

AN OUTLINE OF PROPERTY TAX EXEMPTIONS AND EXCLUSIONS

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Property Imported Through N.C. Seaport Terminal

Citation: G.S. 105-275(2)

Qualifying property: tangible personal property imported from foreign country through a North Carolina seaport terminal

Qualified owner: any person, firm, or corporation

Qualifying use: stored at the North Carolina seaport terminal through which imported for not more than 12 months following importation

Application procedure: annual

Relief granted: exempt

Nonprofit Water and Sewer Associations

Citation: G.S. 105-275(3)

Qualifying property: all real and personal property owned by qualified owner

Qualified owner: nonprofit water or nonprofit sewer associations or corporations

Qualifying use: no restrictions

Application procedure: one-time

Relief granted: exempt

Disabled Veterans—Specially Equipped Motor Vehicles

Citation: G.S. 105-275(5) and (5a)

Qualifying property: (1) motor vehicle given to qualified owner by United States government on account of disabilities suffered in World War II, the Korean Conflict, or the Viet Nam Era, or (2) motor vehicle altered with special equipment to accommodate a service-connected disability

Qualified owner: As to category (1), disabled veteran of World War II, the Korean Conflict, or the Viet Nam Era receiving gift of qualifying property, or a person entitled to receive gift of qualifying property under 38 U.S.C. § 252. As to category (2), disabled veterans as defined by 38 U.S.C. § 101(2) who is entitled to special automotive equipment for service-connected disability, as provided by 38 U.S.C. § 3901.

Application procedure: annual application required

Relief granted: exempt

Special Nuclear Materials

Citation: G.S. 105-275(6)

Qualifying property: special nuclear fuels, excluding source materials

Qualified owner: any person, firm, or corporation

Qualifying use: held by the manufacturer or processor of the materials (whether or not the owner) for the purpose of manufacture, processing, or delivery, but **not** for the use of the materials as fuel

Special provisions: "Special nuclear materials" and "source materials" defined. Property may become disqualified if the manufacturer fails to observe applicable health and safety standards and procedures.

Application procedure: annual

Relief granted: exempt

Public Parks and Drives

Citation: G.S. 105-275(7)

Qualifying property: all real and personal property owned by qualified owner

Qualified owner: (1) nonprofit corporation formed under G.S. Ch. 55A, or (2) bona fide charitable organization

Qualifying use: operated by owner or leased to another who would be qualified owner and appropriated exclusively for public parks and drives

Application procedure: one-time

Relief granted: exempt

Pollution Abatement Property

Citation: G.S. 105-275(8)a

Qualifying property: Category 1: any real or personal property; Category 2: waste lagoons and facilities

Qualified owner: Category 1: any person, firm, or corporation; Category 2: public or private utilities

Qualifying use: Category 1: property used or to be used exclusively for air cleaning or waste disposal, or to abate, reduce, or prevent the pollution of air or water; Category 2: facilities built and installed primarily to provide sewer service to areas that are predominantly residential in character or lie outside a territory that already has sewer service.

Special provisions: contingent on a certificate from the Environmental Management Commission (or certified local air pollution control program) that:

- a. the property has been or will be constructed;
- b. the property complies with EMC requirements;
- c. the property will operate under an EMC permit; and
- d. the primary purpose of the property is pollution abatement.

Application procedure: annual

Relief granted: exempt

Recycling and Resource Recovery

Citation: G.S. 105-275(8)b

Qualifying property: any real and personal property used for qualifying use

Qualified owner: any person, firm, or corporation

Qualifying use: used or to be used exclusively for recycling or resource recovering of or from solid waste

Special provisions: contingent on certificate of Department of Human Resources that property has been or will be constructed, complies with regulations of DHR, and has as primary purpose recycling or resource recovering of or from solid waste

Application procedure: annual

Relief granted: exempt

Cotton Dust Emission Control Equipment

Citation: G.S. 105-275(8)c

Qualifying property: tangible personal property

Qualified owner: any person, firm, or corporation

Qualifying use: exclusively used or to be used to prevent or reduce cotton dust inside a textile plant, in accordance with the Occupational Safety and Health Act (G.S. Ch. 95, art. 16)

Special provisions: the Department of Revenue is directed to adopt guidelines to aid in administering the exclusion

Application procedure: annual

Relief granted: exempt

Major Recycling Facilities

Citation: G.S. 105-275(8)d

Qualifying property: Any real of personal property located at or on land in the same county and reasonably near the plant site, including utility infrastructure and transportation infrastructure

Qualified owner: any person, firm, or corporation that operates a manufacturing plant meeting the following criteria: (a) at least 75% of whose products are made of at least 50% post-consumer waste material measured by weight or volume, (b) at the time construction began, the facility was located in an enterprise tier one area as defined in GS 105-129.3, (c) the Sec'y of Commerce has certified that by the end of the second year after construction begins, the owner will have invested at least \$150 million in the facility and will have created at least 155 new full-time jobs at the facility, and (c) the jobs will meet the wage standard in effect pursuant to G.S. 105-129.4(b) as of the date construction begins.

