

GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2017

Legislative Fiscal Note

BILL NUMBER: House Bill 2 (First Edition)
SHORT TITLE: Provide Certain Property Tax Relief.
SPONSOR(S): Representatives Dollar, Saine, Hardister, and R. Turner

FISCAL IMPACT					
(\$ in millions)					
<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> No Estimate Available					
	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21
State Impact					
General Fund Revenues:	No General Fund Impact				
General Fund Expenditures:					
State Positions:					
NET STATE IMPACT	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Local Impact					
Revenues:					
Sec. 1	(\$25.2)	(\$26.5)	(\$26.7)	(\$26.9)	(\$27.2)
Sec. 2	(\$0.7)	(\$0.7)	(\$0.7)	(\$0.7)	(\$0.8)
NET LOCAL IMPACT	(\$25.9)	(\$27.2)	(\$27.4)	(\$27.6)	(\$28.0)
PRINCIPAL DEPARTMENT(S) & PROGRAM(S) AFFECTED: NC Department of Revenue; NC Local Governments					
EFFECTIVE DATE: Taxable years beginning on or after 7/1/2017.					
TECHNICAL CONSIDERATIONS: None					

BILL SUMMARY:

Section 1 increases the Disabled Veteran Property Tax Exclusion from \$45,000 to a full exclusion of the homestead appraised value.

Section 2 creates a homestead property tax exemption for the surviving spouse of an emergency personnel officer who was killed in the line of duty.

ASSUMPTIONS AND METHODOLOGY:

Disabled Veteran Property Tax Exclusion

Because the bill increases the exclusion amount from \$45,000 to the full value of the homestead, the amount of the exclusion will vary depending on the value of each taxpayer's property. For purposes of the fiscal note, the full value is assumed to be the median home value for North

Carolina. According to the NC Department of Revenue, approximately \$1.1 billion in property value is excluded currently. Based on the median home value of \$154,900, the additional value excluded would be \$2.7 billion. The statewide weighted average property tax rate is applied to determine the total property tax loss of \$25.2 million. Moody's Analytics projections for home prices are used to determine the increase in cost for future years.

Emergency Personnel Surviving Spouse Exclusion

Based on data from the Department of State Treasurer, a total of 371 emergency personnel have been eligible for death benefit payments since 1971. The death benefit payment is made to the dependents of emergency personnel killed in the discharge of their official duties.

Assuming a total of 371 eligible beneficiaries and a median home value for NC of \$154,900, the cost of the bill in lost property tax revenue to counties and municipalities would be approximately \$700,000. It is not known how many of the 371 personnel have unmarried surviving spouses or if there are eligible surviving spouses of personnel killed prior to 1971. Therefore, it is not possible to estimate the cost more precisely; however, given the length of time covered by the data, the cost is estimated to be less than \$700,000.

SOURCES OF DATA: U.S. Census Bureau; NC Dept. of Revenue; Moody's Analytics; NC Dept. of State Treasurer

TECHNICAL CONSIDERATIONS: None

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