

**GENERAL ASSEMBLY OF NORTH CAROLINA**  
**SESSION 2021**

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**HOUSE BILL 119**

Short Title: Property Tax Relief for COVID Affected Bus. (Public)

Sponsors: Representatives Bradford, Bell, Saine, and Hardister (Primary Sponsors).  
*For a complete list of sponsors, refer to the North Carolina General Assembly web site.*

Referred to: Finance, if favorable, Rules, Calendar, and Operations of the House

February 23, 2021

A BILL TO BE ENTITLED  
AN ACT TO PROVIDE RELIEF FROM PROPERTY TAX LIABILITY FOR COVID-19  
AFFECTED BUSINESSES.

The General Assembly of North Carolina enacts:

**PROPERTY TAX PAYMENT PROGRAM**

**SECTION 1.(a)** Program; Purpose. – A qualifying owner of property may apply for and shall be granted a deferment on enforced collections from property tax liability as provided in this section. The purpose of this section is to recognize revenue interruptions to businesses in North Carolina during the COVID-19 pandemic and balance both the provision of property tax relief to those businesses and the fiscal and budgeting needs of local governmental units. A qualifying owner of property is an owner demonstrating, for the applicable period of time as compared to 2019, that the COVID-19 pandemic caused (i) a reduction of at least twenty-five percent (25%) in gross revenues, (ii) for retail businesses that collect and remit sales tax, a reduction of at least twenty-five percent (25%) in sales tax collections, or (iii) both. The applicable period of time for 2020 property taxes runs from March 2020 through December 2020. The applicable period of time for any subsequent year is the period of time the normal operations at the property were restricted by a governmental response to the COVID-19 pandemic. A governmental response to the COVID-19 pandemic is either an executive order by the Governor of North Carolina or a local regulation that required closures, forced reductions in building occupancy capacity, modified hours of operation, or included other public safety measures affecting normal business operations.

**SECTION 1.(b)** Relief. – The program shall permit a qualifying owner of property to enter into a payment plan for the property taxes owed on the affected property. The following provisions shall apply to the program:

- (1) For 2020 property taxes, a qualifying owner shall apply for relief under the program not later than May 1, 2021. For property taxes for any subsequent year, a qualifying owner shall apply for relief prior to the date on which the property taxes for the taxable year become delinquent.
- (2) Except as otherwise provided, property taxes not paid by the date the taxes become delinquent are a lien on the property as provided in G.S. 105-355(a).
- (3) For 2020 property taxes, the term of the payment plan begins on the date of the application. For property taxes for any subsequent year, the term of the payment plan begins January 1 of the taxable year in which the property taxes become delinquent.



- 1 (4) The term of the payment plan shall not extend beyond December 31 of the  
2 year in which the taxes become delinquent and shall require equal monthly  
3 installments. Nothing in this subdivision shall be construed to prevent the  
4 payment of all or part of the property taxes covered by the payment plan prior  
5 to the date due of an installment under the payment plan.
- 6 (5) Notwithstanding G.S. 105-360 or any other provision of law, interest shall be  
7 waived on and enforced collections will be deferred with respect to property  
8 tax liability, provided (i) the qualifying owner complies with the terms of the  
9 payment plan and (ii) the qualifying owner does not sell or transfer the  
10 property covered by the payment plan.
- 11 (6) If a qualifying owner fails to comply with the terms of the payment plan,  
12 interest on the property tax liability covered by the payment plan shall be  
13 calculated as if the payment plan had not been entered, and the taxing authority  
14 may use collection remedies to proceed against the property or the responsible  
15 taxpayers covered by the payment plan to collect delinquent taxes owed.
- 16 (7) If a qualifying owner sells or transfers all or a portion of the property, the  
17 payment plan terminates. Interest accrues on the unpaid installments as of the  
18 date of sale or transfer, and the taxing authority may use collection remedies  
19 to proceed against the property or the responsible taxpayers to collect  
20 delinquent taxes owed.

21 **SECTION 1.(c)** Application. – The Department of Revenue shall provide to local  
22 governmental units an application to be used by an owner seeking the relief provided by this  
23 section. An owner shall apply for relief under the program on the form prescribed by the  
24 Department and submitted to the applicable local governmental unit where the land is situated.  
25 The application must include any supporting documentation required by the local governmental  
26 unit. To the extent possible, a local governmental unit shall have the Department verify qualifying  
27 information in the application; however, if verification is not available within a reasonable period  
28 of time from the date of application, the local governmental unit may rely upon the information  
29 submitted. For applications received from a qualifying owner for the taxable year for which  
30 property taxes have been paid, the local governmental unit shall disallow any discount provided  
31 pursuant to G.S. 105-360(c) and return to the taxpayer the property taxes paid.

32 **SECTION 1.(d)** Coordination. – The Department of Revenue shall, as soon as  
33 practicable, verify sales and revenue information required for qualifying for the program  
34 established in this section based on information provided by the local government unit from the  
35 application designed by the Department under subsection (c) of this section. The Department  
36 shall develop and maintain a list of business types affected by executive orders responding to the  
37 COVID-19 pandemic that provides which business types were affected and for what periods.

