

GENERAL ASSEMBLY OF NORTH CAROLINA



Session 2009

Legislative Fiscal Note

BILL NUMBER: House Bill 1570 (Second Edition)

SHORT TITLE: Amend Allocation of TVA Payment.

SPONSOR(S): Representative Haire

FISCAL IMPACT					
	Yes (x)	No ()	No Estimate Available ()		
	<u>FY 2009-10</u>	<u>FY 2010-11</u>	<u>FY 2011-12</u>	<u>FY 2012-13</u>	<u>FY 2013-14</u>
REVENUES:					
General Fund					
	No General Fund Impact				
Local Governments					
	Amends allocation to individual local governments, but no net impact. See assumptions and methodology.				
PRINCIPAL DEPARTMENT(S) & PROGRAM(S) AFFECTED: Avery, Buncombe, Cherokee, Clay, Graham, Haywood, Henderson, Jackson, Macon, Madison, Mitchell, Swain and Watauga Counties; Towns of Murphy and Bryson City; NC Department of Revenue					
EFFECTIVE DATE: October 1, 2009					

BILL SUMMARY:

House Bill 1570 would amend the allocation of payments made by the Tennessee Valley Authority to the State and local governments. The allocation would be made on the basis of each local government's percentage of the total value of the TVA property in the State (instead of on the basis of the percentage of loss of taxes to each local government.) In addition, when calculating the allocation of the TVA's valuation among the local governments, the Department of Revenue would no longer use the tax rate fixed by the local government.

ASSUMPTIONS AND METHODOLOGY:

The Tennessee Valley Authority (TVA) annually makes payments to the State and local governments in lieu of taxes. These payments are apportioned between the local governments in which TVA property is owned or an operation is carried on, on the basis of the percentage of loss of property taxes to each local government. As a result, the allocation is impacted each time one of the affected counties or municipalities changes its property tax rate.

House Bill 1570 would apportion the payments made by TVA between the local governments on the basis of each local government's percentage of the total value of the TVA's property in the

State. Each year the Department of Revenue will determine the allocation of the TVA's valuation among the local governments as if the property were owned or operated by a privately owned utility. The tax rate fixed by the local government will no longer be used in making this calculation.

As a result, the share of TVA payments received by individual counties and municipalities will change, however the total amount of the payments will not be affected. The chart below is an estimate of local government payments under current law vs. HB1570.

Estimated TVA Payments under Current Law vs. HB 1570 (FY 09-10)

County/Town	Assessed Value of TVA Property	2008- 09 Tax Rate	Percentage Of Total Computed Levy	TVA Payment Current Law	Percentage Of Total Property Value	Payment Based on H1570	Difference
Avery County	2,798,489	0.3900	1.6%	\$43,065	1.8%	46,852	\$3,787
Buncombe County	11,278	0.5250	0.0%	\$234	0.0%	189	(\$45)
Cherokee County	56,151,021	0.3850	32.6%	\$853,015	36.0%	940,072	\$87,057
Town of Murphy	2,468,737	0.3300	1.2%	\$32,146	1.6%	41,331	\$9,185
Clay County	14,178,478	0.4300	9.2%	\$240,567	9.1%	237,374	(\$3,193)
Graham County	37,173,067	0.6000	33.7%	\$880,072	23.8%	622,346	(\$257,726)
Haywood County	41,092	0.4970	0.0%	\$806	0.0%	688	(\$118)
Henderson County	2,399	0.4620	0.0%	\$44	0.0%	40	(\$4)
Jackson County	54,466	0.2800	0.0%	\$602	0.0%	912	\$310
Macon County	50,900	0.2461	0.0%	\$494	0.0%	852	\$358
Madison County*	4,651	0.5100	0.0%	\$94	0.0%	78	(\$16)
Mitchell County	12,788	0.5200	0.0%	\$262	0.0%	214	(\$48)
Swain County	42,601,855	0.3300	21.2%	\$554,729	27.3%	713,234	\$158,505
Town of Bryson City	448,143	0.3300	0.2%	\$5,835	0.3%	7,503	\$1,667
Watauga County*	63,968	0.3130	0.0%	\$790	0.0%	1,071	\$281
TOTAL	156,061,332		100%	\$2,612,755	100%	2,612,755	\$0

SOURCES OF DATA: NC Department of Revenue; Tennessee Valley Authority

TECHNICAL CONSIDERATIONS: None

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