

*****NORTH CAROLINA GENERAL ASSEMBLY

LEGISLATIVE FISCAL NOTE

BILL NUMBER: HB 1296

SHORT TITLE: Repeal 30-Day Tax Protest Rule

SPONSOR(S): Rep. Justus

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

<u>FUND AFFECTED:</u>	General Fund ()	Highway Fund ()	Local Govt. ()
	Other Funds ()		

BILL SUMMARY: Under current law a person protesting a State tax must first pay the tax and then file a protest within 30 days of paying the tax. The bill extends the protest period to 3 years after the due date for the tax, or 6 months after the tax is paid, whichever is later.

EFFECTIVE DATE: Taxes paid on or after July 1, 1996.

PRINCIPAL DEPARTMENT(S)/PROGRAM(S) AFFECTED:

FISCAL IMPACT

	<u>FY</u>	<u>FY</u>	<u>FY</u>	<u>FY</u>	<u>FY</u>
	1996-97	1997-98	1998-99	1999-00	2000-01
REVENUES:					
GENERAL FUND					
HIGHWAY FUND					
HIGHWAY TRUST FUND					
LOCAL					
EXPENDITURES					

POSITIONS:

ASSUMPTIONS AND METHODOLOGY: The Revenue Laws Study Commission identified a handful of tax laws that staff attorneys think are unconstitutional. Bills to remedy these laws have been introduced in both houses.

The proposed bill will have an impact if the remedy legislation is not enacted, the unconstitutional provisions are successfully challenged in court, and taxpayers protest after the 30-day period but prior to 3 years. It is impossible at this time to determine whether these events will occur. The Department of Revenue has indicated that many taxpayers are routinely filing protests when they file their tax return.

SOURCES OF DATA: Discussions with Department of Revenue

TECHNICAL CONSIDERATIONS:

FISCAL RESEARCH DIVISION

733-4910

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DATE: June 10, 1996

**Official
Fiscal Research Division
Publication**



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