected condition. Defines service connected as defined in 38 U.S.C. § 101.

(Effective July 17, 2010; SB 1177, s. 16, S.L. 2010-95.)

#### **G.S. 105-278(b) — Historic Property:**

Technical change which clarifies that no deferred taxes are due and all liens arising under this subdivision are extinguished when the property's historical significance is lost or substantially impaired due to fire or other natural disaster.

(Effective July 17, 2010; SB 1177, s. 17, S.L. 2010-95.)

**G.S. 105-278.6(e) — Low or Moderate Income Housing:**

Technical change which clarifies that all liens arising under this subdivision are extinguished when the property is used for low or moderate income housing within the time period allowed under this subdivision.

(Effective July 17, 2010; SB 1177, s. 18, S.L. 2010-95.)

**G.S. 105-330.9 and G.S. 105-330.11 — Motor Vehicles**

Amends the effective date of the combined property tax and vehicle registration system provided for by House Bill 1779.

(Effective July 17, 2010; SB 1177, s. 21 and 22, S.L. 2010-95.)

**G.S. 105-333(14) — Public Service Company:**

Amends the definition of public service company by removing the reference to radio common carrier company as defined in G.S. 62-119(3).

(Effective July 17, 2010; SB 1177, s. 19, S.L. 2010-95.)

**G.S. 105-333(21) — Motor Freight Carrier Terminal:**

Adds the following definition for a terminal: A motor freight carrier facility that includes buildings for the handling and temporary storage of freight pending transfer between locations. The term also includes a facility that handles truckloads only and typically consists of a wide, open space where rolling stock is parked and a building for offices and maintenance of rolling stock.

(Effective July 17, 2010; SB 1177, s. 20, S.L. 2010-95.)

**SB 1362**

**G.S. 153A-18(c) — Orange County and Alamance County Boundary:**

Enables the transition of properties of the area along the common boundary between Alamance County and Orange County due to the 2008 North Carolina Geodetic Survey.

(Effective July 1, 2010; SB 1362, s. 1, S.L. 2010-61.)