



NORTH CAROLINA GENERAL ASSEMBLY

Session 2021

Legislative Fiscal Note

Short Title: COVID-19 Related Tax Chngs/UI Tech Correct.
Bill Number: House Bill 279 (Second Edition)
Sponsor(s):

SUMMARY TABLE

	FISCAL IMPACT OF H.B. 279 v.2 (\$ in millions)				
	<u>FY 2020-21</u>	<u>FY 2021-22</u>	<u>FY 2022-23</u>	<u>FY 2023-24</u>	<u>FY 2024-25</u>
State Impact					
General Fund Revenue	(5)	-	-	-	-
Less Expenditures	-	-	-	-	-
General Fund Impact	(5)	-	-	-	-
NET STATE IMPACT	(\$5)	-	-	-	-
Local Impact					
Local Revenue	Minimal or no fiscal impact; see Fiscal Analysis section.				
Less Local Expenditures	-	-	-	-	-
NET LOCAL IMPACT	-	-	-	-	-

FISCAL IMPACT SUMMARY

Section 1.1 clarifies that certain State and federal stimulus payments related to COVID-19 shall not be counted as “income” when counties determine whether someone is eligible for the elderly or disabled property tax homestead exclusion program, which has an income ceiling.

Section 1.2(a) provides for the nonaccrual of interest until May 17, 2021 on an underpayment of tax imposed on an individual income tax return due April 15, 2021. The amount of interest foregone is estimated to be approximately \$5 million.

FISCAL ANALYSIS

Limiting what counts as “income” in the property tax exclusion program will keep more North Carolinians eligible for the property tax break. Theoretically, this action could reduce local property tax revenue. However, we believe that in developing their budgets, counties did not anticipate these additional payments reducing program participation. Also, anecdotally, the Department of Revenue has been told that some counties have already planned not to include

COVID-19 related relief payments in calculating income eligibility for the program. No fiscal estimate is available, but the fiscal impact is expected to be minimal or zero.

The amount of interest that would be foregone was estimated using the expected gross collections from final payments of individual income tax between April 16, 2021 and May 17, 2021. The expected gross collections are based on the February 2021 Consensus Revenue Forecast and historical data on the timing of collections. The estimate applied a 5% annualized interest rate and assumed that 75% of expected gross collections would be delayed due to the extension of the federal income tax filing due date.

TECHNICAL CONSIDERATIONS

N/A.

DATA SOURCES

North Carolina Department of Revenue

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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