

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1993

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HOUSE BILL 843
Committee Substitute Favorable 6/7/93

Short Title: Put Estimates In Tax Report.

(Public)

Sponsors:

Referred to:

April 12, 1993

A BILL TO BE ENTITLED

1 AN ACT TO REQUIRE THE DEPARTMENT OF REVENUE TO INCLUDE IN ITS
2 BIENNIAL TAX EXPENDITURE REPORT ESTIMATES OF THE AMOUNT BY
3 WHICH EACH TAX EXPENDITURE REDUCES STATE REVENUES AND TO
4 SEND A COPY OF THE REPORT TO EACH LEGISLATOR.
5

6 Whereas, the Department of State Treasurer has pointed out in one of its
7 annual reports that the revenue laws of the State contain a multiplicity of exemptions,
8 deductions, and exclusions (known collectively as tax expenditures or tax preferences);
9 and

10 Whereas, the Department of State Treasurer has asserted that there can be
11 little justification for some of these tax preferences and that many "are narrow,
12 benefitting the few at the expense of the entire citizenry"; and

13 Whereas, the Department of State Treasurer has stated that whether these tax
14 preferences should continue to exist is a matter for close scrutiny and possible
15 legislative action; and

16 Whereas, the Department of State Treasurer has stated that the amounts of
17 money involved with these tax preferences are substantial but go unnoticed; and

18 Whereas, the General Assembly requires the Department of Revenue to
19 report every two years on all tax expenditures (tax preferences) but does not require the
20 Department of Revenue to estimate the cost to the State of all of these tax expenditures;
21 and

22 Whereas, the Department of State Treasurer has suggested that, for the tax
23 expenditure report to be an effective tool, "it needs to be carried further, and upgraded

1 to include the actual tax costs of the many preferences; and it needs both legislative and
2 public scrutiny"; Now, therefore,

3 The General Assembly of North Carolina enacts:

4 Section 1. G.S. 105-256 reads as rewritten:

5 **"§ 105-256. Reports prepared by Secretary of Revenue.**

6 (a) Reports. – The Secretary of Revenue shall prepare and publish the following:

7 (1) At least every two years, statistics concerning taxes imposed by this
8 Chapter, including amounts collected, classifications of taxpayers,
9 geographic distribution of taxes, and other facts considered pertinent
10 and valuable.

11 (2) At least every two years, a tax expenditure report that lists the tax
12 expenditures made by a provision in this ~~Chapter~~ Chapter, other than a
13 provision in Subchapter ~~II~~ and, when possible to do without impairing
14 other duties of the Secretary or the Department of Revenue, II, and gives an
15 estimate of the amount by which revenue is reduced by each tax
16 expenditure. A 'tax expenditure' is an exemption, an exclusion, a
17 deduction, an allowance, a credit, a refund, a preferential tax rate, or
18 another device that reduces the amount of tax revenue that would
19 otherwise be available to the State. An estimate of the amount by
20 which revenue is reduced by a tax expenditure may be stated as
21 ranging between two amounts if the Department does not have
22 sufficient data to make a more specific estimate.

23 (3) As often as required, a report that is not listed in this subsection but is
24 required by another law.

25 (4) As often as the Secretary determines is needed, other reports
26 concerning taxes imposed by this Chapter.

27 (b) Information. – The Secretary of Revenue may require a unit of State or local
28 government to furnish the Secretary statistical information the Secretary needs to
29 prepare a report under this section. Upon request of the Secretary, a unit of government
30 shall submit statistical information on one or more forms provided by the Secretary.

31 (c) Distribution. – The Secretary of Revenue shall distribute reports prepared by
32 the Secretary as follows without charge:

33 (1) Five copies to the Division of State Library of the Department of
34 Cultural Resources, as required by G.S. 125-11.7.

35 (2) Five copies to the Legislative Services Commission for the use of the
36 General Assembly.

37 (3) Upon request, one copy to each entity and official to which a copy of
38 the reports of the Appellate Division of the General Court of Justice is
39 furnished under G.S. 7A-343.1.

40 ~~Upon request, one~~ One copy of the tax expenditure report to each
41 member of the General Assembly. ~~Assembly and, upon request, one~~
42 copy of any other report to each member of the General Assembly.

1 The Secretary of Revenue may charge a person not listed in this subsection a fee for
2 a report prepared by the Secretary in an amount that covers publication or copying costs
3 and mailing costs."

4 Sec. 2. This act becomes effective July 1, 1993.