

2018 Keeping the Farm Workshop

Q&A from Sessions

Tax Update

- I own a ten-acre track that is totally wooded, when it comes to my tax bill for that ten acres; how is it treated by a tax standpoint?
 - It would not qualify for a PUV so it is taxed at the market rate.

- If I had twenty acres what would the be the percent reduction in taxes?
 - It depends on the soil class and the market rate of the location as Wake county is very diverse in land rates and land values. (Doesn't perc)

- When you talk about deferred taxes when you sell your property is it inferred that someone else will have to pay back those taxes?
 - If you sell the property and the person buying it does not qualify for deferred tax, then the tax must be collected from the current year back through three years of the deferred taxes.

- About the land not “percing” (i.e. can’t have a septic system)
 - You mentioned that your land does not perk. We would advise you that the appeal window is open each year and runs through whenever the board of equalization occurs, this year it is April 18th. The information is available on our website. If there are issues like not perking it is recommended that you submit an appeal as it affects the market value.

You can use Wake County iMaps to look at on the computer to get more information about your land such as market value. Also, it would be advisable if you could confirm your mailing address which is also shown on Wake County iMaps. <http://www.wakegov.com/gis/imaps/Pages/default.aspx>

- On deferred value what happens to the value that was deferred, does it fall away?
 - The value is still present but it is not paid for.

- If you have some land that won't perk you said you could submit an appeal, what would that do?
 - So, we do tax appraisals. We look at a lot of properties, grouping property areas. We will apply a certain market rate to these groups. Some individual characteristics to your property may affect this rate. Due to that the market value may not be as high as we have. This does not affect your current tax rate however if/when your deferred taxes become due the difference in the market value and the use value (which considers unique characteristics) may reduce the amount of deferred taxes owed.

- About the review of the PUVs taking place last year and this year. There were about 150 accounts taken out. What were the main issues seen that required them to be taken out?
 - The largest percentage was because we did not hear back from the property owner. Eventually we had to make the deferred taxes due.
 - Another scenario- there were some splits of larger parcels. So, property may have remained in present use value but it shouldn't have.

- Are there any limitations that could get your taxes totaled to zero? If you have property that's landlocked, but there is no way to get to it but you still own it?
 - I can't imagine it going to zero, but it would be very little. The interested buyer would most likely be an adjacent landowner and would have access to that property. That's a case by case basis, such as easements and whether land will perk. We already have most of that information, an appeal is the best way to make sure we have that information

- We are raising some hay on the property and now we are raising cows, young heifers. It's going to take a while to get those heifers grown up enough to breed. They are going to be eating the grass and hay.
 - What you would look at would be what you would have made if you had sold that hay instead of feeding it to your cows. In that way you can meet the income threshold without an actual exchange of money. (Remember that grass counts as a crop because your cattle eat it).

- I'm in the process of possibly giving a substantial part of my forest management property to a conservation organization. Am I going to have a capture of my back taxes, about three years.
 - No, there will not be any capture of back taxes.

- Folks are transitioning to farms and possibly agritourism and they have a lot of questions in terms of present use value and farm value and how that works.
 - Present use value statues were written and enacted in 1978. Agritourism was unheard of at that time. There still needs to be clarification. In absence of that we default back to what that land is producing. Ancillary fees, such as having school groups come in, or having a corn maze with admission will be confounded. It would be just what the land is producing.

- I've been seeing putting information on gift crop and in Nash county some hemp crop. Do you have any information on that?
 - Not aware of any commercial hemp operations in wake County. The only way we would really know about that would be because of these annual reviews. There may be one.

919-856-5400 - Main line to the Revenue department

If you have questions about Present Use Value and whether your land qualifies talk to an appraiser. If they are not available we will try to get back to you in 24 hours.

Safety and Security - Farm and Rural Issues

- Can you tell someone to get off your property if you don't have the purple paint?
 - Yes, it is your property. Remember the purple paint only applies to fishing, hunting, and trapping code. If you want to have the sheriff's office come out and have them charged with trespassing you will need trespassing signs up. If you are having trouble with a neighbor or someone you know you can go to the courthouse and take out trespassing charges.

- If you live off a private road and you have property off that road. And you have a neighbor who constantly run their ATV up that road and there is a waterway nearby. Is there anything they can do?
 - It would be under the sheriff's department. You should still call them because then it will be on record. The sheriff could talk to them and it might help.

1-866-318-2401 - hotline for wildlife problems Mon - Fri 8-5

Fellow Farm Owner Insight

- Did you have any tax problems or any other problems transferring your property to your LLC?
 - We are still in the process of doing this. The paperwork is submitted and we are waiting to see if they have any questions. Though we don't anticipate any problems.
- You got forest land and you put it into an LLC instead of just letting it grow. Why?
 - Basically, an LLC protects the land now, a trust will protect the land in the future. My rationale for doing that is as I continue to get older and potential health problems come on I no longer own that land- the LLC owns the land. It would be harder for someone to come after the land since the LLC owns it and not me.
- How does that all work with the trust?
 - My will is set up where after my death the land will automatically transfer into a trust.

NC Farm School – Preparing Our Future Farm Families

- What is the cost of the program?
 - It is \$400 per individual. The actual cost is 1000 dollars but the rest is subsidized.

Starting New on Our Family Farm

- How old are you? 32
- How long was the process? 3 years
- What was your background when you started?
 - I am from Raleigh. I went to Warren Wilson College which is a working college where I worked in the garden then went to NC State for Grad School. When I was almost done I found some land and it went from there.
- Do you do the Farm to Table at restaurants?
 - Yes. That is my focus. Sometimes they note it's from me on the menu other times they have their partners on chalkboards. I send about 80% of my retail to restaurants. Downtown there are also Farmers Collective that are larger growers that sell to restaurants.

- So, you said you were at some of the farmers markets. Do you sell your cut chickens and pork there?
 - Yes, we sell all our products. We go to the Midtown Farmers market in North Hills, the downtown Raleigh farmers markets on Wednesday and we went to the Wake Forest Market a little bit this year.

- Did you do the marketing yourself?
 - Mostly myself, and adding as the years go by. First, we started with a website and being in Raleigh went up to high CSA numbers pretty quickly.

- Do you ever have people buying directly from your farm?
 - Yes, this year we went to the city and got a farm stand permit. We are starting to buildup that part of the operation.