Qualifying use: used by a qualified owner (or if under construction, to be used) predominantly for recycling or resource recovering of or from solid waste in a recycling facility and used to perform business functions related to the recycling facility or to transport materials and products to or from the plant.

Special provisions: The Department of Environment and Natural Resources must furnish a certificate to the county assessor stating that the Department has found the described property complies with the Department's rules and that it will have as a purpose recycling or recourse recovery of or from solid waste.

Application procedure: annual

Relief granted: exempt

Protected Natural Areas

Citation: G.S. 105-275(12)

Qualifying property: real property owned by qualified owner

Qualified owner: nonprofit corporation or association

Qualifying use: exclusively held and used by owner for educational and scientific purposes as a protected natural area

Special provisions: "protected natural area" defined

Application procedure: one-time

Relief granted: exempt

Motor Vehicle Chassis

Citation: G.S. 105-275(14)

Qualifying property: motor vehicle chassis belonging to qualified owner

Qualified owner: any nonresident individual or corporation

Qualifying use: temporarily in North Carolina for purpose of having body mounted thereon

Application procedure: none required

Relief granted: exempt

Standing Timber

Citation: G.S. 105-275(15)

Qualifying property: standing timber, pulpwood, seedlings, saplings, and other forest growth

Qualified owner: any person, firm, or corporation

Application procedure: none required

Relief granted: exempt

Non-Business Personal Property

Citation: G.S. 105-275(16)

Qualifying property: personal property other than motor vehicles, watercraft, motors for watercraft, or aircraft

Qualified owner: individual persons

Qualifying use: personal use and not otherwise used in connection with a business, trade or profession for the production of income

Application procedure: none required

Relief granted: exempt

Veterans Organizations

Citation: G.S. 105-275(17)

Qualifying property: real and personal property belonging to a qualified owner and additional adjacent real property necessary for the convenient, normal use of buildings on qualified property.

Qualified owner:

1. American Legion, Veterans of Foreign Wars, Disabled American Veterans
2. Similar veterans organizations
 - a. chartered by Congress, or
 - b. organized and operated on a statewide or nationwide basis
3. any post or local organization of a qualifying veterans organization

Qualifying use: exclusively for meeting or lodge purposes by the qualified owner; incidental use for other purposes does not defeat exemption; exemption prorated upon partial use for non-exempt purpose. G.S. 14-309.7(d) provides that conduct of bingo or raffles on property belonging to an organization eligible for a bingo license does not affect eligibility of the property for exemption or classification under the Machinery Act.

Application procedure: one-time

Relief granted: exempt

Masonic Orders

Citation: G.S. 105-275(18)

Qualifying property: real and personal property belonging to a qualified owner and additional adjacent real property necessary for the convenient, normal use of buildings on qualified property.

Qualified owner: Grand Lodge of Ancient Free and Accepted Masons of North Carolina; Price Hall Masonic Grand Lodge of North Carolina; subordinate lodges and appendant bodies including Ancient and Arabic Order Nobles of the Mystic Shrine and Ancient Egyptian Order Nobles of the Mystic Shrine

Qualifying use: exclusively for meeting or lodge purposes by qualifying owner; incidental use for other purposes does not defeat exemption; exemption prorated upon partial use for non-exempt purpose. G.S. 14-309.7(d) provides that conduct of bingo or raffles on property belonging to an organization eligible for a bingo license does not affect eligibility of the property for exemption or classification under the Machinery Act

Application procedure: one-time

Relief granted: exempt

Fraternal and Civic Orders

Citation: G.S. 105-275(19)

Qualifying property: real and personal property belonging to a qualified owner and additional adjacent real property necessary for the convenient, normal use of buildings on qualified property

Qualified owner: Loyal Order of Moose; Benevolent and Protective Order of Elks; Knights of Pythias; Odd Fellows; Woodmen of the World, and similar fraternal and civic orders and organizations (other than social fraternities and sororities and similar college, university, or high school organizations) operated for nonprofit benevolent, patriotic, historical, charitable, or civic purposes

Qualifying use: exclusively for meeting or lodge purposes by qualified owner; incidental use for other purposes does not defeat exemption; exemption prorated upon partial use for non-exempt purposes. G.S. 14-309.7(d) provides that conduct of bingo license

does not affect eligibility of the property for exemption or classification under the Machinery Act

Application procedure: one-time

Relief granted: exempt

Goodwill Industries

Citation: G.S. 105-275(20)

Qualifying property: real and personal property belonging to qualified owner

Qualified owner: Goodwill Industries and other charitable organizations organized for training and rehabilitation of disabled persons

Qualifying use: exclusively for training and rehabilitation, including commercial activities directly related to such training and rehabilitation

Application procedure: by custom, one-time

Relief granted: exempt

Disabled Veterans—Specially Equipped Housing

Citation: G.S. 105-275(21)

Qualifying property: first \$38,000 in assessed value of housing together with the necessary land therefor

Qualified owner: disabled veteran who receives benefits under 38 U.S.C. § 801 [now codified as 38 U.S.C. § 2101]

Qualifying use: owned and used as a residence

Special provisions: "This exclusion shall be the total amount of the exclusion applicable to such property."

