



NORTH CAROLINA GENERAL ASSEMBLY

Session 2019

Legislative Fiscal Note

Short Title: Provide Certain Property Tax Relief.
Bill Number: House Bill 695 (First Edition)
Sponsor(s): Representatives Floyd, Lucas, Saine and Hardister

SUMMARY TABLE

	FISCAL IMPACT OF H.B. 695, 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	-	-	-	-	-
Less Expenditures	1.8	1.9	1.9	2.0	2.1
General Fund Impact	(1.8)	(1.9)	(1.9)	(2.0)	(2.1)
NET STATE IMPACT	(\$1.8)	(\$1.9)	(\$1.9)	(\$2.0)	(\$2.1)
Local Impact					
Local Revenue	(0.8)	(0.8)	(0.8)	(0.8)	(0.8)
Less Local Expenditures	-	-	-	-	-
NET LOCAL IMPACT	(\$0.8)	(\$0.8)	(\$0.8)	(\$0.8)	(\$0.8)

FISCAL IMPACT SUMMARY

Section 1 would expand the existing property tax exclusion for disabled veterans from \$45,000 to \$55,000. Because the bill holds local governments harmless for the revenue loss, expenditures to the General Fund would increase by \$1.8 million in FY 2019-20, growing to \$2.1 million in FY 2023-24.

Section 2 provides an exclusion for surviving spouses of emergency personnel killed in the line of duty and would reduce local property tax revenues by less than \$1 million annually.

FISCAL ANALYSIS

Disabled Veterans Exclusion

The bill draft expands the existing \$45,000 exclusion for disabled veterans with a 100% disability rating by allowing an exclusion of \$55,000 of appraised value effective for the tax year beginning July 1, 2019.

According to the NC Division of Veterans Affairs, there are 26,099 disabled veterans in North Carolina. The home ownership rate for veterans is estimated to be 77%, which results in a total of 20,096 disabled veteran homeowners.

This analysis used the distribution of home values in North Carolina from the American Community Survey (ACS) Census data. An additional \$10,000 exclusion was calculated for homes greater than \$55,000 in value. The average weighted tax rate of 97.4 cents per \$100 valuation was applied to determine the property tax loss for local governments. Finally, a growth rate of 3% was used to project the cost in future years. The number of disabled veterans is assumed to remain constant.

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 an average home value for NC of 208,000, the cost of the bill in lost property tax revenue to counties and municipalities would be approximately \$800,000. 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 estimate is unlikely to be more than \$800,000.

TECHNICAL CONSIDERATIONS

N/A.

DATA SOURCES

US Census Bureau, NC Division of Veterans Affairs, NC Department of State Treasurer

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.

ESTIMATE PREPARED BY

Rodney Bizzell and Emma Turner

ESTIMATE APPROVED BY

Mark Trogdon, Director of Fiscal Research
Fiscal Research Division
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