CHAPTER 105

ARTICLE 12 - PROPERTY SUBJECT TO TAXATION

N.C.G.S. § 105-277.2.

Agricultural, horticultural, and forestland – Definitions.

SOURCE	LAST AMENDMENT IN THIS TEXT	RETRIEVED	SOURCE FINGERPRINT
General Statutes of North Carolina, as published by the General Assembly	S.L. 2022-55, s. 6(a) — fourteenth act in the lineage	21 September 2026, 04:56 UTC	0b7a76a42e9d1e18524ddedd - 3278dc3144db5ceee6ab32c3 - 9ff3d2d4dd4e3e8b

The following definitions apply in G.S. 105-277.3 through G.S. 105-277.7:

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. For purposes of this definition, the commercial production or growing of animals includes the rearing, feeding, training, caring, boarding, and managing of horses. Agricultural land includes woodland and wasteland that is a part of the farm unit, but the woodland and wasteland included in the unit must be appraised under the use-value schedules as 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.

Business entity. - A corporation, a general partnership, a limited partnership, or a limited liability company.

Forestland. - Land that is a part of a forest unit that is actively engaged in the commercial growing of trees under a sound management program. Forestland includes wasteland that is a part of the forest unit, but the wasteland included in the unit must be appraised under the use-value schedules as wasteland. A forest unit may consist of more than one tract of forestland, but at least one of the tracts must meet the requirements in G.S. 105-277.3(a)(3), and each tract must be under a sound management program.

Horticultural land. - Land that is a part of a horticultural unit that is actively engaged in the commercial production or growing of fruits or vegetables or nursery or floral products under a sound management program. Horticultural land includes woodland and wasteland that is a part of the horticultural unit, but the woodland and wasteland included in the unit must be appraised under the use-value schedules as woodland or wasteland. A horticultural unit may consist of more than one tract of horticultural land, but at least one of the tracts must meet the requirements in G.S. 105-277.3(a)(2), and each tract must be under a sound management program. If the horticultural 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 horticultural land or protect water quality of adjacent horticultural land. Land used to grow horticultural and agricultural crops on a rotating basis or where the horticultural crop is set out or planted and harvested within one growing season, may be treated as agricultural land as described in subdivision (1) of this section when there is determined to be no significant difference in the cash rental rates for the land.

Individually owned. - Owned by one of the following:

a.An individual.

b.A business entity that meets all of the following conditions:

1.Its principal business is farming agricultural land, horticultural land, or forestland. When determining whether an applicant under G.S. 105-277.4 has as its principal business farming agricultural land, horticultural land, or forestland, the assessor shall presume the applicant's principal business to be farming agricultural land, horticultural land, or forestland if the applicant has been approved by another county for present-use value taxation for a qualifying property located within the other county; provided, however, the presumption afforded the applicant may be rebutted by the assessor and shall have no bearing on the determination of whether the individual parcel of land meets one or more of the classes defined in G.S. 105-277.3(a). If the assessor is able to rebut the presumption, this shall not invalidate the determination that the applicant's principal business is farming agricultural land, horticultural land, or forestland in the other county.

2.All of its members are, directly or indirectly, individuals who are actively engaged in farming agricultural land, horticultural land, or forestland or a relative of one of the individuals who is actively engaged. An individual is indirectly a member of a business entity that owns the land if the individual is a member of a business entity or a beneficiary of a trust that is part of the ownership structure of the business entity that owns the land.

3.It is not a corporation whose shares are publicly traded, and none of its members are corporations whose shares are publicly traded.

4.If it leases the land, all of its members are individuals and are relatives. Under this condition, "principal business" and "actively engaged" include leasing.

c.A trust that meets all of the following conditions:

1.It was created by an individual who owned the land and transferred the land to the trust.

2.All of its beneficiaries are, directly or indirectly, individuals who are the creator of the trust or a relative of the creator. An individual is indirectly a beneficiary of a trust that owns the land if the individual is a beneficiary of another trust or a member of a business entity that has a beneficial interest in the trust that owns the land.

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

1.It was created by an individual who transferred to the trust land that qualified in that individual's hands for classification under G.S. 105-277.3.

2.At the date of the creator's death, the creator had no relatives.

3.The trust income, less reasonable administrative expenses, is used exclusively for educational, scientific, literary, cultural, charitable, or religious purposes as defined in G.S. 105-278.3(d).

e.Tenants in common, if each tenant would qualify as an owner if the tenant were the sole owner. Tenants in common may elect to treat their individual shares as owned by them individually in accordance with G.S. 105-302(c)(9). The ownership requirements of G.S. 105-277.3(b) apply to each tenant in common who is an individual, and the ownership requirements of G.S. 105-277.3(b1) apply to each tenant in common who is a business entity or a trust.