Application procedure: by custom, one-time

Relief granted: first \$38,000 in assessed value is exempt

Domestic Property Held in Foreign Trade Zone

Citation: G.S. 105-275(23)

Qualifying property: tangible personal property produced in the United States and held in a Foreign Trade Zone either in its original form or as altered by manufacture, processing, assembly, grading, cleaning, or mixing

Qualified owner: any person, firm, or corporation

Qualifying use: held for export

Application procedure: annual

Relief granted: exempt

Imported Property in Foreign Trade Zone

Citation: G.S. 105-275(23)

Qualifying property: tangible personal property imported from outside the United States and held in a Foreign Trade Zone

Qualified owner: any person, firm, or corporation

Qualifying use: held for purpose of sale, manufacture, processing, assembly, grading, cleaning, mixing, or display

Application procedure: annual

Relief granted: exempt

Cargo Containers

Citation: G.S. 105-275(24)

Qualifying property: cargo containers and chassis, defined as non-adjustable receptacles of a permanent character, strong enough for repeated use, specially designed to facilitate the carriage of goods by one or more modes of transport (one of which must be by ocean vessel) without intermediate reloadings, fitted with devices permitting its ready handling, particularly in the transfer from one transport mode to another

Qualified owner: any person, firm, or corporation

Qualifying use: transportation of cargo by vessels in ocean commerce

Application procedure: annual

Relief granted: exempt

Flight Equipment of Air Couriers

Citation: G.S. 105-275(24a). Effective for 2001 and subsequent tax years.

Qualifying property: aircraft owned by or leased to an interstate air courier and apportioned under G.S. 105-227 to the owner's hub in North Carolina..

Qualifying owner: An air courier with a hub in North Carolina that meets all of the following criteria: (a) the hub has allocated to it under GS 105-338 more than 60% of the aircraft value apportioned to North Carolina, (b) the primary function of the hub is to sort and distribute letters and packages received from multiple consolidation locations, and (c) the courier's primary function at the hub is not to consolidate letters and packages and deliver them to another airport for sorting and distribution.

Qualifying use: used in the air courier's operations in North Carolina.

Application procedure: annual

Relief granted: exempt

Repaired Personal Property

Citation: G.S. 105-275(25)

Qualifying property: tangible personal property shipped into North Carolina from another state or nation

Qualified owner: any nonresident of North Carolina

Qualifying use: held in North Carolina for the purpose of repair, alteration, maintenance or servicing and eventual reshipment to the owner at a point outside North Carolina

Special provisions: does not include raw materials, supplies, or goods in process of manufacture

Application procedure: annual

Relief granted: exempt

Bill and Hold Goods

Citation: G.S. 105-275(26)

Qualifying property: tangible personal property manufactured in North Carolina "for the account" of a qualifying owner

Qualified owner: a nonresident customer of a North Carolina manufacturer

Qualifying use: held by the manufacturer for shipment [to a destination either in-state or out-of-state]

Special provisions: effective for the tax year immediately following transfer of title to the goods from the manufacturer to the buyer

Application procedure: none required

Relief granted: exempt

Historic Preservation Easements

Citation: G.S. 105-275(29)

Qualifying property: real property and easements

Qualified owner: any nonprofit historical association or institution, or any nonprofit corporation organized for historic preservation purposes.

Qualifying use: exclusively held and used for nonprofit historic preservation purposes, or exclusively held for sale under an historic preservation agreement prepared and recorded pursuant to the Conservation and Historic Preservation Agreements Act (G.S. Ch. 121, art. 4)

Application procedure: annual

Relief granted: exempt

Historic Landmark Sites

Citation: G.S. 105-275(29a)

Qualifying property. Land within an historic district.

Qualifying owner. A nonprofit corporation organized for historic preservation purposes.

Qualifying use. Held by owner for use as future site for an historic structure to be moved to the site from another location.

Relief granted. Exclusion from the tax base for up to five years pending moving of an historic structure to the site.

Special provisions. Taxes that would have been otherwise due on the property are carried forward as deferred taxes for up to five years; if property becomes ineligible deferred taxes for current and prior five years become due.

Intangible Personal Property

Citation: G.S. 105-275(31)

Qualifying property: intangible personal property other than leasehold interest in exempt real property

Qualified owner: anyone

Application procedure: no statutory provisions

Relief granted: exempt

Contractor's Inventory

Citation: G.S. 105-275(32a)

Qualifying property: inventories, as defined in G.S. 105-273(8a)

Qualifying owner: contractors, as defined in G.S. 105-273(5a)

Qualifying use: no special provisions

Relief granted: exempt

Application procedure: none required, pursuant to G.S. 105-282.1(a)(2)

Manufacturer's Inventory

Citation: G.S. 105-275(33)

Qualifying property: inventories, as defined in G.S. 105-273(8a)

Qualifying owner: merchants, manufacturers, and contractors as defined in G.S. 105-273(10a)

Qualifying use: no special provisions

Relief granted: exempt

Application procedure: none required, pursuant to G.S. 105-282.1(a)(2)

