

**NORTH CAROLINA GENERAL ASSEMBLY
LEGISLATIVE FISCAL NOTE**

BILL NUMBER: House Bill 15 (First Edition)

SHORT TITLE: Conform Tax on Restored Income

SPONSOR(S): Representative Lanier M. Cansler

FISCAL IMPACT

Yes (x) No () No Estimate Available ()

FY 1997-98 FY 1998-99 FY 1999-00 FY 2000-01 FY 2001-02

REVENUES

GENERAL FUND Minimal revenue loss of \$50,000 or less each year.

PRINCIPAL DEPARTMENT(S) & PROGRAM(S) AFFECTED: Department of Revenue

EFFECTIVE DATE: Effective for taxable years beginning on or after January 1, 1995.

BILL SUMMARY: This act will conform North Carolina's income tax law to the Internal Revenue Code (IRC 1341(a)(5)) with respect to the tax treatment of a substantial amount of income that a taxpayer receives one year, but refunds the next.

ASSUMPTIONS AND METHODOLOGY:

This bill will produce a small annual revenue loss to the General Fund, but no data exists to calculate the exact fiscal impact. A spokesman for the Department of Revenue stated to the Revenue Laws Study Committee that only a handful of cases each year would benefit from the law. Since the act is retroactive to 1995, there is a definite revenue loss of \$25,000 in FY 97-98 for a refund to one taxpayer.

FISCAL RESEARCH DIVISION: 733-4910

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