

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2021

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SENATE BILL 762
Agriculture, Energy, and Environment Committee Substitute Adopted 5/24/22

Short Title: North Carolina Farm Act of 2022. (Public)

Sponsors:

Referred to:

May 24, 2022

1 A BILL TO BE ENTITLED
2 AN ACT TO MAKE VARIOUS CHANGES TO THE AGRICULTURAL LAWS OF THIS
3 STATE.

4 The General Assembly of North Carolina enacts:

5
6 **CONFORM THE HEMP LAWS WITH FEDERAL LAW BY PERMANENTLY**
7 **EXCLUDING HEMP FROM THE STATE CONTROLLED SUBSTANCES ACT**

8 **SECTION 1.(a)** G.S. 90-87, as it reads following the expiration of S.L. 2015-299
9 pursuant to Section 4 of that act, reads as rewritten:

10 "**§ 90-87. Definitions.**

11 As used in this Article:

12 ...

13 (13a) "Hemp" means the plant Cannabis sativa (L.) and any part of that plant,
14 including the seeds thereof and all derivatives, extracts, cannabinoids,
15 isomers, acids, salts, and salts of isomers, whether growing or not, with a
16 delta-9 tetrahydrocannabinol concentration of not more than three-tenths of
17 one percent (0.3%) on a dry weight basis.

18 (13b) "Hemp products" means all products made from hemp, including, but not
19 limited to, cloth, cordage, fiber, food, fuel, paint, paper, particleboard,
20 plastics, seed, seed meal and seed oil for consumption, and verified propagules
21 for cultivation if the seeds originate from hemp varieties.

22 ...

23 (16) "Marijuana" means all parts of the plant of the genus Cannabis, whether
24 growing or not; the seeds thereof; the resin extracted from any part of such
25 plant; and every compound, manufacture, salt, derivative, mixture, or
26 preparation of such plant, its seeds or resin, but shall not include the mature
27 stalks of such plant, fiber produced from such stalks, oil, or cake made from
28 the seeds of such plant, any other compound, manufacture, salt, derivative,
29 mixture, or preparation of such mature stalks (except the resin extracted
30 therefrom), fiber, oil, or cake, or the sterilized seed of such plant which is
31 incapable of germination. The term does not include hemp or hemp products.

32"

33 **SECTION 1.(b)** This section becomes effective June 30, 2022.

34
35 **CLARIFY THE APPLICABILITY OF THE FARM BUILDING EXCEPTION TO THE**
36 **BUILDING CODE**



SECTION 2. G.S. 143-138(b4) reads as rewritten:

"(b4) Exclusion for Certain Farm Buildings. – Building rules do not apply to (i) farm buildings that are located outside the building-rules jurisdiction of any municipality, (ii) farm buildings that are located inside the building-rules jurisdiction of any municipality if the farm buildings are greenhouses or therapeutic equine facilities, (iii) a primitive camp, or (iv) a primitive farm building. For the purposes of this subsection:

(1) ~~For the purposes of this subdivision, a~~ A "farm building" means any nonresidential building or structure that is used for a bona fide farm purpose as provided in ~~G.S. 153A-340.~~ G.S. 160D-903(a). A "farm building" shall include:

- a. Any structure used or associated with equine activities, including, but not limited to, the care, management, boarding, or training of horses and the instruction and training of riders. Structures that are associated with equine activities include, but are not limited to, free standing or attached sheds, barns, or other structures that are utilized to store any equipment, tools, commodities, or other items that are maintained or used in conjunction with equine activities. The specific types of equine activities, structures, and uses set forth in this subdivision are for illustrative purposes, and should not be construed to limit, in any manner, the types of activities, structures, or uses that may be considered under this subsection as exempted from building rules. A farm building that might otherwise qualify for exemption from building rules shall remain subject only to an annual safety inspection by the applicable city or county building inspection department of any grandstand, bleachers, or other spectator-seating structures in the farm building. An annual safety inspection shall include an evaluation of the overall safety of spectator-seating structures as well as ensuring the spectator-seating structure's compliance with any building codes related to the construction of spectator-seating structures in effect at the time of the construction of the spectator-seating.
- b. Any structure used for the display and sale of produce, no more than 1,000 square feet in size, open to the public for no more than 180 days per year, and certified by the Department of Agriculture and Consumer Services as a Certified Roadside Farm Market.
- c. Any unoccupied structure built upon land owned by the State of North Carolina and administratively allocated to the North Carolina Department of Agriculture and Consumer Services or North Carolina State University which is used primarily for forestry production and research or agriculture production and research. The term "agriculture" has the same meaning as in G.S. 106-581.1. The term "unoccupied" does not exclude the keeping of livestock.
- d. A building used primarily for the storage of agricultural commodities or products or storage and use of materials for agricultural purposes, whether or not the building is located on the same property where the agricultural commodities or products were produced.

