



CHICAGO BULL

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Why are those personal property taxes attached to my real estate!

We all know that real property taxes are a lien effective January 1st of each year, (even though the taxes aren't levied until July 1st of that same year) but personal property taxes can be a little tricky. The lien on real estate also includes personal property taxes of the same taxpayer in the same county, except for the personal property taxes for motor vehicles because there is a specific statutory exemption. The personal property taxes for a boat or other watercraft, business personal property taxes, and other types of personal property taxes are included in the lien on the real property in the same county of the same taxpayer. A personal property tax bill against one spouse does not attach to real property owned by spouses who own the property as tenants by the entirety.

Commercial property can often have business personal property taxes. Those taxes only become included in the lien on the real estate if in the same name as the owner of the real estate. Even though not an issue for the title insurer if listed in a separate taxpayer's name, the attorney representing a buyer will likely want to locate all business property taxes associated with the property, even if listed in the name of a different entity. If the attorney only searches for taxes using the fee owner's name, all of the business property taxes associated with the property may not appear and counties vary in how those taxes are listed. A recent search of the Forsyth County tax bills for a hotel revealed (i) only real property taxes and a business property tax bill only in the fee owner's name when searching using the fee owner's name, (ii) real property taxes only when searching using the tax parcel identification number, and (iii) real property taxes, the fee owner's business property tax, and another separate business property tax bill in the name of a third party when searching using the address. Expanding the search can protect your client, yourself, and avoid a fight with the tax office over whether certain taxes should have been paid at the time of a conveyance.

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