



NORTH CAROLINA GENERAL ASSEMBLY

Session 2021

Legislative Fiscal Note

Short Title: Restore Funding/State Conservation Purposes.
REVISED

Bill Number: House Bill 372 (Second Edition)
Sponsor(s): Representatives McElraft, Howard, Saine, and Davis

SUMMARY TABLE

FISCAL IMPACT OF H.B. 372, V.2 (\$ in millions)

	<u>FY 2021-22</u>	<u>FY 2022-23</u>	<u>FY 2023-24</u>	<u>FY 2024-25</u>	<u>FY 2025-26</u>
State Impact					
General Fund Revenue	(95.3)	(95.1)	(95.1)	(95.1)	(95.1)
Less Expenditures	-	-	-	-	-
General Fund Impact	(95.3)	(95.1)	(95.1)	(95.1)	(95.1)
Special Fund Revenue from Transfers In	95.3	95.1	95.1	95.1	95.1
Less Expenditures	-	-	-	-	-
Special Fund Impact	95.3	95.1	95.1	95.1	95.1
NET STATE IMPACT	-	-	-	-	-

FISCAL IMPACT SUMMARY

H.B. 372 requires that proceeds of the Deed Stamp Excise tax be transferred out of the General Fund and into four existing special funds. There is no overall change to the State’s revenue, although the General Fund loses approximately \$95 million annually, and the other four funds in total gain the same amount via transfers in.

FISCAL ANALYSIS

Background

Under [GS 105-228.30](#), the State levies an excise tax of \$1 for every \$500 of property value conveyed in most land transactions. This tax is commonly called the Deed Stamp Excise Tax or the Land Transfer Tax. G.S. 105-228.30 allows counties to retain a portion of the proceeds and to remit a portion to the State.

Current law requires the State portion to be deposited into the General Fund. H.B. 372 requires the Department of Revenue to transfer the funds out of the General Fund and into the following four special funds:

- 10% to the Agricultural Development and Farmland Preservation Trust Fund;
- 30% to the Parks and Recreation Trust Fund;
- 30% to the Land and Water Fund;
- 30% to the Coastal Storm Damage Mitigation Fund.

Fiscal Estimate

The Consensus Revenue Forecast developed jointly by the Fiscal Research Division and the Office of State Budget and Management expects the State’s collections from the tax to be \$95.3 m and \$95.1 m in the two years of the upcoming biennium.

The estimates for FY 2023-24 and beyond were developed using data from the National Association of Realtors and Moody’s economy.com. Growth rates are calculated as the combined forecasted growth in home sales and the average sale price of a home, combined with other information about expected trends in the housing market over the next five years.

The estimated impact on each fund is shown in the table on the front page of this Fiscal Note. There is no overall revenue loss or gain for the State.

TECHNICAL CONSIDERATIONS

N/A.

DATA SOURCES

National Association of Realtors; Moody’s economy.com; North Carolina Department of Revenue

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

Questions on this analysis should be directed to the Fiscal Research Division at (919) 733-4910.

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