...."

AGRICULTURAL USE CLARIFICATION

SECTION 3. G.S. 160D-903 reads as rewritten:

"§ 160D-903. **Agricultural uses.**

1 (a) Bona Fide Farming Exempt From County Zoning. – County zoning regulations may
 2 not affect property used for bona fide farm purposes; provided, however, that this section does
 3 not limit zoning regulation with respect to the use of farm property for nonfarm purposes. Except
 4 as provided in G.S. 106-743.4 for farms that are subject to a conservation agreement under
 5 G.S. 106-743.2, bona fide farm purposes include the production and activities relating or
 6 incidental to the production of crops, grains, fruits, vegetables, ornamental and flowering plants,
 7 dairy, livestock, poultry, and all other forms of agriculture, as defined in G.S. 106-581.1.
 8 Activities incident to the farm include existing or new residences constructed to the applicable
 9 residential building code situated on the farm occupied by the owner, lessee, or operator of the
 10 farm and other buildings or structures sheltering or supporting the farm use and operation. A
 11 building or structure that is used solely for storage of cotton, peanuts, or sweetpotatoes, or any
 12 byproduct of those commodities, is a bona fide farm purpose, including a building or structure
 13 on a property that does not have the documentation listed in subdivisions (1) through (4) of this
 14 subsection. For purposes of this section, "when performed on the farm" in G.S. 106-581.1(6)
 15 includes the farm within the jurisdiction of the county and any other farm owned or leased to or
 16 from others by the bona fide farm operator, no matter where located. For purposes of this section,
 17 the production of a nonfarm product that the Department of Agriculture and Consumer Services
 18 recognizes as a "Goodness Grows in North Carolina" product that is produced on a farm subject
 19 to a conservation agreement under G.S. 106-743.2 is a bona fide farm purpose. For purposes of
 20 determining whether a property is being used for bona fide farm purposes, any of the following
 21 is sufficient evidence that the property is being used for bona fide farm ~~purposes;~~ purposes, but
 22 other evidence may also be considered:

- 23 (1) A farm sales tax exemption certificate issued by the Department of Revenue.
- 24 (2) A copy of the property tax listing showing that the property is eligible for
 25 participation in the present-use value program pursuant to G.S. 105-277.3.
- 26 (3) A copy of the farm owner's or operator's Schedule F from the owner's or
 27 operator's most recent federal income tax return.
- 28 (4) A forest management plan.

29"

30
 31 **STUDY FAIR REPAIR REQUIREMENTS FOR MANUFACTURERS OF FARM**
 32 **EQUIPMENT**

33 **SECTION 4.** The Agriculture and Forestry Awareness Study Commission shall
 34 study whether to establish requirements for manufacturers of farm equipment to make
 35 documentation, parts, software, or tools required to diagnose, maintain, or repair electronically
 36 enabled farm equipment available to owners of the farm equipment or independent repair
 37 providers in the same manner as the documentation, parts, software, or tools are available to the
 38 manufacturer's authorized repair provider and, if so, the limitations and enforcement mechanisms
 39 that should apply to those requirements. In conducting the study, the Committee shall seek input
 40 from farm equipment manufacturers, independent repair providers and owners of farm
 41 equipment, the Department of Justice, and the Department of Agriculture and Consumer
 42 Services. The Commission shall report its findings, including any proposed legislation, prior to
 43 the convening of the 2023 Regular Session of the General Assembly.
 44

45 **PRESERVE CONSERVATION EASEMENTS AFTER PROPERTY TAX**
 46 **FORECLOSURES**

47 **SECTION 5.(a)** G.S. 105-374(k) reads as rewritten:

48 "(k) Judgment of Sale. – Any judgment in favor of the plaintiff or any defendant taxing
 49 unit in an action brought under this section shall order the sale of the real property or as much as
 50 may be necessary for the satisfaction of all of the following:

- 1 (1) Taxes adjudged to be liens in favor of the plaintiff, other than taxes the amount
2 of which has not been definitely determined, together with penalties, interest,
3 and costs.
- 4 (2) Taxes adjudged to be liens in favor of other taxing units, other than taxes the
5 amount of which has not yet been definitely determined, if those taxes have
6 been alleged in answers filed by the other taxing units, together with penalties,
7 interest, and costs.