Retail and Whole Merchants' Inventory

Citation: G.S. 105-275(34)

Qualifying property: inventories, as defined in G.S. 105-273(8a)

Qualifying owner: retail merchants, as defined in G.S. 105-273(13a), and wholesale merchants, as defined in G.S. 105-273(19)

Qualifying use: no special provisions

Relief granted: exempt

Application procedure: none required, pursuant to G.S. 105-282.1(a)(2)

Severable Development Rights

Citation: G.S. 105-275(35)

Qualified property: severable development rights, as defined in G.S. 136-66.11(a)

Qualified owner: anyone

Qualified use: no special provisions

Relief granted: exempt

Application requirements: no specific provision

Radioactive Waste Disposal Authority

Citation: G.S. 105-275(36)

Qualifying property: all real and personal property belonging to qualified owner

Qualifying owner: North Carolina Low-Level Radioactive Waste Management Authority

Qualifying use: no special provisions

Relief granted: exempt

Application requirements: no specific provision

Poultry and Livestock

Citation: G.S. 105-275(37)

Qualifying property: poultry, livestock, and feed

Qualifying owner: anyone

Qualifying use: with respect to poultry and livestock, no restrictions. With respect to feed, must be used in production of poultry and livestock.

Relief granted: exempt

Application requirements: no specific provision

Hazardous Waste Management Commission

Citation: G.S. 105-275(38)

Qualifying property: all real and personal property belonging to the qualified owner

Qualified owner: North Carolina Hazardous Waste Management Authority

Qualifying use: none specified

Relief granted: exempt

Application requirements: no specific provision

Certain Property Leased to Local Governments

Citation: G.S. 105-275(39)

Qualifying property: all real and personal property belonging to qualified owner that (1) is leased to a unit of local government, and (2) meets the qualifying use test

Qualifying owner: a nonprofit corporation organized upon the request of a unit of local government for the sole purpose of financing projects for public use

Qualifying use: used wholly or partially for a public purpose by the lessee unit of local government

Relief granted: exempt

Application requirements: one-time application required

Special provisions: Proration required if only part of the property is used for public purposes. Exclusion does not apply if any dividends or other distributions are paid to any members, officers, or directors of the owning corporation.

Computer Software

Citation: G.S. 105-275(40)

Qualifying property: computer software and related documentation

Qualified owner: any taxpayer

Qualifying use: no use requirement imposed

Relief granted: exempt

Application procedure: no application for exclusion required.

Special provisions: the exclusion does not apply to (1) embedded software or (2) software acquired from a person unrelated to the taxpayer and capitalized on taxpayer's books.

Arts Objects

Citation: G.S. 105-275(41)

Qualifying property: objects of art

Qualified owner: North Carolina Art Society, Inc.

Qualifying use: no use requirement imposed

Relief granted: exempt

Application procedure: one-time.

Short-term Rental Vehicles

Citation: G.S. 105-275(42)

Qualifying property: vehicles offered at retail for short-term rental or lease

Qualifying owner: Entities in the business of short-term vehicle rental

Qualifying use: no use requirement imposed.

Relief granted: exempt

Application procedure: none required

Fertilizer

Citation: G.S. 105-277(d)

Qualifying property: fertilizer and fertilizer materials

Qualified owner: any person, firm, association or corporation owing debt to another as principal debtor for purchase of qualifying property

Qualifying use: held for qualified owner's own use in agriculture during current year

Application procedure: annual

Relief granted: amount of bona fide indebtedness incurred by qualified owner in purchase of qualifying property deducted from appraised value

Cotton Pledged as Collateral

Citation: G.S. 105-277(d)

Qualifying property: cotton

Qualified owner: any person, firm, or corporation

Qualifying use: held in North Carolina for manufacturing or processing in this State and pledged as collateral to secure debt incurred in purchase of qualifying property

Application procedure: annual

Relief granted: amount of bona fide indebtedness incurred by owner directly for purchase of qualifying deducted from appraised value

Solar Energy Systems

Citation: G.S. 105-277(g)

Qualifying property: buildings equipped with a solar energy heating or cooling system, or both

Qualified owner: any person, firm, or corporation

Special provisions: "system" defined

Application procedure: none required

Relief granted: assessed in accordance with county's schedules of value for buildings equipped with conventional heating or cooling systems, with no additional value assigned for the difference in cost between solar energy heating or cooling system and conventional system typically found in the county

Private Water Companies

Citation: G.S. 105-277(h)

Qualifying property: all real and personal property of qualified owner

Qualified owner: privately owned water companies

Application procedure: one-time

Relief granted: in appraising qualified property, the portion of the capital investment of the company represented by contributions in aid of construction and acquisition adjustment shall be excluded.