Member. - A shareholder of a corporation, a partner of a general or limited partnership, or a member of a limited liability company.

Present-use value. - 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. A rate of nine percent (9%) shall be used to capitalize the expected net income of forestland. The capitalization rate for agricultural land and horticultural land is to be determined by the Use-Value Advisory Board as provided in G.S. 105-277.7.

Relative. - Any of the following:

a.A spouse or the spouse's lineal ancestor or descendant.

b.A lineal ancestor or a lineal descendant.

c.A brother or sister, or the lineal descendant of a brother or sister. For the purposes of this sub-subdivision, the term brother or sister includes stepbrother or stepsister.

d.An aunt or an uncle.

e.A spouse of an individual listed in paragraphs a. through d. For the purpose of this subdivision, an adoptive or adopted relative is a relative and the term "spouse" includes a surviving spouse.

Sound management program. - A program of production designed to obtain the greatest net return from the land consistent with its conservation and long-term improvement.

Unit. - One or more tracts of agricultural land, horticultural land, or forestland. Multiple tracts must be under the same ownership and be of the same type of classification. If the multiple tracts are located within different counties, they must be within 50 miles of a tract qualifying under G.S. 105-277.3(a).

END OF SECTION TEXT

APPARATUS FOLLOWS — DERIVED, NOT ENACTED

APPARATUS I

14 ACTS

Amendment lineage

The State prints this history as a single parenthetical at the foot of the section. It is reproduced verbatim in the colophon and unpacked below in order of enactment.

TICK HEIGHT = ACTS IN THAT YEAR DASHED = RECODIFICATION, NOT AMENDMENT

№	YEAR	ACT	CHARACTER
01	1973	c. 709, s. 1	ENACTED
02	1975	c. 746, s. 1	AMENDED
03	1985	c. 628, s. 1	AMENDED
04	1985	c. 667, ss. 1, 4	AMENDED
05	1987	c. 698, s. 1	AMENDED
06	1995	c. 454, s. 1	AMENDED
07	1995	1995 (Reg. Sess., 1996), c. 646, s. 17	AMENDED
08	1998	S.L. 1998-98, s. 24	AMENDED
09	2002	S.L. 2002-184, s. 1	AMENDED
10	2004	S.L. 2004-8, s. 1	AMENDED
11	2005	S.L. 2005-313, ss. 1, 2	AMENDED
12	2008	S.L. 2008-146, s. 2.1	AMENDED
13	2015	S.L. 2015-263, s. 12(a)	AMENDED
14	2022	S.L. 2022-55, s. 6(a)	AMENDED

APPARATUS II
11 AUTHORITIES

Authorities referenced

Every G.S. cross-reference appearing in the text of this section, in order of first appearance. Nothing is characterized; the operative language is quoted from the section itself.

REFERENCE	APPEARS IN	OPERATIVE LANGUAGE IN THIS SECTION
G.S. 105-277.3		*"The following definitions apply in"*
G.S. 105-277.7		*"definitions apply in G.S. 105-277.3 through"*
G.S. 105-277.3(a)(1)	(null)(1)	*"tracts must meet the requirements in"*
G.S. 105-277.3(a)(3)	(null)(2)	*"tracts must meet the requirements in"*
G.S. 105-277.3(a)(2)	(null)(3)	*"tracts must meet the requirements in"*
G.S. 105-277.4		*"When determining whether an applicant under"*
G.S. 105-277.3(a)		*"more of the classes defined in"*
G.S. 105-278.3(d)		*"or religious purposes as defined in"*
G.S. 105-302(c)(9)		*"by them individually in accordance with"*
G.S. 105-277.3(b)		*"G.S. 105-302(c)(9). The ownership requirements of"*
G.S. 105-277.3(b1)		*"individual, and the ownership requirements of"*

APPARATUS III

Citation

FULL SECTION

N.C. Gen. Stat. § 105-277.2 (2022).

Pinpoint keys are set in the left margin of the text rather than line numbers: subsection designators are stable across editions and paper sizes, line numbers are not.

COLOPHON

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HISTORY PARENTHETICAL, AS PRINTED BY THE STATE

(1973, c. 709, s. 1; 1975, c. 746, s. 1; 1985, c. 628, s. 1; c. 667, ss. 1, 4; 1987, c. 698, s. 1; 1995, c. 454, s. 1; 1995 (Reg. Sess., 1996), c. 646, s. 17; 1998-98, s. 24; 2002-184, s. 1; 2004-8, s. 1; 2005-313, ss. 1, 2; 2008-146, s. 2.1; 2015-263, s. 12(a); 2022-55, s. 6(a).)

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