8 The judgment shall appoint a commissioner to conduct the sale and shall order that the property
9 be sold in fee simple, free and clear of all interests, rights, claims, and liens whatever, except that
10 the sale shall be subject to (i) taxes the amount of which cannot be definitely determined at the
11 time of the judgment, (ii) taxes and special assessments of taxing units which are not parties to
12 the action, ~~and~~ (iii) in the discretion of the court, taxes alleged in other tax foreclosure actions or
13 proceedings pending against the same real ~~property-property~~, and (iv) conservation agreements,
14 as defined in G.S. 121-35(1).

15 In all cases in which no answer is filed within the time allowed by law, and in cases in which
16 answers filed do not seek to prevent sale of the property, the clerk of the superior court may enter
17 the judgment, subject to appeal as provided in G.S. 1-301.1."

18 **SECTION 5.(b)** G.S. 105-375(i) reads as rewritten:

19 "(i) Issuance of Execution. – At any time after three months and before two years from
20 the indexing of the judgment as provided in subsection (b) of this section, execution shall be
21 issued at the request of the tax collector in the same manner as executions are issued upon other
22 judgments of the superior court, and the real property shall be sold by the sheriff in the same
23 manner as other real property is sold under execution with the following exceptions:

- 24 (1) No debtor's exemption shall be allowed.
- 25 (2) At least 30 days prior to the day fixed for the sale, the sheriff shall send notice
26 by registered or certified mail, return receipt requested, to the taxpayer at the
27 taxpayer's last known address, in lieu of personal service, and to all lienholders
28 of record. If within 10 days following the mailing of a notice, a return receipt
29 has not been received by the sheriff indicating receipt of the notice, then the
30 sheriff shall make additional efforts to locate and notify the taxpayer, if not
31 yet notified, and all unnotified lienholders of record of the sale under
32 execution in accordance with subdivision (4) of subsection (c) of this section.
- 33 (3) The sheriff shall add to the amount of the judgment as costs of the sale any
34 postage expenses incurred by the tax collector and the sheriff in foreclosing
35 under this section.
- 36 (4) In any advertisement or posted notice of sale under execution, the sheriff may
37 (and at the request of the governing body shall) combine the advertisements
38 or notices for properties to be sold under executions against the properties of
39 different taxpayers in favor of the same taxing unit or group of units; however,
40 the property included in each judgment shall be separately described and the
41 name of the taxpayer specified in connection with each property.

42 The purchaser at the execution sale acquires title to the property in fee simple free and clear
43 of all claims, rights, interests, and liens except the liens of other taxes or special assessments not
44 paid from the purchase price and not included in the ~~judgment~~ judgment and conservation
45 agreements, as defined in G.S. 121-35(1)."

46

47 **FARMED CERVID ASSESSMENT CLARIFICATION**

48 **SECTION 6.** G.S. 106-1056 reads as rewritten:

49 **"§ 106-1056. Definitions.**

50 As used in this Article:

- 51 (1) "Association" means the North Carolina Deer and Elk Farmers Association.

- 1 (2) "Cervid farmer" means a person who (i) is a North Carolina resident and (ii)
2 holds at least one cervid in captivity subject to a captivity license issued by
3 the Department.
4 (3) "Department" means the Department of Agriculture and Consumer Services.
5 (4) "Farmed cervid" means any member of the Cervidae family that is held in
6 captivity and produced, bought, or sold for commercial purposes.
7 (5) "Farmed cervid feed" means any commercial feed, as defined in
8 G.S. 106-284.33, ~~labeled or marketed~~ sold to a cervid farmer for farmed
9 cervid use."
10

11 **SPECIFY THAT COMMERCIAL PRODUCTION OR GROWING OF ANIMALS FOR**
12 **PURPOSES OF PRESENT USE VALUE TAXATION INCLUDES BOARDING HORSES**

13 **SECTION 7.(a)** G.S. 105-277.2(1) reads as rewritten:

- 14 "(1) Agricultural land. – Land that is a part of a farm unit that is actively engaged
15 in the commercial production or growing of crops, plants, or animals under a
16 sound management program. For purposes of this definition, the commercial
17 production or growing of animals includes the rearing, feeding, training,
18 caring, boarding, and managing of horses. Agricultural land includes
19 woodland and wasteland that is a part of the farm unit, but the woodland and
20 wasteland included in the unit must be appraised under the use-value
21 schedules as woodland or wasteland. A farm unit may consist of more than
22 one tract of agricultural land, but at least one of the tracts must meet the
23 requirements in G.S. 105-277.3(a)(1), and each tract must be under a sound
24 management program. If the agricultural land includes less than 20 acres of
25 woodland, then the woodland portion is not required to be under a sound
26 management program. Also, woodland is not required to be under a sound
27 management program if it is determined that the highest and best use of the
28 woodland is to diminish wind erosion of adjacent agricultural land, protect
29 water quality of adjacent agricultural land, or serve as buffers for adjacent
30 livestock or poultry operations."

