

FISCAL RESEARCH DIVISION

Date 5/19/92

FISCAL NOTE TRANSMITTAL FORM

BILL NUMBER: SB 811

SHORT TITLE: Ad Valorem Tax/Educational Institutions

SPONSOR(S): Royall, Sands, and Tally

The attached fiscal note on the bill(s) named above is being transmitted to:

Chief Sponsor, House
Chief Sponsor, Senate **Royall, Sands, and Tally**
Fiscal Note Requested By

Chairman of the House Committee on

Chairman of the House Subcommittee on

Chairman of the Senate Committee on

Chairman of the Senate Subcommittee on

Speaker of the House, Daniel T. Blue, Jr.
President Pro Tempore, Henson Barnes
Chairman of the House Base Budget Appropriations Committee
Representative David Diamont
Chairman of the House Expansion Budget Appropriations Committee
Representative Martin Nesbitt
Chairman of the Senate Appropriations Committee
Senator Marc Basnight
Chairman of the Senate Ways and Means Committee
Senator Kenneth C. Royall, Jr.
Chairman of the Senate Base Budget Committee
Senator Aaron W. Plyler

House Principal Clerks Office
Senate Principal Clerks Office

NORTH CAROLINA GENERAL ASSEMBLY

LEGISLATIVE FISCAL NOTE

BILL NUMBER: SB 811

SHORT TITLE: Ad Valorem Tax/Educational Institutions

SPONSOR(S): Royall, Sands, and Tally

FISCAL IMPACT: **Expenditures:** Increase () Decrease ()
 Revenues: Increase () Decrease (X)
 No Impact ()
 No Estimate Available ()

FUND AFFECTED: General Fund () Highway Fund () Local Govt. (X)
 Other Funds ()

BILL SUMMARY: The proposed legislation seeks to extend to private educational institutions the same property tax exemptions for real and personal property that are available to State-owned educational institutions. The exemption would apply to for-profit educational institutions as well as non-profit educational institutions accredited by the Southern Association of Colleges and Schools. Real and personal property owned by a private educational institution would be exempt so long as it is similar to property commonly held by State educational institutions. The exemption would include commercial property such as bookstores, office space available for lease, hotels, sports and recreational facilities, and restaurant facilities.

Currently, there are not any for-profit private educational institutions in North Carolina, accredited by the Southern Association of Colleges and Schools that would be able to take advantage of this exemptions.

Source: Carol Luthman; Southern Association of Colleges and Schools

EFFECTIVE DATE: Tax years beginning on or after July 1, 1992

PRINCIPAL DEPARTMENT(S)/PROGRAM(S) AFFECTED: Units of local government that levy property tax.

FISCAL IMPACT

	<u>FY</u>	<u>FY</u>	<u>FY</u>	<u>FY</u>	<u>FY</u>
REVENUES:					
GENERAL FUND					
HIGHWAY FUND					
HIGHWAY TRUST FUND					
LOCAL					(\$1.3 m) for tax year 92-93.
EXPENDITURES:	NA				

POSITIONS: NA

ASSUMPTIONS AND METHODOLOGY: Estimated cost is for tax year 1992-1993 only and is based solely on existing property that would be exempted under SB 811. It is not possible to predict the future value of property purchased by or donated to an institution with this tax advantage. Twenty six counties were sent a questionnaire. Those that did not respond were contacted by phone.

SOURCES OF DATA: A questionnaire was sent to the county tax assessors in the 25 counties where independent colleges are domiciled. Eleven counties stated that SB 811 would reduce property tax collections if ratified. The remaining 14 counties said that there would not be a change in their property tax collections. The counties stating the legislation would have a fiscal impact on their property tax collections are: Durham, Wake, Davidson, Harnett, Forsyth, Guilford, Rowan, Avery, Buncombe, Alamance, and Cabarrus.

TECHNICAL CONSIDERATIONS: There is no way to predict the future value of the property a private educational institution will acquire based on past experiences given the passage of SB 811. However, it is to be expected that the amount of tax exempt assets, whether purchased by the institution or donated to the institution by private individuals, would grow.

FISCAL RESEARCH DIVISION

733-4910

PREPARED BY: H. Warren Plonk

APPROVED BY: TOMC

DATE: 5/19/92

[FRD#001]



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