Farm Products Held by Cooperatives

Citation: G.S. 105-277.01

Qualifying property: farm products (including crops but excluding poultry and other livestock) held by or for qualified owner

Qualified owner: cooperative stabilization or marketing association or corporation

Qualified owner: delivered, conveyed, or assigned to qualified owner by original producer for purposes of sale

Application procedure: annual

Relief granted: to be assessed at appraised value less amount of any unpaid loan or advance made or granted thereon by the United States government or agency thereof, or a cooperative stabilization or marketing association or corporation

Elderly and Disabled Individuals Residential Property

Citation: G.S. 105-277.1

Qualifying property: the greater of \$20,000 or 50% of the appraised value of residential real property or a manufactured home

Qualified owner: North Carolina resident individual who is either 65 years of age or older or totally and permanent disabled who meets the disposable income limit. For 2002, the disposable income limit is \$18,000. For 2003 and future years, the disposable income limit will be adjusted by the same cost-of-living adjustment made to Social Security benefits for the preceding calendar year, rounded to the nearest \$100.

Qualifying use: occupied by owner as permanent residence

Special provisions: Contains definitions of: “owner,” “income,” “permanent residence,” “totally and permanently disabled.” Makes special provision for (1) temporary absence because of illness; (2) computing disposable income for married individuals living with spouse; (3) limiting to \$20,000 or 50% of appraised value the total exclusion applicable to any one residence; and (4) prorating exclusion among co-owners other than husband and wife.

Application procedure: one-time application. Special notice and application form to be printed on abstract or furnished separately. Disabled applicants required to furnish medical certification at time of first application. Special application deadline of June 1 for eligibility in the upcoming tax year.

Use-Value Appraisal

Citation: G.S. 105-277.2

Qualifying property:

1. Agricultural land: farm units consisting of one or more tracts, one of which has at least 10 acres of land in actual production, including woodland and wasteland that is part of the unit and land under improvements, but not including buildings.
2. Horticultural land: horticultural units consisting of one or more tracts, one of which has at least 5 acres of land in actual production, including woodland and wasteland that is part of the unit and land under improvements, but not including buildings.
3. Forest land: forest land consisting of one or more tracts, one of which consists of at least 20 acres in actual production, including wasteland that is part of the unit, excluding land that is part of a farm [or horticultural] unit.

Qualified owner: an individual or business entity coming within one or more of the following categories:

- A. Individuals who meet one of the following criteria:
1. The owner resides on the property
 2. The owner has owned the property for the previous four years as of January 1 of the first year for which eligibility is claimed.
 3. The owner acquired the property from a relative (as defined), and the property has been owned by the current owner and a relative for the previous four years as of January 1 of the first year for which eligibility is claimed.
 4. The owner already owns other land eligible for use-value when the property for which eligibility is sought is acquired
- B. A business entity that meets all of the following criteria:
1. The principal business of the entity is agriculture, horticulture, or forestry.
 2. All of the members of the business entity are
 - (a) individual persons actively engaged in the business of the entity,
or
 - (b) a relative of an individual person who is actively engaged in the business of the entity.
 3. The property for which eligibility is sought has been owned for the four previous years by the corporation itself or by one or more of its principal shareholders, or was subject to or eligible for use-value appraisal in the hands of the former owner at the time it was acquired by the entity.
- C. A trust that meets one of the following criteria:
1. The trust was created by a natural person who transferred land to the trust.
 2. Each of the beneficiaries of the trust entitled to receive current distributions of principal or income meets one of the following conditions:
 - (a) The beneficiary is the creator of the trust or the creator's relative;
or
 - (b) The beneficiary is a second trust whose beneficiaries are all either the creator of the first trust or the creator's relative.

- D. A testamentary trust that meets all of the following criteria:
1. The trust was created by a natural person who transferred land qualified for use-value to the trust.
 2. The creator of the trust had no relatives (as defined in the use-value statute) at the time of death.
 3. The trust income (less administrative expenses) is used exclusively for educational, scientific, literary, cultural, charitable, or religious purposes.

Qualifying use:

1. agricultural units meeting all of the following criteria:
 - a. actively engaged in commercial production of growing crops, plants or animals
 - b. gross income from sale of agricultural products produced thereon (including government payments for soil conservation or land retirement) averaging \$1,000 per year over the three prior years
 - c. managed under a program of production designed to obtain the greatest net return from the land consistent with conservation and long-term development ("sound management program")
2. horticultural units meeting all of the following criteria:
 - a. actively engaged in commercial production of fruits, vegetables, nursery or floral stock
 - b. gross income from sale of horticultural products produced thereon (including government payments for soil conservation or land retirement) averaging \$1,000 per year over the three prior years
 - c. managed under a program of production designed to obtain the greatest net return from the land consistent with conservation and long-term development ("sound management program")
3. forest land meeting all of the following criteria:
 - a. actively engaged in the commercial growing of trees
 - b. managed under a program of production designed to obtain the greatest net return from the land consistent with conservation and long-term development ("sound management program")

Special provisions:

- A. "Relative" is defined to include the following persons:
 - 1. A spouse or a spouse's lineal ancestor or descendant;
 - 2. A lineal ancestor or descendant;
 - 3. A brother or sister or the lineal descendant of a brother or sister (including stepbrothers and stepsisters).
 - 4. An aunt or an uncle (but not lineal descendants of aunts or uncles).
 - 5. A spouse of any of the above (but not lineal descendants of spouses other than the owner's own spouse).
- B. "Business entity" is defined to include corporations, general partnerships, limited partnerships, and limited liability companies.
- C. Enrollment in federal Conservation Reserve Program does not disqualify otherwise eligible land solely on grounds that land is not in actual production; and income from CRP may be used in meeting income requirements; CRP land is to be treated as agricultural land if planted in vegetation other than trees, or as forest land if planted in trees; and disqualification of CRP land due to failure to meet income requirement does not trigger deferred tax provisions.
- D. Special rules apply to gross income requirement applicable to horticultural land used to produce Christmas trees.
- E. A special rule applies to agricultural land out of production due to Poultry Mortality Syndrome among turkeys. G.S. 105-277.3(e).

