

GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2017

Legislative Fiscal Note

BILL NUMBER: Senate Bill 628 (First Edition)

SHORT TITLE: Various Changes to the Revenue Laws.

SPONSOR(S): Senators Tillman, Brock, and Tucker

FISCAL IMPACT					
(\$ in millions)					
<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> No Estimate Available					
	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22
State Impact					
General Fund Revenues:		(\$7.0)	(\$7.2)	(\$7.4)	(\$7.6)
General Fund Expenditures:					
Special Fund Revenues:					
Special Fund Expenditures:					
State Positions:					
NET STATE IMPACT	\$0.0	(\$7.0)	(\$7.2)	(\$7.4)	(\$7.6)
Local Impact					
Revenues:					
Expenditures:					
NET LOCAL IMPACT	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
PRINCIPAL DEPARTMENT(S) & PROGRAM(S) AFFECTED: NC Department of Revenue					
EFFECTIVE DATE: Taxable years beginning on or after January 1, 2018					
TECHNICAL CONSIDERATIONS: None					

BILL SUMMARY:

Senate Bill 628 makes numerous changes to the Revenue Laws. The changes are technical or administrative in nature and are not estimated to have a material fiscal impact, with one exception. Consequently, this fiscal note only addresses Section 1.3 of the bill, which results in a reduction in estimated franchise tax collections.

Section 1.3 reinstates a franchise tax deduction that allows taxpayers to reduce the tangible property base by the amount of any debt owed on the property. This deduction was eliminated in 2015 franchise tax legislation.

ASSUMPTIONS AND METHODOLOGY: The estimate is based on historical tax data showing the fiscal impact of the deduction on franchise tax collections in two prior years. Next, the percentage reduction in total net franchise tax revenue for the prior years was calculated and averaged. The average percentage reduction was then applied to the consensus franchise tax revenue forecast to derive the estimated reduction in franchise tax collections beginning in FY 17-18.

SOURCES OF DATA: North Carolina Department of Revenue

TECHNICAL CONSIDERATIONS: None

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