

NORTH CAROLINA GENERAL ASSEMBLY

LEGISLATIVE FISCAL NOTE

BILL NUMBER: HB 105

SHORT TITLE: Raise Homestead Exemption

SPONSOR(S): Representative Ronald Smith

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

FUNDS AFFECTED: General Fund () Highway Fund () Local Fund (X)
 Other Fund ()

BILL SUMMARY: The proposed act increases the property tax exemption amount from \$12,000 to \$15,000 and makes technical changes to the Homestead Exemption statutes.

EFFECTIVE DATE: This act is effective for taxes collected for taxable years beginning on or after July 1,1994.

PRINCIPAL DEPARTMENT(S)/PROGRAM(S) AFFECTED: The general funds of local units of government

	FISCAL IMPACT ESTIMATE				
	(\$ millions)				
	<u>FY</u>	<u>FY</u>	<u>FY</u>	<u>FY</u>	<u>FY</u>
LOCAL	93-94	94-95	95-96	96-97	97-98
REVENUES					
RECURRING	(\$4.0)	(\$4.0)	(\$4.0)	(\$4.0)	
(\$4.0)					
(LOSS)					

ASSUMPTIONS AND METHODOLOGY:

SOURCES OF DATA: Department of Revenue
Property Tax Division

TECHNICAL CONSIDERATIONS: Currently, the loss in revenue from the Homestead Exemption is split between the State and the local units of government. The State reimburses local units 50% of the cost in an amount equal to \$8 million dollars. The local units are responsible for the remaining 50% or \$8 million dollars. The Homestead reimbursement distribution has been frozen at the FY 1990-91 amount and if this bill were to pass the increase in costs would not be shared at the 50%/50% split with the State. The reimbursement is made by the Secretary of Revenue, from corporate income tax collections, on or before May 31st, of each year.

[SUPPORTING G.S. CITATION: G.S. 105-277.1A(d)]

733-4910

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DATE: June 14, 1993

[FRD#003]



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