Application procedure: one-time, but assessor is required to audit one-eighth of eligible units annually to verify continued eligibility

Relief granted: Qualifying property is assessed for taxation at use-value rather than market value. The difference between taxes due under market value appraisal and those assessed under use value appraisal are deferred so long as the property remains eligible for use-value appraisal. When eligibility is lost, deferred taxes for the three prior years (including interest) become due and payable and taxes for the current year are due on the market value appraisal.

Deferred taxes are extinguished when use-value land is conveyed by gift to (1) a governmental entity or (2) non-profit corporation qualified for exclusion of its real property under G.S. 105-275(12) [protected natural areas] or G.S. 105-275(29) [historic preservation].

Property of Homeowners Associations

Citation: G.S. 105-277.8

Qualifying property: any real and personal property

Qualified owner: any nonprofit homeowners' association, as defined by § 528(c) of the Internal Revenue Code.

Qualifying use: use of the property meets all of the following criteria:

- a. all property owned by the association is held for the use, benefit, and enjoyment of all its members equally;
- b. each member has an irrevocable right to use and enjoy, on an equal basis, all of the associations;
- c. each such right is appurtenant to taxable real property owned by a member of the association.

Application procedure: one-time

Relief granted: Value of the property is to be included in appraisals of property owned by members of the association and not assessed to the association; the assessor may allocate the value of the property among the association's members on any fair and reasonable basis.

Roadway Corridors

Citation: G.S. 105-277.9

Qualifying property: real property lying within a roadway corridor marked on an official map filed under G.S. Ch. 136, Art. 2E

Qualified owner: anyone

Qualifying use: No building or other structure located on the property, and property has not been subdivided since it was included in the corridor.

Relief granted: taxation at 20% of the rate applicable to property generally

Application procedure: annual

Precious Metals

Citation: G.S. 105-277.10

Qualifying property: precious metals, including rhodium and platinum

Qualifying owner: manufacturer

Qualifying use: held for use directly in manufacturing or processing

Relief granted: special appraisal instructions

Special provisions: one-time application required; approved application covers after-acquired property as well.

Antique Airplanes

Citation: G.S. 105-277.12

Qualifying property: Airplanes that are registered with the FAA and are model year 1954 or older

Qualified owner: individual persons

Qualifying use: maintained primarily for use in exhibitions, club activities, air shows, and other public interest functions, are used only occasionally for other purposes, and are not used for production of income or in connection with a business.

Application procedure: no requirement

Relief granted: assessed at the lower of true value or \$5,000.

Brownfields Improvements

Citation: G.S. 105-277.13

Qualifying property: Improvements made to real property that is subject to a brownfields agreement between the owner and the Department of Environment and Natural Resources pursuant to G.S. 130A-310.32.

Qualified owner: no special provisions.

Qualifying use: no special provisions.

Application procedure: one-time.

Relief granted: assessed by excluding a portion of the value from assessment for the first five years after completion as follows: Year 1—90%; Year 2—75%; Year 3—50%; Year 4—30%; Year 5—10%.

Historic Property

Citation: G.S. 105-278

Qualifying property: real property designated as a historic structure or site by a local ordinance adopted pursuant to G.S. 160A-399.4 or as a historic landmark by a local ordinance adopted pursuant to G.S. 160A-400.6

Qualified owner: any person, firm, or corporation

Qualifying use: no restrictions

Application procedure: one-time

Relief granted: assessment at 50% of appraised value. Taxes due under full-value assessment are computed but deferred while property remains eligible. Upon losing eligibility for reason other than damage or destruction by fire or other natural disaster, deferred taxes for three prior years (including interest) become due and payable.

Property of Federal Government

Citation: G.S. 105-278.1(a)

Qualifying property: real and personal property owned by qualified owner

Qualified owner: United States of America and all departments, institutions, and agencies thereof

Qualifying use: no restrictions

Special provisions: only federally owned property not subject to State and local taxes "by virtue of federal law" included in the class

Application procedure: none required

Relief granted: exempt

Property of State and Local Governments

Citation: G.S. 105-278.1(b)

Qualifying property: all real and personal property of qualified owner

Qualified owner:

1. State of North Carolina

2. a county of this state
3. a municipality of this state

Qualifying use: no restrictions

Application procedure: none required

Relief granted: exempt

Burial Property

Citation: G.S. 105-278.2

Qualifying property: real property **set apart** for qualifying use

Qualified owner: any person, firm, or corporation

Qualifying use: burial purposes, but **not** held for purposes of (a) sale or rental, or (b) sale of burial rights

Application procedure: none required

Relief granted: exempt

Special provisions: assessor is required to consider the following factors in assessing the property:

1. effect on value by division and development into burial plots;
2. whether property is irrevocably dedicated for human burial purposes by recorded plat; and
3. whether owner is prohibited or restricted by law or otherwise from selling, mortgaging, leasing, or encumbering the property.