31 **SECTION 7.(b)** This section is effective for taxes imposed for taxable years
32 beginning on or after July 1, 2022.
33

34 **UPDATE BONA FIDE FARM CROSS REFERENCES**

35 **SECTION 8.(a)** G.S. 106-743.4(a) reads as rewritten:

36 "(a) Property that is subject to a conservation agreement under G.S. 106-743.2 that
37 remains in effect may receive up to twenty-five percent (25%) of its gross sales from the sale of
38 nonfarm products and still qualify as a bona fide farm that is exempt from zoning regulations
39 under ~~G.S. 153A-340(b)~~. G.S. 160D-903. For purposes of ~~G.S. 153A-340(b)~~, G.S. 160D-903,
40 the production of any nonfarm product that the Department of Agriculture and Consumer
41 Services recognizes as a "Goodness Grows in North Carolina" product that is produced on a farm
42 that is subject to a conservation agreement under G.S. 106-743.2 is a bona fide farm purpose. A
43 farmer seeking to benefit from this subsection shall have the burden of establishing that the
44 property's sale of nonfarm products did not exceed twenty-five percent (25%) of its gross sales.
45 A county may adopt an ordinance pursuant to this section that sets forth the standards necessary
46 for proof of compliance."

47 **SECTION 8.(b)** G.S. 106-850(b)(10) reads as rewritten:

- 48 "(10) To be eligible for cost share funds under this program, each applicant must
49 establish that the applicant meets the definition of a bona fide farm as
50 described by ~~G.S. 153A-340(b)(2)~~. G.S. 160D-903(a)."
51

SECTION 8.(c) G.S. 130A-247(13) reads as rewritten:

1 "(13) "Temporary food establishment" means an establishment not otherwise
2 exempted from this part pursuant to G.S. 130A-250 that (i) prepares or serves
3 food, (ii) operates for a period of time not to exceed 30 days in one location,
4 and (iii) is affiliated with and endorsed by a transitory fair, carnival, circus,
5 festival, public exhibition, or agritourism business. For purposes of this
6 subdivision, "agritourism" means the same as in ~~G.S. 153A-340(b)(2a)-~~
7 G.S. 160D-903(a). Notwithstanding the time limit set out in this subdivision,
8 a local health department may, upon the request of a temporary food
9 establishment, grant a one-time, 15-day extension of the establishment's
10 permit if the establishment continues to meet all of the requirements of its
11 permit and applicable rules."

12 **SECTION 8.(d)** G.S. 130A-291.1(g) reads as rewritten:

13 "(g) Production of a crop in accordance with an approved nutrient management plan on
14 land that is permitted as a septage land application site is a bona fide farm purpose under
15 ~~G.S. 153A-340.~~G.S. 160D-903."

16 **SECTION 8.(e)** G.S. 139-60(c1) reads as rewritten:

17 "(c1) To be eligible for assistance under this program, each applicant must establish that
18 the applicant meets the definition of a bona fide farm as described by
19 ~~G.S. 153A-340(b)(2).~~G.S. 160D-903(a)."

20 **SECTION 8.(f)** G.S. 153A-471(b)(6) reads as rewritten:

21 "~~(6) G.S. 153A-340(b) (Zoning of Bona Fide Farms)~~ G.S. 160D-903(a) and (b)
22 shall apply to all areas within the county boundaries."

23 **SECTION 8.(g)** G.S. 160A-58.54(c) reads as rewritten:

24 "(c) As used in this subsection, "bona fide farm purposes" is as described in ~~G.S.~~
25 ~~153A-340.~~ G.S. 160D-903(a). As used in this subsection, "property" means a single tract of
26 property or an identifiable portion of a single tract. Property that is being used for bona fide farm
27 purposes on the date of the resolution of intent to consider annexation may not be annexed
28 without the written consent of the owner or owners of the property."
29

30 **NONREVERSION OF FUNDS FOR NEMATODE MITIGATION RESEARCH**

31 **SECTION 9.** The funds appropriated by S.L. 2021-180 to the North Carolina
32 SweetPotato Commission for a contract with NC State University to study nematode mitigation
33 shall remain available until expended and shall not revert.
34

35 **SEVERABILITY CLAUSE AND EFFECTIVE DATE**

36 **SECTION 10.** If any provision of this act or the application thereof to any person or
37 circumstances is held invalid, such invalidity shall not affect other provisions of this act that can
38 be given effect without the invalid provision or application, and, to this end, the provisions of
39 this act are declared to be severable.

40 **SECTION 11.** Except as otherwise provided, this act is effective when it becomes
41 law.