



NORTH CAROLINA GENERAL ASSEMBLY

Session 2019

Legislative Fiscal Note

Short Title: Exempt Cemetery Property.
Bill Number: House Bill 959 (First Edition)
Sponsor(s): Representatives Strickland, Saine, and K. Hall

SUMMARY TABLE

	FISCAL IMPACT OF H.B. 959, V.1 (\$ in millions)				
	<u>FY 2020-21</u>	<u>FY 2021-22</u>	<u>FY 2022-23</u>	<u>FY 2023-24</u>	<u>FY 2024-25</u>
Local Impact					
Local Revenue	(2.1)	(2.2)	(2.2)	(2.3)	(2.4)
Less Local Expenditures	-	-	-	-	-
NET LOCAL IMPACT	(\$2.1)	(\$2.2)	(\$2.2)	(\$2.3)	(\$2.4)

FISCAL IMPACT SUMMARY

H959 would reduce local government property tax revenue by a statewide total of approximately \$2 million annually, beginning in FY 2020-21. The revenue loss comes from the bill’s expansion of the property tax exemption for commercial real property set aside for burial purposes.

FISCAL ANALYSIS

Under current law, commercial real property set aside for burial purposes is subject to property taxation if it is held for sale. Land owned by commercial cemeteries that is not held for sale (e.g., land actively used for occupied gravesites) is not subject to property tax.

H959 amends G.S. 105-278.2 to expand the property tax exemption for burial property. Under the bill, real property set aside for burial purposes – including land set apart for burial purposes and held for sale – would be exempt from property taxes.

In North Carolina, property taxes are the primary revenue source for both county and municipal governments and generate approximately \$10.5 billion annually statewide. The bill’s annual cost of approximately \$2 million would represent a revenue loss of 0.02% overall, although the impact for any individual town or county could be higher or lower than the average.

The fiscal impact was estimated based on data provided by the North Carolina Association of Assessing Officers, based on FY 2018-19 property tax information available from 65 counties. The average revenue loss for those 65 counties was scaled up to estimate the impact across the State’s

100 counties and their municipalities. In addition, the data was inflated to FY 2020-21 and beyond using the average property tax growth rate from FY 2007-08 to FY 2016-17, the most recent ten-year period available.

TECHNICAL CONSIDERATIONS

N/A.

DATA SOURCES

North Carolina Department of Revenue; North Carolina Association of County Commissioners; North Carolina Association of Assessing Officers.

LEGISLATIVE FISCAL NOTE – PURPOSE AND LIMITATIONS

This document is an official fiscal analysis prepared pursuant to Chapter 120 of the General Statutes and rules adopted by the Senate and House of Representatives. The estimates in this analysis are based on the data, assumptions, and methodology described in the Fiscal Analysis section of this document. This document only addresses sections of the bill that have projected direct fiscal impacts on State or local governments and does not address sections that have no projected fiscal impacts.

CONTACT INFORMATION

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