

NORTH CAROLINA GENERAL ASSEMBLY

LEGISLATIVE FISCAL NOTE

BILL NUMBER: S.B. 1291 (Forth Edition of the Bill)

SHORT TITLE: Transportation Corridors

SPONSOR(S): Senator Gulley

FISCAL IMPACT					
	Yes (X)	No ()	No Estimate Available ()		
	<u>FY 1998-99</u>	<u>FY 1999-00</u>	<u>FY 2000-01</u>	<u>FY 2001-02</u>	<u>FY 2002-03</u>
REVENUES					
Local Property Taxes					
Phase I	0	0	(\$16,968)	(\$16,968)	(\$16,968)
Phase II	0	0	0	0	(\$467,048)
TOTAL LOCAL	0	0	(\$16,968)	(\$16,968)	(\$484,016)
EXPENDITURES					
<u>No cost impact expected on the Highway Fund or local funds.</u>					
PRINCIPAL DEPARTMENT(S) & PROGRAM(S) AFFECTED: Department of Transportation, Local Governments involved in a rapid transit project.					
EFFECTIVE DATE: The bill becomes effective October 1, 1998, and applies to transportation corridor official maps, or amendments to those maps, adopted on or after the effective data.					

BILL SUMMARY: Under current law the Department of Transportation, as well as cities, can preserve highway corridors by designating them on official roadway corridor maps. By designating the corridors on an official corridor map, the Department and cities effectively stop development on the property. The Department and the cities can delay any development on the corridor for three years, in anticipation of a future road project. The bill extends the law to transit corridors (light rail corridors) by using the term “transportation” corridors instead of “highway corridors”. The bill also changes the procedures for adoption and the impact of corridor maps. The bill extends the favorable tax treatment for land subject to the highway corridor regulations to all transit corridor land. The bill also authorizes Public Transit Authorities to preserve transit corridors. Under current law only the Department of

Transportation and cities can preserve a corridor. The bill makes other conforming changes to the existing highway corridor map system.

ASSUMPTIONS AND METHODOLOGY: Two items in the bill have a potential fiscal impact. First, the bill requires that the Register of Deeds make notations on the property records for each parcel of property affected by transportation corridors. Based on information provided by the Department of Transportation and the North Carolina Register of Deeds Association, Fiscal Research believes the impact of this requirement on counties would be insignificant.

The bill also extends the “favorable tax treatment” received by owners of highway corridor land to owners of transit authority land. Under current law, property included in a highway corridor map is taxable at only 20% of the general property tax rate for the period the land is on a highway corridor map. As such, the property owner gets a significant local property tax reduction on that particular piece of property. (The tax reduction is a form of consideration for limiting development on the site.) The provision only applies if the property is undeveloped (there are no buildings on the property) and not subdivided.

At present, only the Triangle area is in the process of developing a public transit system, although the Triad area may consider such a development in future years. Because the Triangle is the only area likely to map a transit corridor before the end of FY 2002-3 it is the only area considered in the analysis. According to the Triangle Transit Authority, the bill has a potential fiscal impact on Wake County, Durham County, and Orange County, as well as the municipalities of Raleigh, Mooresville, Durham, and the Research Triangle Park. The fiscal impact will be the loss of 80% of the property tax revenue associated with undeveloped tracts of land on the corridor map. The chart below outlines the local government losses.

	Property Value	Purpose	County Loss	Municipal Loss
Phase I:				
Wake County	\$1,000,000	Stations in Raleigh	\$ 5,000	\$ 4,150
	\$200,000	Stations in Mooresville	\$ 1,000	\$ 960
Durham County	\$400,000	Stations in RTP	\$ 2,999	\$ 280
	\$200,000	Stations in the City of Durham	\$ 1,499	\$ 1,080
TOTAL PHASE I	\$1,800,000		\$ 10,498	\$ 6,470
Phase II:				
	Property Value	Purpose	County Revenue Loss	Municipal Loss
Durham County	\$44,000,000	Rail and Stations	\$ 329,868	unknown
Orange County	\$19,000,000	Rail and Stations	\$ 137,180	unknown
TOTAL PHASE II	\$63,000,000		\$467,048	unknown

The Triangle Transit Authority expects to map Phase I in FY 2000-1. They also expect to map portions of Phase II in FY 2002-3. The revenue loss begins in the fiscal year the property is mapped, and continues for three years. After three years the property is removed from the map, or is purchased by a city or the Department of Transportation for development of the rail line. As such, triangle local governments will lose \$16,968 in property tax revenue in fiscal years

2000-1, 2001-2, and 2002-3. This is the loss associated with Phase I development. Durham and Orange counties will lose an additional \$467,048 in fiscal years 2002-3, 2003-4, and 2004-5. These are the costs associated with Phase II development. Municipal losses associated with Phase II can not be calculated because the exact location of the lines and stations has not been determined.

Note: This fiscal analysis only addresses the fiscal impact of changes in the map act. It does not address the fiscal impact of potential land purchases for mass transit.

FISCAL RESEARCH DIVISION

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