

## What is Present Use Value?

It is the value of land in its current use as agricultural land, horticultural land, or forestland. The land meeting the eligibility requirements is taxed on the present-use value instead of market value of the land.

To be eligible for present-use values, a farm unit consisting of one or more tracts must meet the following requirements (North Carolina G.S. 105-277).

## Application Requirements

Application must be filed during the January listing period, or within (30) days of change in assessed value of the land.

**Exception:** A new application is not required to be submitted unless the property is transferred or becomes ineligible for use value appraisal because of a change in use or acreage. If there is a transfer of ownership of property, the new owner must submit an application within 60 days of the date of the property's transfer.

## Ownership Requirements

Property must be owner's place of residence (or) it has been owned by the owner or a close relative for the four (4) years preceding January 1 (or) at the time of transfer, it qualified in the hands of a business entity or trust that transferred the land to the current owner who was a member of the business entity or a beneficiary of the trust as appropriate. **Multiple tracts must be under the same ownership.**

**Exception:** The land may qualify in the hands of the new owner even if the new owner does not meet the above requirements if both of these conditions are met:

- The land was appraised at its present use value at the time title to the land passed to the new owner.
- At the time title to the land passed to the new owner, the new owner acquires the land for the purposes of and continues to use the land for the purpose it was classified while under previous ownership.



## Size Requirements

**A farm unit(\*) of agricultural land** must have at least one ten (10) acre tract actively engaged in the commercial production or growing of crops or animals under a sound management program, and for other tracts in the unit to be eligible, each tract must include agriculture land which is actively engaged in commercial production under sound management.

**NOTE:** Up to twenty (20) acres of woodland and wasteland that is part of a farm unit is automatically eligible if the agriculture land on that tract is eligible. Forest land with more than twenty (20) acres must meet the requirements for forest land.

**A farm unit(\*) of forest land** 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, and for other tracts in the unit to be eligible, each tract must include forest land that is being used in production under sound management.

A forestry management plan may be secured through the NC Forestry Service at no cost or a Private Forester may be hired to write a management plan for the wooded tract.

**NOTE:** Wasteland that is part of a forest land tract is automatically eligible if the forest land on that tract is eligible. Agriculture and horticulture land must meet the requirements for each and ARE NOT "carried" by the woodland.

**A farm unit(\*) of horticultural land** must have at least one five (5) acre tract in the unit that is actively engaged in the commercial production of the growing of fruits, vegetables, nursery, or floral products under a sound management program, and for other tracts in the unit to be eligible, each tract must include horticultural land in actual production.

**\* Multiple tracts must be of the same type of classification. If the multiple tracts are located within different counties, they must be within 50 miles of a qualifying tract.**

## Income Requirements

**Agricultural land and horticultural land** must have produced an average GROSS income for the past three years of \$1,000 per year.

**Forest land** does not have income requirements.

## Sound Management

The owner must demonstrate at least 1 of the 6 factors stated in NCGS 105-277.3(f) to qualify agricultural or horticultural land for the present use value program.

Crops used to produce income indirectly, such as hay for cow feed, corn for hog feed should be included in the gross income based on what the crop would have brought at market.



### 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.

Sound management is a requirement that is much more difficult to determine than the others. Generally, there must be a reasonable investment. Evidence must be given to indicate the use of acceptable management procedures which are practiced by commercial producers.

Forest land applications must include a plan of management proposed by a North Carolina State Forestry Service or a Certified Forestry Consultant of your choice which must be revealed.

### Federal Conservation Reserve Program

Land in the present-use value program which is then enrolled in the Federal Conservation Reserve Program (CRP) shall be listed as in actual production (G.S 105-277.3d) but must meet all other requirements. The income from CRP is counted towards income requirements.

### Review of Eligibility

G.S. 105-296(j) requires a review of each property every four years or every revaluation cycle to insure eligibility is maintained. A new application may need to be completed in the event of deed activity or acreage change. ***Owners of property in present-use value are encouraged to maintain records that would support continued eligibility.***

### Payment of Deferred Taxes

If at any time, a tract or part of a tract of land becomes ineligible for present use value assessment under the requirements of General Statutes 105-277, the deferred taxes including interest on that tract become due immediately for the current year and the past three (3) years.

### Changes

Eligibility requirements are subject to change in accordance with North Carolina General Statutes.

When changes in eligibility are not reported by the owner, the owner is subject to a ten percent (10%) penalty for each year the ineligibility is unreported as required by General Statutes 105- 277.5.

## North Carolina Eligibility Requirements for Present-Use Value



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