



Exploration of a State-Level Payment in Lieu of Taxes (PILT) Program

NCACC Advocacy Brief

Seek legislation that preserves existing local revenue by providing just compensation to counties for property acquired by the state and removed from the ad valorem tax base.

Issue At-A-Glance

- The State of North Carolina does not pay local property taxes to local units of government for state-owned property.
- Every county in the state contains state-owned property on which the county is not collecting needed property tax revenue.
- A 2015 report prepared by the Joint Legislative Program Evaluation Oversight Committee estimated that the state of North Carolina owned:

9,164 properties totaling **880,418** acres with a value of **\$1.6 billion** stretched over all 100 counties.

11,937 buildings on those properties accounting for **92,466,238** square feet valued at **\$26 billion**.

Issue Background

In 2013, the General Assembly established the State Payment in Lieu of Taxes Study Commission through S.L. 2013-340. The Commission was terminated without reporting their findings upon the reconvening of the 2015 General Assembly. Subsequently, in 2015, the Commission was reestablished through introduced legislation (SB391). It passed the House unanimously in 2015, was placed on the Senate Calendar, and

subsequently removed four days later.

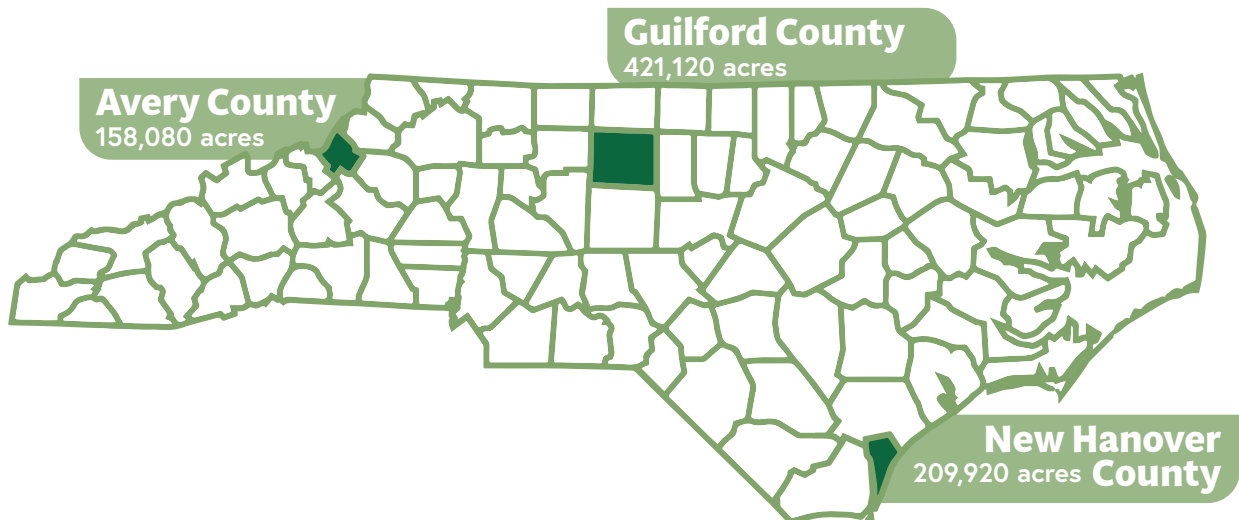
The Federal government operates a PILT program to help local governments offset losses in property tax revenue due to the existence of nontaxable Federal lands within their boundaries. A number of other states also implement a PILT program to help replace lost local revenue due to state-owned property.

County Recommendation

Establish a previously authorized commission to study the effects of administering a PILT program in the State of North Carolina.

State-Owned Property Acreage

State-owned property throughout North Carolina totals larger than the size of Guilford County (421,120 acres), New Hanover County (209,920 acres), and Avery County (158,080 acres) combined.



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