



# SENATE BILL 762: North Carolina Farm Act of 2022.

2021-2022 General Assembly

|                       |   |                     |                                  |
|-----------------------|---|---------------------|----------------------------------|
| <b>Committee:</b>     | Senate Judiciary. If favorable, re-refer to Finance. If favorable, re-refer to Rules and Operations of the Senate | <b>Date:</b>        | May 25, 2022                     |
| <b>Introduced by:</b> | Sens. B. Jackson, Sanderson, Woodard  | <b>Prepared by:</b> | Chris Saunders<br>Staff Attorney |
| <b>Analysis of:</b>   | Second Edition  |                     |                                  |

### OVERVIEW: *Senate Bill 762 would:*

- *Make the exception for hemp in the North Carolina Controlled Substances Act permanent.*
- *Provide that a building used primarily for storage of agricultural commodities or products or storage and use of materials for agricultural purposes is considered a farm building for purposes of the building code, regardless of whether the building is located on the same property where the agricultural commodities or products were produced.*
- *Clarify that for purposes of county zoning, a building or structure that is used solely for the storage of cotton, peanuts, or sweetpotatoes, or any of the byproducts of those commodities, is a bona fide farm purpose.*
- *Direct the Agriculture and Forestry Awareness Study Commission to study whether to establish a "right to repair" for electronic farm equipment.*
- *Provide that, in the event of a tax foreclosure on property encumbered by a conservation easement, the conservation easement is not extinguished upon the sale of the property.*
- *Specify that farmed cervid feed means commercial feed sold to a cervid farmer for farmed cervid use, rather than commercial feed labeled or marketed for farmed cervid use.*
- *Provide that \$2.5 million in nonrecurring funds appropriated in both the 2021-2022 and 2022-2023 fiscal years to the North Carolina SweetPotato Commission for a contract with North Carolina State University to study nematode mitigation will remain available until expended and not revert.*
- *Make several technical changes.*

### CURRENT LAW AND BILL ANALYSIS:

**Section 1** of this act would make permanent the exception for hemp in the definition of marijuana in the North Carolina Controlled Substances Act, which is scheduled to sunset on June 30, 2022.

The exception is due to sunset because, in August of 2021, the Industrial Hemp Commission submitted a resolution pursuant to S.L. 2015-299 that the State pilot program is no longer necessary because the United States Congress has removed industrial hemp from the federal Controlled Substances Act and the provisions of that act, including the State Controlled Substances Act exception, expire at the end of the fiscal year in which that resolution was submitted. The United States Department of Agriculture (USDA)

Jeffrey Hudson  
Director



Legislative Analysis  
Division  
919-733-2578

# Senate Bill 762

Page 2

is currently operating the State's hemp program through the U.S. Domestic Hemp Production Program. Making the exception for hemp permanent would allow USDA to continue operating the State's hemp program.

This section would become effective June 30, 2022.

**Section 2** would provide that a building used primarily for the storage of agricultural commodities or products, or storage and use of materials for agricultural purposes, is considered a farm building for purposes of the building code, regardless of whether the building is located on the same property where the agricultural commodities or products were produced. This section would also make technical changes to apply the definition of "farm building" to the entire subsection and update a cross-reference.

**Section 3** would clarify that for purposes of county zoning, a building or structure that is used solely for the storage of cotton, peanuts, or sweetpotatoes, or any of the byproducts of those commodities, is a bona fide farm purpose, and therefore exempt from county zoning. This section would also clarify that the list of documents provided in this section is sufficient evidence that a property is used for bona fide farm purposes is not exhaustive.

**Section 4** would direct the Agriculture and Forestry Awareness Study Commission to study whether to establish requirements for manufacturers of farm equipment to make documentation, parts, software, or tools required to diagnose, maintain, or repair electronically enabled farm equipment available to owners of the farm equipment or independent repair providers in the same manner as the documentation, parts, software, or tools are available to the manufacturer's authorized repair provider and, if so, the limitations and enforcement mechanisms that should apply to those requirements. The Commission would be required to seek input from farm equipment manufacturers, independent repair providers and owners of farm equipment, the Department of Justice, and the Department of Agriculture and Consumer Services and report its findings, including any proposed legislation, prior to the convening of the 2023 Regular Session.

**Section 5** would provide that, in the event of a tax foreclosure on property encumbered by a conservation easement, the conservation easement is not extinguished upon the sale of the property.

**Section 6** would make a clarifying change to the definition of "farmed cervid feed" for purposes of the farmed cervid assessment. This section would specify that farmed cervid feed means commercial feed sold to a cervid farmer for farmed cervid use, rather than commercial feed labeled or marketed for farmed cervid use. Commercial feed for cervids is often labeled for hunting purposes rather than farming.

**Section 7** would clarify that for purposes of present use value taxation, the commercial production or growing of animals includes boarding of horses. Under current law, the commercial production or growing of animals includes "the rearing, feeding, training, caring, and managing of horses."

This section would be effective for taxes imposed for taxable years beginning on or after July 1, 2022.

# Senate Bill 762

*Page 3*

**Section 8** would make several technical changes to update cross-references in the statutes that refer to the section on county zoning. G.S. 153A-340(b) was recodified as G.S. 160D-903 in 2020.

The 2021 Appropriations Act appropriated \$2.5 million in nonrecurring funds in both the 2021-2022 and 2022-2023 fiscal years to the North Carolina SweetPotato Commission for a contract with North Carolina State University to study nematode mitigation. **Section 9** would provide that these funds will remain available until expended and do not revert.

**EFFECTIVE DATE:** Except as otherwise provided, this act would be effective when it becomes law.