



UNION COUNTY TAX ADMINISTRATOR

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ELIGIBILITY REQUIREMENTS FOR USE VALUE ASSESSMENT

Every owner of property claiming exemption or exclusion from property taxes has the burden of establishing that the property is entitled to the exemption or exclusion. G.S. 105-282.1(a)

Sound Management is defined in G.S. 105-277.2(6) as: "A program of production designed to obtain the greatest net return from the land consistent with its conservation and long-term improvement."

To be eligible for Use Value Assessment and Taxation, a farm unit must meet the following requirements per North Carolina General Statutes 105-277.2 through 105-277.7.

APPLICATION REQUIREMENTS

- New applications must be filed during the January listing period.
- Or, within sixty (60) days of ownership transfer either by deed or will.
- Or, by date on letter of notification to reapply.

OWNERSHIP REQUIREMENTS

- The farm tract must be the owner's place of residence.
- Or, must have been owned by the current owner or a qualifying relative for the four (4) years preceding January 1.
- Or, the present owner had other land in the Use Value Assessment and Taxation and this is a tract which was acquired during the past year and the tract was in the Use Value Assessment and Taxation or was eligible to have been in this program under the prior owner. The tract must have met the size, income and other requirements under the prior owner.
- Or, purchased tract in Present Use Value Program and made application within 60 days of change of ownership. Have signed the affidavit of accepting liability for all deferred taxes and interest. Plans to continue the present use of the land.
- Corporations, businesses, and other partnerships must have been owned by the corporation, business, partnership or one or more of its principal shareholders for the four (4) years immediately preceding January 1 of the year applying. The corporation, business or partnership must show documented proof that its principal business is actively engaged in the business of farming.

SIZE REQUIREMENTS

- The farm unit for agricultural land must have at least ten (10) acres actively engaged in the commercial production of growing crops or slaughter animals, under a sound management program. For other tracts in the unit to be eligible, each tract must include agricultural land which is actively engaged in commercial production under sound management. Tracts with woods 20 acres and more should include a forestry management plan in order for the additional acreage in woods to receive use value assessment and taxation classification, unless it is determined that the highest and best use of the wooded portion is to diminish wind erosion or protect the water quality of adjacent agricultural or horticultural land, or to serve as a buffer for livestock or poultry operations on adjacent agricultural land.
- The farm unit for horticultural land must have at least one five (5) acre tract in the unit that is actively engaged in the commercial production of growing of fruits, vegetables, nursery, or floral products under a sound management program. For other tracts in the unit to be eligible, each tract must include horticultural land in actual production. Tracts with woods 20 acres and more should include a forestry management plan in order for the additional acreage in woods to receive use value assessment and taxation classification unless it is determined that the highest and best use of the wooded portion is to diminish wind erosion or protect the water quality of adjacent agricultural or horticultural land, or to serve as a buffer for livestock or poultry operations on adjacent agricultural land.
- The farm unit of forestland must have at least one twenty (20) acre tract in the unit that is actively engaged in the commercial growing of trees under a sound management program. For other tracts in the unit to be eligible, each tract must include forestland that is being used in production and be under sound management. A sound management forestry plan developed by a State certified Forester is required with the submitted application.

INCOME REQUIREMENTS

- Agricultural land and horticultural land must have produced an average **GROSS** income for the past three (3) years of \$ 1,000.00 per year. Gross income includes income from the sale of all agricultural and/or horticultural products produced from the land and any payments received under a governmental soil conservation program or governmental subsidies. Proof of income is requested with application.
- Forestland does not have income requirements.

SOUND MANAGEMENT REQUIREMENTS

- Sound management means a program of production designed to obtain the greatest net return from the land consistent with its conservation and long-term improvements.
- Union County has established a sound management per acre amount for agricultural tracts in row crops and/or grain production and horticultural. These tracts must produce an average gross income of at least \$ 75.00 per open acre (including government payments) for the past three (3) years.
- Union County has established a sound management per acre amount for agricultural tracts in slaughter animal production. These tracts must produce an average gross income of at least \$ 50.00 per open acre for the past three (3) years.
- The State has defined the following as proof of sound management. Evidence can be provided for one of the following:
 1. Land is enrolled in and complies with an agency-administered and approved farm management plan.
 2. Land complies with a set of best management practices.
 3. Land complies with the minimum gross income per acre test. (As stated above.)
 4. Land yields net income from farm operations.
 5. Farming is the principal source of income from farm operator.
 6. A recognized agricultural or horticultural agency certifies that the land is operated under a sound management program.
 7. Similar factors that support the conclusion that the land is under a sound management program.
- Forestland tracts must include a sound management plan prepared by a North Carolina State Forester or a Certified Forestry Consultant. The plan must be actively followed.

FARM UNITS

- Eligible owners who own at least one agricultural, horticultural or forestry tract that meets the minimum size requirements may include smaller tracts if all of the smaller tracts are collectively operating as a single production unit.
- Farm units tracts must be within 50 miles of one another and share either the same type of classification or use of the same equipment or labor force.

FEDERAL CONSERVATION RESERVE PROGRAM

- Land enrolled in the Federal Conservation Reserve Program (CRP) shall be listed as in actual production and must meet all other requirements. The income from CRP must meet the income requirements. Land not included in CRP must meet the all other requirements for use value assessment and taxation classification.
- A copy of the Federal Conservation Reserve Program plan must be included with the application for Use Value Assessment and Taxation.

CONSERVATION EASEMENTS

- Property in the use value program continues to qualify as long as it is subject to an enforceable conservation easement that qualifies for the conservation tax credit.
- Income and production is not required as long as the property continues to qualify for conservation tax credit.
- Subsequent transfer of the property does not extinguish use value eligibility of such property as long as the conservation easement is in effect.

PAYMENT OF DEFERRED TAXES

- If at any time, a tract or part of a tract becomes ineligible for Use Value Assessment and Taxation, under the requirements of General Statute 105-277, the deferred taxes and interest on the tract become due for the current year and the past three (3) years (a total of four (4) years).

CHANGES

Eligibility requirements are subject to change in accordance with the North Carolina General Statutes. Any change in acreage, use or ownership during the year will constitute the need for a new application to be filed.