



The Present-Use Value Assessment program is a statewide program designed to give relief to specific landowners and their property that is used for the commercial production of an agricultural, horticultural or forestry product. To qualify there are ownership, size, income and sound management requirements. There are also penalties for removal from the program. This brochure was designed to help you better understand the purpose of the program and whether you may be interested in making application.

The North Carolina General Assembly enacted legislation in 1973 enabling county tax departments to consider the "value in use" of specific properties rather than the "market value" in determining a tax assessment. The intent of the law was to give relief to farm and forest tracts held by families and to protect these tracts from being sold because of higher taxes brought on by appreciating land values. Changes have been made to the law since 1973, but the intent has not changed.

Application into the program must be made by the owner(s) during the listing period (normally the month of January) and must specify the program classification. The classification is based on the use of the property. Agricultural land is land that is actively engaged in the commercial production or growing of crops, plants or animals. Examples of agricultural products include soybeans, grains, tobacco, cotton, peanuts, corn, horses, cattle, and honey bees. This classification also includes aquaculture. Horticultural land is land that is actively engaged in the commercial production or growing of fruits, vegetables, nursery products, or floral products. Examples of horticultural products include apples, peaches, strawberries, sod, shrubs, greenhouse plants, and evergreens intended for use as Christmas trees. Forestland is land that is actively engaged in the commercial growing of trees.

There are four requirements that must be met in order to qualify for the program.

Ownership: If you do not live on the land, you must have owned the property for four full years as of January 1, prior to the application being filed. If you live on the property, and meet the other qualifications you may qualify immediately. If you have property in the program, you can add acquired tract(s) during the next listing period. You may also qualify immediately, if you received the property from a relative. A relative can be a spouse, yours or a spouse's lineal ancestors or descendants, brother or sister and their lineal descendants, aunt or uncle. It also includes stepbrothers and sisters, adoptive parents or adopted children, and a surviving spouse. **If the property transfers to a non-relative and the new owner of the property continues to meet the Present-Use Value requirements, the property may continue in the program if an application (AV-5) is filed within 60 days of the transfer. The new owner must sign Part 5 on page 4 of the application (AV-5) assuming full liability for the deferred taxes.**

Land: There must be at least one tract in actual production that meets the qualifying requirements of five acres for horticulture, ten acres for agricultural and twenty acres for forestry. This amount of acreage is the minimum amount of land in actual use for the respective classes. Up to 20 acres of woodland may be included in an agricultural application without obtaining a Forest Management Plan. Woodland of 20 acres or more on an agricultural tract must be under an approved Forest Management Plan.

Income: The qualifying tract must produce an average of \$1,000 of gross income for the past three years. Gross income includes income from the sale of agricultural products produced from the land, grazing fees for livestock, the sale of bees or products derived from beehives other than honey. Income is not a requirement for forestry applications.

Sound Management: All of the land in Present-Use Value must be managed in a manner that attempts to maximize the income the land is capable. Sound Management may be demonstrated in one of six ways.

1. Enrollment and compliance with an agency-administered management plan
2. Compliance with best management practices for the commercial production of agricultural or horticultural products.
3. Compliance with a gross income per acre test
4. Evidence of net income from the farm operation.
5. Operator's principle source of income
6. Certified by an agricultural or horticultural agency that the unit is operated under sound management. For forestry applications, a copy of an

approved Forest Management Plan is required. The plan must include a map of the property, with stand delineation, owner's boundaries, access roads, and any major physical features such as ridgelines, creeks, rivers, swamps, and rocky bluffs. A detailed description of the different stands as referenced on the map should include name of the species, age of stand, last harvest date, herbicide and insecticide programs, current growth rate, projected harvest date and method of harvest and reforestation.

To become a participant in the program, you will need to complete an application (AV-5) and provide the required information to the Tax Office. If you should have any questions or need any assistance, please contact our office at (704) 878-3123. A decision concerning the denial of an application may be appealed to the Board of Equalization and Review. The Iredell County Tax Department is dedicated to fair treatment to all and will do everything possible to insure that qualified applications are included in the program.

FAQ'S

"How much can I save if my property is assessed for Present-Use Value?"

Typically, land assessed for use value will be 25 to 40% of the market value. The savings can be significant.

"Is there any reason why I would not want to be included in this program if I qualify?"

Yes. When property enters the program, the County Assessor begins keeping records of taxes owed at both the use and market assessments. The taxpayer receives a bill based on the lower use value assessment. The difference between taxes at use value and market value is called the deferred tax. As long as the property qualifies for the program, the deferred tax will never become due and payable. **If the property becomes ineligible, and is removed from the program, the deferred tax for the current year and the previous three years will also become due with interest.**

"Once accepted into Present-Use Value is there anything that I am obligated to do?"

Property enrolled in Present-Use Value must at all times continue to meet the requirements. In the case of forestry applications, you agree to manage the forest tract as outlined in your management plan. If, for whatever reason you change this use, you are required

to notify the Iredell County Tax Department. Failure to notify the office of this change will result in penalties. It must be understood that your application will be periodically reviewed and that additional information may be needed to demonstrate continued sound management of the property. If your property continues to qualify for this program the county will continue to bill you at the lowered assessed value. Proper notification will be given in the event that this property is removed from the program.

"What happens if I sell the property?"

The property is taken out of the Present-Use Value program and the deferred taxes and interest are billed for a maximum of four years. The deferred taxes will become due and payable unless the property was transferred to a relative or a non-relative buyer plans to continue use, accepts the liability for the deferred taxes and applies for Present-Use Value within sixty days of the date of transfer.

"What happens in a periodic review?"

The Iredell County Tax Department will periodically review your application for Present-Use Value Assessment and update our records. Agricultural and horticultural applications may require income verification as a part of our quality assurance program. Any modification in the Forestry Management Plan should be documented and copies forwarded to the Iredell County Tax Department. A field visit may be necessary after the review of the completed forms. The removal of a tract from the Present-Use Value program may be appealed to the Board of Equalization and Review.

If you have any questions concerning the Present-Use Value Assessment of land in Iredell County, please contact Laura Eagle at the Iredell County Tax Department at 704-878-3123 or contact via email at laura.eagle@co.iredell.nc.us .

New applications are accepted during the Tax Listing period each year.

Reference NC General Statutes 105-277.2, 105-277.3, 105-277.4, 105-277.5, and 105-277.6

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Iredell County Assessor's Office
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**PRESENT-USE
VALUE
ASSESSMENT

IS IT FOR ME?**



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