Religious Property

Citation: G.S. 105-278.3

Qualifying property: buildings, the land they actually occupy, and additional adjacent land reasonably necessary for the convenient use of any such building, and personal property, wholly owned by a qualified owner.

Qualified owner: (1) a congregation, parish, mission, or similar local unit of a church or religious body, or (2) a conference, association, presbytery, diocese, district, synod, or similar unit comprising local units of a church or religious body

Qualifying use:

1. wholly and exclusively used by the owner for religious purposes, i.e.
 - a. any purpose pertaining to practicing, teaching, and setting forth a religion
 - b. worship
 - c. activities that demonstrate and further the benefits and objectives of a given church or religious body
 - d. as to qualified owners in category (2), above, maintenance of general or promotional office or headquarters
 - e. residences for clergy, rabbis, priests or nuns assigned to or serving a qualified owner, but **specifically not including** maintenance of residences for other employees
 - f. residences for clergy on furlough or unassigned
2. use of portion of otherwise qualifying property as residence for individual who
 - a. provides guardian, janitorial, or custodial services for the property, **or**
 - b. oversees and supervises qualifying activities upon and in connection with the property
3. parking, when the total revenue from such use does not exceed the portion of maintenance expenses reasonably estimated to be attributable to such use
4. gratuitously occupied by or made available to an occupant or possessor other than the owner who uses the property wholly and exclusively for religious, charitable, or nonprofit educational, literary, scientific, or charitable purposes.
5. incidental use for other purposes does not defeat exemption; exemption prorated upon partial use for non-exempt purpose
6. G.S. 14-309.7(d) provides that conduct of bingo or raffles on property belonging to an organization eligible for a bingo license does not affect eli-

gibility of the property for exemption or classification under the Machinery Act.

Definitions: religious purpose; charitable purpose; educational purpose, literary purpose; cultural purpose; scientific purpose

Application procedure: one-time

Relief granted: exempt

Educational Institutions

Citation: G.S. 105-278.4

Qualifying property:

1. Buildings, the land they actually occupy, and additional adjacent land reasonably necessary to the convenient use of any such building.
2. Land (exclusive of improvements), improvements other than buildings, land actually occupied by improvements, and additional adjacent land reasonably necessary to the convenient use of any such improvements.
3. As to both buildings and land, of a kind commonly employed in the performance of activities naturally and properly incident to the operation of an educational institution such as the owner.
3. Personal property

Qualified owner:

1. As to buildings, above, nonprofit educational institutions
2. As to land, nonprofit educational institutions owning qualified buildings
3. As to personal property, a church or religious body or a nonprofit educational institution owning qualified buildings and land.

Qualifying use:

1. as to land and buildings,
 - a. wholly and exclusively used by the owner for educational purposes,
or

- b. occupied gratuitously by another nonprofit educational institution and wholly and exclusively used by the occupant for nonprofit educational purposes
 2. as to personal property,
 - a. wholly and exclusively used by the owner for educational purposes,
or
 - b. held gratuitously by a church, religious body, or nonprofit educational institution and exclusively used for nonprofit educational purposes by the possessor
 3. incidental use for other purposes does not defeat exemption; exemption prorated upon partial use for non-exempt purpose
 4. operation of golf course, tennis court, sports area, or similar facilities is deemed an educational purpose regardless of the extent to which such facilities may be used by the general public.
 5. G.S. 14-309.7(d) provides that conduct of bingo or raffles on property belonging to an organization eligible for a bingo license does not affect eligibility of the property for exemption or classification under the Machinery Act.

Definitions: educational purpose; illustrative list of educational institutions

Application procedure: one-time

Relief granted: exempt

Religious Educational Assemblies

Citation: G.S. 105-278.5

Qualifying property: buildings, the land they actually occupy, and additional adjacent land reasonably necessary for the convenient use of any such building, of a kind commonly employed in those activities naturally and property incident to the operation of a religious educational assembly such as the owner, and personal property

Qualified owner: religious educational assembly, retreat, or similar organizations, no officer, shareholder, member or employee of which or any other person entitled to receive pecuniary profit from owner's operations except reasonable compensation for services

Qualifying use: As to real property, wholly and exclusively used for religious worship or purposes of instruction in religious education; as to personal property, exclusively maintained and used in connection with qualifying real property; incidental use for other purposes does not defeat exemption; exemption prorated upon partial use for non-exempt purpose. G.S. 14-309.7(d) provides that conduct of bingo or raffles on property belonging to an organization eligible for a bingo license does not affect eligibility of the property for exemption or classification under the Machinery Act.

application procedure: one-time

Relief granted: exempt

Charitable Purposes

Citation: G.S. 105-278.6

Qualifying property: real and personal property owned by a qualified owner

Qualified owner: the following agencies so long as they are not organized or operated for profit:

1. YMCA or similar organization
2. home for the aged, sick, or infirm
3. orphanage or similar home
4. SPCA
5. reformatory or correctional institution
6. monastery, convent, or nunnery
7. nonprofit, life-saving, first aid or rescue squad organization
8. nonprofit corporation providing housing for individuals or families with low or moderate income

Qualifying use: (1) as to real property actually and exclusively occupied and used for charitable purposes; (2) as to personal property, entirely and completely used for charitable purposes; (3) incidental use for other purposes does not defeat exemption; exemption prorated upon partial use for non-exempt purpose. G.S. 14-309.7(d) provides that conduct of bingo or raffles on property belonging to an organization eligible for a bingo license does not affect eligibility of the property for exemption or classification under the Machinery Act.

Definitions: charitable purpose

Application procedure: one-time

Relief granted: exempt

Special provisions: Property held by an organization providing housing for low- or moderate-income individuals as a future site for such housing qualifies for exemption, subject to a lien for deferred taxes. If housing units are constructed on the property within five years, the lien is extinguished; otherwise after five years the deferred taxes become due and payable with interest from the original due date.

Continuing Care Retirement Homes

Citation: G.S. 105-278.6A.

Qualifying property: Real and personal property owned by a qualified retirement facility.

Qualified owner: A community that meets all of the following criteria and conditions:

1. it is licensed under G.S. Ch. 58, Art. 64.
2. it is designed for elderly residents
3. it includes independent living units for elderly residents
4. it includes a skilled nursing facility or an adult care facility

Qualifying use: use in the operation of a qualified retirement facility

Application provisions: annual

Relief granted:

Total exclusion if the property meets all of the following criteria:

1. exempt from North Carolina income tax and private shareholders do not benefit from its operations.
2. All net revenue applied to providing uncompensated goods and services to the elderly and local community, or are applied to endowment or reserve for those purposes.
3. charter provides that upon dissolution all assets will revert to an organization exempt from federal income tax under Int. Rev. Code sec. 501(c)(3)

4. has an active program to general funds to assist serving persons who might not be able to reside in the facility without financial aid
5. serves all residents without regard to ability to pay, or devotes at least 5% of resident revenue to charity care for its residents.

Partial exclusion is allowed if the facility meets criteria (1) through (4), above, and devotes at least 1% but less than 5% of resident revenue to charity care for its residents. The amount of exclusion varies on a sliding scale from 20% to 80% depending on the percentage of resident revenue devoted to charity care.

Educational, Scientific, Literary, and Charitable Property

Citation: G.S. 105-278.7

Qualifying property: buildings, the land they actually occupy, and additional adjacent land reasonably necessary for the convenient use of any such building, and personal property, wholly owned by a qualified owner

Qualified owner: one of the following agencies:

1. charitable association or institution
2. historical association or institution
3. veterans' organization or association
4. scientific association or institution
5. literary association or institution
6. benevolent association or institution
7. nonprofit community or neighborhood organization

Qualifying use: wholly and exclusively used by its owner for nonprofit educational, scientific, literary, or charitable purposes, **or** gratuitously occupied by or made available to one who would be a qualified owner and wholly and exclusively used by the occupant for nonprofit educational, scientific, literary, or charitable purposes; incidental use for other purposes does not defeat exemption; exemption prorated upon partial use for non-exempt purpose. G.S. 14-309.7(d) provides that conduct of bingo or raffles on property belonging to an organization eligible for a bingo license does not affect eligibility of the property for exemption or classification under the Machinery Act.

Definitions: educational purpose; scientific purpose; literary purpose; charitable purpose

Application procedure: one-time

Relief granted: exempt

Charitable Hospitals

Citation: G.S. 105-278.8

Qualifying property: real and personal property held for or owned by qualified owner

Qualified owner: hospital organized and operated as a non-stock, nonprofit, charitable institution (without profit to members or their successors)

Qualifying use: actually and exclusively used for charitable hospital purposes; exemption prorated upon partial use for non-exempt purpose

Definitions: charitable hospital purpose

Other special provisions: fact that qualifying hospital charges patients who are able to pay for services rendered does not defeat exemption

Application procedure: one-time

Antique Automobiles

Citation: G.S. 105-330.9.

Qualifying property: An automobile that is registered and has a historic vehicle special license plate.

Qualified owner: Must be an individual.

Qualifying use: Is maintained primarily for use in exhibitions, club activities, parades, and other public interest functions and only occasionally for other purposes, and is used by the owner for purposes other than production of income and not in connection with a business.

Relief granted: Is assessed at the lower of market value or \$500.

Health Care Facilities Financed by Medical Care Commission

Citation: G.S. 131A-21.

Qualifying property: Health care facilities financed by bonds or notes issued by the North Carolina Medical Care Commission.

Qualified owner: No special requirements.

Qualifying use: No special requirements.

Relief granted: Exemption of the lesser of the original principal amount of the bonds or notes or the assessed value of the facility. Exemption applies only to that portion of the facility financed by Medical Care Commission bonds.

Application procedure: one-time.