38 **SECTION 1.(e)** Forfeiture. – In the event the local governmental unit relies upon  
39 information in an application that is later determined to be incorrect and that renders an owner  
40 who entered into a payment plan as not being a qualifying owner, the benefits of the payment  
41 plan are forfeited and all past taxes, interest, and penalties shall be calculated as if the payment  
42 plan had not been allowed.

## 43 **PROPERTY TAX VALUATION MODIFICATION**

44 **SECTION 2.(a)** Findings. – The General Assembly finds that many businesses  
45 throughout the State have seen material interruptions in business practices and retail performance  
46 due to governmental restrictions on hours of operation and building occupancy necessitated by  
47 public safety and welfare concerns stemming from limiting the spread of COVID-19. These  
48 interruptions, though needed for the safety of the citizens of this State, have materially affected  
49 the use of the property for purposes of ongoing business concerns. While economic or market  
50 fluctuations are not typically accounted for on a year-to-year basis for real property tax values,  
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1 our property tax laws allow for changing appraised value of real property in a year in which a  
2 general reappraisal is not made where the legally permitted use of the property is changed.  
3 Moreover, recognition of unprecedented market conditions in the years in which those conditions  
4 materially affect the businesses using the property warrants a deviation from the State standard  
5 valuation cycle and the authority to modify property values during that cycle.

6 **SECTION 2.(b)** Property Tax Relief. – Notwithstanding any other provision of law,  
7 the assessor of property shall recognize the effect of COVID-19 relief efforts for purposes of  
8 determining the value of property resulting from a change in the legally permitted use of the  
9 property pursuant to G.S. 105-287(a)(2c). The recognition required by this section includes  
10 accounting for executive orders by the Governor of North Carolina or regulations issued by an  
11 applicable unit of local government responding to the COVID-19 pandemic that required  
12 closures, forced reductions in building occupancy capacity, modified hours of operation, or  
13 included other public safety measures affecting normal business operations. In addition,  
14 notwithstanding G.S. 105-287(b)(2) and notwithstanding the provisions in G.S. 105-287(c), the  
15 assessor of property may modify the appraised value of real property to recognize a change in  
16 value proportionate to the time during the year that resulted from economic changes affecting the  
17 county in general due to COVID-19 and shall make an appropriate modification where the  
18 COVID-19 pandemic caused (i) a reduction of at least twenty-five percent (25%) in gross  
19 revenues, (ii) for retail businesses that collect and remit sales tax, a reduction of at least  
20 twenty-five percent (25%) in sales tax collections, or (iii) both. The applicable period of time for  
21 the 2020 property tax year is March of 2020 through December of 2020 as compared to the same  
22 period for 2019. The applicable period of time for any other property tax year is the period for  
23 which executive orders or local government regulations responding to COVID-19 and affecting  
24 normal business operations are in effect as compared to the same period for 2019. The recognition  
25 required by this section shall affect the property tax valuation only for the portion of the year  
26 when the governmental regulation was in effect Portions of the year in which governmental  
27 regulations set forth in this subdivision are in effect are prima facie portions of the year  
28 warranting the relief provided by this section in assessing the value of the property that is  
29 appropriate for the year as a whole.

30 **SECTION 2.(c)** Application. – The Department of Revenue shall provide to local  
31 governmental units an application to be used by an owner seeking the relief provided under the  
32 program. An owner shall apply for relief under the program on the form prescribed by the  
33 Department and submitted to the applicable local governmental unit where the land is situated.  
34 The application must include any supporting documentation required by the local governmental  
35 unit. For valuations for 2020 property taxes, a qualifying owner shall apply for relief under the  
36 program not later than May 1, 2021. For valuations for property taxes for any subsequent year, a  
37 qualifying owner shall apply for relief prior to the date on which the property taxes for the taxable  
38 year become delinquent. To the extent possible, a local governmental unit shall have the  
39 Department verify qualifying information in the application; however, if verification is not  
40 available within a reasonable period of time of the date of application, the local governmental  
41 unit may rely upon the information submitted.

42 **SECTION 2.(d)** Administration. – Applications for relief under this section shall be  
43 treated as an appeal by the taxpayer with respect to the property. Notwithstanding the deadlines  
44 and time frames provided in Subchapter II of Chapter 105, the Department shall provide a  
45 uniform time line for hearing the appeal.

46 **SECTION 2.(e)** Coordination. – The Department of Revenue shall, as soon as  
47 practicable, verify sales and revenue information submitted in an application for the program  
48 established in this section. The Department shall develop and maintain a list of business types  
49 affected by executive orders responding to the COVID-19 pandemic that provides which  
50 business types were affected and for what periods.

1           **SECTION 2.(f)** Forfeiture. – In the event the local governmental unit relies upon  
2 information in an application that is later determined to be incorrect and that renders a change in  
3 property value inaccurate, the owner forfeits the benefit to the extent of the inaccuracy, and all  
4 past taxes, interest, and penalties shall be calculated as if that portion of the benefit had not been  
5 allowed.

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7 **EFFECTIVE DATE**

8           **SECTION 3.** Except as otherwise provided, this act is effective when it becomes  
9 law.