GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2009

Legislative Fiscal Note

BILL NUMBER: Senate Bill 509 (Third Edition)

SHORT TITLE: Rev Laws Tech, Clarifying, & Admin. Changes.

SPONSOR(S): Senator Hartsell

FISCAL IMPACT

Yes (X) No () No Estimate Available ()

FY 2009-10 FY 2010-11 FY 2011-12 FY 2012-13 FY 2013-14

REVENUES:

Potential revenue loss of up to \$420,300 annually

See Assumptions and Methodology

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

Local Governments; NC Department of Revenue

EFFECTIVE DATE: Unless otherwise specified, effective when bill becomes law.

BILL SUMMARY:

Senate Bill 509 makes several technical, clarifying and administrative changes to the revenue laws and related statutes.

ASSUMPTIONS AND METHODOLOGY:

Section 22 (c) widens the definition of who is eligible to receive the existing disabled veteran homestead exclusion by expanding eligibility to include the surviving spouse of a disabled veteran when the veteran's death was the result of a service-connected condition. The section also provides that the term "disabled veteran" includes a veteran whose separation was under honorable conditions (in addition to honorably discharged veterans). The Division of Veteran Affairs estimates that the definition changes in Senate Bill 509 could result in an increase in the number of people eligible for the exclusion of approximately 1,000 individuals. The current homestead exclusion is \$45,000 per eligible individual. Assuming that all of the people eligible for this exclusion are property owners, multiplying the exclusion by the number of eligible taxpayers results in the increase in the value of excluded property. The next step is to apply the average weighted tax rate of \$0.934 for North Carolina counties and municipalities. This results in a property tax loss of up to \$420,300 in FY 2009-10. The table below illustrates the net impact of the definition changes.

SB 509: Impact of Disabled Veteran Homestead Exclusion Changes

Fiscal Year	Increase in Property Value Excluded	Property Tax Loss
FY 2009-10	\$ 45,000,000	\$ 420,300
FY 2010-11	\$ 45,000,000	\$ 420,300
FY 2011-12	\$ 45,000,000	\$ 420,300
FY 2012-13	\$ 45,000,000	\$ 420,300
FY 2013-14	\$ 45,000,000	\$ 420,300

While the bill makes other changes, the changes are technical or clarifying and will have minimal or no fiscal impact.

SOURCES OF DATA: NC Division of Veterans Affairs

TECHNICAL CONSIDERATIONS: None

FISCAL RESEARCH DIVISION: (919) 733-4910

PREPARED BY: Marjorie Rutherford

APPROVED BY: Marilyn Chism, Director

Fiscal Research Division

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