



NORTH CAROLINA GENERAL ASSEMBLY

Session 2019

Legislative Fiscal Note

Short Title: Augment Disabled Veteran Property Tax Benefit.
Bill Number: House Bill 945 (First Edition)
Sponsor(s): Representatives Majeed, Grange, Martin, and Alexander

SUMMARY TABLE

	FISCAL IMPACT OF H.B. 945, 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>
Local Impact					
Local Revenue	(13.9)	(14.4)	(14.8)	(15.2)	(15.7)
Less Local Expenditures	-	-	-	-	-
NET LOCAL IMPACT	(\$13.9)	(\$14.4)	(\$14.8)	(\$15.2)	(\$15.7)

FISCAL IMPACT SUMMARY

The bill draft would expand the existing property tax exclusion for disabled veterans, reducing revenues for local governments by \$13.9 million in FY 2019-20, growing to \$15.7 million in FY 2023-24.

FISCAL ANALYSIS

The bill draft expands the existing \$45,000 exclusion for disabled veterans with a 100% disability rating by allowing an exclusion of the greater of \$55,000 or 50% of appraised value effective for the tax year beginning July 1, 2019. Disabled veterans with less than a 100% disability rating, which includes some veterans receiving Title 38 benefits, would continue to receive the current \$45,000 exclusion.

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 below \$110,000 in value and the 50% exclusion was applied for all homes with value greater than \$110,000 (the 50% exclusion is more advantageous for homes greater than \$110,000 in value). After accounting for the existing \$45,000 exclusion, 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. The number of disabled veterans who would remain eligible for only the \$45,000 exclusion as recipients of Title 38 funding for reasons other than total and permanent disability is unknown; however, because of the small number of grant recipients, the fiscal impact is expected to be minimal.

TECHNICAL CONSIDERATIONS

N/A.

DATA SOURCES

NC Division of Veterans Affairs; Congressional Research Service; 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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