



NORTH CAROLINA GENERAL ASSEMBLY

Session 2019

Legislative Fiscal Note

Short Title: First Responders Act of 2019.
Bill Number: House Bill 118 (First Edition)
Sponsor(s): Representatives Warren, Corbin, D. Hall, and Potts

SUMMARY TABLE

FISCAL IMPACT OF H.B. 118, V.1 (\$ in millions)					
	<u>FY 2019-20</u>	<u>FY 2020-21</u>	<u>FY 2021-22</u>	<u>FY 2022-23</u>	<u>FY 2023-24</u>
State Impact					
General Fund Revenue	(0.5)	(0.5)	(0.6)	(0.6)	(0.6)
Less Expenditures	-	-	-	-	-
General Fund Impact	(0.5)	(0.5)	(0.6)	(0.6)	(0.6)
NET STATE IMPACT	(\$0.5)	(\$0.5)	(\$0.6)	(\$0.6)	(\$0.6)
Local Impact					
Local Revenue	(0.7)	(0.7)	(0.7)	(0.7)	(0.8)
Less Local Expenditures	-	-	-	-	-
NET LOCAL IMPACT	(\$0.7)	(\$0.7)	(\$0.7)	(\$0.7)	(\$0.8)

FISCAL IMPACT SUMMARY

Part 1 will reduce income tax collections by approximately \$0.5 million by allowing a \$250 income tax deduction for volunteer fire fighters and volunteer rescue squad workers. Part 2 will reduce local property tax revenues by \$0.7 million by allowing a homestead exclusion for surviving spouses of qualifying emergency personnel killed in the line of duty.

FISCAL ANALYSIS

Tax Deduction for Firefighters

The estimated fiscal impact for the deduction for firefighters is based on Department of Revenue tax data for the deduction as it existed prior to its 2014 repeal. That amount is adjusted for changes in tax rates and economic growth since 2014.

Property Tax Exclusion for Surviving Spouse of Qualified Emergency Personnel

Based on data from the Department of State Treasurer, a total of 371 emergency personnel were eligible for death benefit payments between 1971 and 2017. 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 \$161,000, 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.

TECHNICAL CONSIDERATIONS

N/A.

DATA SOURCES

NC Dept. of Revenue; NC Dept. of State Treasurer; Moody's Analytics; US Census Bureau

LEGISLATIVE FISCAL NOTE – PURPOSE AND LIMITATIONS

This document is an official fiscal analysis prepared pursuant to Chapter 120 of the General Statutes and rules adopted by the Senate and House of Representatives. The estimates in this analysis are based on the data, assumptions, and methodology described in the Fiscal Analysis section of this document. This document only addresses sections of the bill that have projected direct fiscal impacts on State or local governments and does not address sections that have no projected fiscal impacts.

CONTACT INFORMATION

Questions on this analysis should be directed to the Fiscal Research Division at (919) 733-4910.

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