

NORTH CAROLINA GENERAL ASSEMBLY

LEGISLATIVE FISCAL NOTE

BILL NUMBER: HB 1431 (1st Edition)

SHORT TITLE: Car Property Tax Credit

SPONSOR(S): Rep. Hackney

FISCAL IMPACT

Yes () No (X) No Estimate Available (X)

FY 2001-02 FY 2002-03 FY 2003-04 FY 2004-05 FY 2005-06

REVENUES

General Fund

* No General Fund Impact *

Local Governments

* See Assumptions and Methodology *

PRINCIPAL DEPARTMENT(S) &

PROGRAM(S) AFFECTED: North Carolina Department of Revenue, Property Tax Division, and Local Governments.

EFFECTIVE DATE: When it becomes law.

BILL SUMMARY: Under current law a taxpayer may receive a release or refund of property taxes paid on a motor vehicle if the taxpayer surrenders the motor vehicle's registration plates because the person has transferred the vehicle to a new owner or because the person has moved out-of-state and registered the vehicle in that state. The bill extends this privilege to the surrender of registration plates for a reason other than purchase of a new vehicle or a move out of state, if that vehicle's new tax year begins before the expiration of the vehicle's original tax year.

ASSUMPTIONS AND METHODOLOGY: This situation occurs primarily when individuals leave the country for an extended period of time and want to leave the vehicle idle until their return.

According to representatives of the North Carolina Assessors and Collectors, most counties handle this problem administratively already, offering the taxpayer a release or refund through other procedures. As such, there is no fiscal impact for those communities. However, some counties do not find offer a tax release or credit to impacted taxpayers. As such, there will be a loss in those counties. At this point Fiscal Research is only aware of one county that does not handle this administratively (Orange County) although there may

be others. Because of the limited number of counties involved, and the small proportion of taxpayers impacted, the fiscal impact is expected to be minimal.

FISCAL RESEARCH DIVISION 733-4910

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