



NORTH CAROLINA GENERAL ASSEMBLY

Session 2021

Legislative Fiscal Note

Short Title: Restore Funding/State Conservation Purposes.
Bill Number: Senate Bill 354 (First Edition)
Sponsor(s): Senators Lee, Ballard, and Lazzara

SUMMARY TABLE

FISCAL IMPACT OF S.B. 354, V1 (\$ in millions)

	<u>FY 2021-22</u>	<u>FY 2022-23</u>	<u>FY 2023-24</u>	<u>FY 2024-25</u>	<u>FY 2025-26</u>
Revenue Change					
- General Fund	(95.3)	(95.1)	(97.3)	(100.7)	(100.2)
- Ag. Development & Farmland Preservation Trust Fund	9.5	9.5	9.7	10.1	10.0
- Coastal Storm Damage Mitigation Fund	28.6	28.5	29.2	30.2	30.1
- Land and Water Fund	28.6	28.5	29.2	30.2	30.1
- <u>Parks and Recreation Trust Fund</u>	<u>28.6</u>	<u>28.5</u>	<u>29.2</u>	<u>30.2</u>	<u>30.1</u>
NET STATE IMPACT	\$ -	\$ -	\$ -	\$ -	\$ -

FISCAL IMPACT SUMMARY

S.B. 354 requires that proceeds of the Deed Stamp Excise tax be deposited into other special funds instead of the General Fund. There is no overall change to the State’s revenue, although individual funds gain or lose money under the bill.

FISCAL ANALYSIS

Background

Under [GS 105-228.30](#), the State levies an excise tax of \$1 for every \$500 of property value conveyed in most land transactions. This tax is commonly called the Deed Stamp Excise Tax or the Land Transfer Tax. G.S. 105-228.30 allows counties to retain a portion of the proceeds and to remit a portion to the State.

Current law requires the State portion to be deposited into the General Fund. S.B. 354 requires that instead, the Department of Revenue must credit the funds as follows:

- 10% to the Agricultural Development and Farmland Preservation Trust Fund;
- 30% to the Parks and Recreation Trust Fund;
- 30% to the Land and Water Fund;
- 30% to the Coastal Storm Damage Mitigation Fund.

Fiscal Estimate

The Consensus Revenue Forecast developed jointly by the Fiscal Research Division and the Office of State Budget and Management expects the State's collections from the tax to be \$95.3 m and \$95.1 m in the two years of the upcoming biennium.

The estimates for FY 2023-24 and beyond were developed using data from the National Association of Realtors and Moody's economy.com. Growth rates are calculated as the combined forecasted growth in home sales and the average sale price of a home, combined with other information about expected trends in the housing market over the next five years.

The estimated impact on each fund is shown in the table on the front page of this Fiscal Note. There is no overall revenue loss or gain for the State.

TECHNICAL CONSIDERATIONS

N/A.

DATA SOURCES

National Association of Realtors; Moody's economy.com; 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

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