

**NORTH CAROLINA GENERAL ASSEMBLY
LEGISLATIVE FISCAL NOTE**

BILL NUMBER: Senate Bill 1241 (Second Edition)

SPONSOR(S):

FISCAL IMPACT

Yes ()

No ()

No Estimate Available (X)

EFFECTIVE DATE: When the bill becomes law.

AMENDMENT SUMMARY: Amends the statutes having to do with taxpayer appeals to the Tax Review Board, lawsuits and protests of state taxes, and appeals to the Property Tax Commission. In each case, the relevant statute is amended to say that when a decision is favorable to the taxpayer, the burden of proof shifts to the tax authority to establish that it was “substantially justified” in maintaining the authority’s position in the matter. If the authority fails to carry the burden of proof, the State or local unit is required to pay the taxpayer’s cost and expenses in bringing the petition, including reasonable attorney’s fees.

ASSUMPTIONS AND METHODOLOGY: The direct impact of the amendment would be to require the payment of legal and other expenses in cases where such reimbursement is not now required. An indirect effect would be the potential reduction in state or local revenue in cases where the taxing unit decides not to aggressively pursue an interpretation or valuation due to the threat of having to pay legal costs if the unit is not successful in justifying their action.

It is impossible to estimate the number of the 500-600 property tax appeals filed annually or the 50 or so tax review board appeals where “substantial” justification will not be found by the appeals board since that is a subjective term. In addition, it is not known how the threat of having to pay legal and other appeals costs will affect how aggressively the State or a local unit will enforce the law. Finally, there are no numbers on the costs incurred by taxpayers in bringing an appeal.

The estimate of the current caseload of the Tax Review Board and the Property Tax Commission was determined by talking to staff of the two boards.

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