



SENATE BILL 408: Property Tax Modifications.

2023-2024 General Assembly

Committee:	Senate Rules and Operations of the Senate	Date:	April 26, 2023
Introduced by:	Sens. Moffitt, Hanig, B. Newton	Prepared by:	Nicholas Giddings Staff Attorney
Analysis of:	Second Edition		

OVERVIEW: Senate Bill 408 would do the following:

- Exclude from property taxation any business personal property acquired for a cost of \$10,000 or less used in connection with the rental of a single-family residential dwelling unit.
- Provide that if a taxpayer does not timely list property for taxation, there is a presumption that no changes with respect to the property have occurred.
- Authorize counties to postpone, via resolution, their 2023 reappraisal as long as the county would not run afoul of the requirement to reappraise real property at least every 8 years.

CURRENT LAW/BILL ANALYSIS:

Section 1

All personal property used to produce income is considered business personal property and is taxable. Any individual or business owning or possessing personal property used or connected with a business or other income producing purpose on January 1 must list the property for taxation during the annual listing period (January 1 – January 31).

Section 1 would provide that business personal property that was acquired for a cost of \$10,000 or less used in connection with the rental of a single-family residential dwelling unit would be excluded from property taxation. A single-family residential dwelling unit would be defined as a separately owned residence for use of one or more persons as a housekeeping unit with space for eating, living, and permanent provisions for cooking and sanitation, whether or not attached to other such residences, but would not include a bed and breakfast. This exclusion would not apply to registered motor vehicles, mobile homes, or aircraft and watercraft that are required to be registered pursuant to State or federal law.

Section 2

G.S. 105-308 provides that any person whose duty it is to list any property that willfully fails or refuses to list the property within the listing period, or any extension, is guilty of a Class 2 misdemeanor. The failure to list is prima facie evidence that the failure was willful.

Section 2 would provide that if a person does not timely list property, there is a presumption that no changes with respect to that property have occurred. The failure to list any changes would be prima facie evidence that the failure was willful.

Section 3

G.S. 105-286 requires all counties to reappraise real property at least every 8 years, unless a county either chooses to do so more frequently via resolution or the county has a population of 75,000 or greater and is required to do so because the county's sales assessment ratio is above or below certain thresholds. If a

Jeffrey Hudson
Director



Legislative Analysis
Division
919-733-2578

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county chooses to advance its reappraisal schedule via resolution, that schedule will continue until a resolution is adopted that designates a different date for the county's next reappraisal.

Section 3 would allow a county that reappraised its real property for the 2023 tax year to postpone the reappraisal by adopting a resolution between January 1, 2023, and June 30, 2023. However, a county may not exercise its authority under this section if postponing the 2023 reappraisal would place that county in violation of G.S. 105-286 requiring the county to reappraise all real property in the jurisdiction at least every 8 years.

Section 4

Section 4 would require the Department of Revenue and any county that provides its own business personal property listing form to include a means for a taxpayer to indicate that business personal property is not taxable because it was acquired for a cost of \$10,000 or less and used in connection with the rental of a single-family residential dwelling unit.

EFFECTIVE DATE: Sections 1 and 2 of the act would be effective for taxes imposed for taxable years beginning on or after July 1, 2023. The remainder of the act would be effective when it becomes law.