

NORTH CAROLINA GENERAL ASSEMBLY

LEGISLATIVE FISCAL NOTE

BILL NUMBER: HB 1402 = SB 1363

SHORT TITLE: Expand Homestead Exemption

SPONSOR(S): House Committee Substitute

FISCAL IMPACT:	Expenditures:	Increase ()	Decrease (X)
	Revenues:	Increase ()	Decrease (X)

<u>FUND AFFECTED:</u>	General Fund (X)	Highway Fund ()	Local Govt. (X)
	Other Funds ()		

BILL SUMMARY:

The proposed act increases the Homestead Property Tax Exemption for the elderly and disabled from \$15,000 to \$18,000 and increases the income eligibility threshold from \$11,000 to \$15,000. After Fiscal Year 1997-98 the reimbursement is frozen at the Fiscal year 1997-98 amount.

EFFECTIVE DATE: Tax years beginning on or after July 1, 1997

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

Counties and cities that levy a property tax
Department of Revenue, Property Tax Division

(\$ Million)
FISCAL IMPACT

	<u>FY</u> 1996-97	<u>FY</u> 1997-98	<u>FY</u> 1998-99	<u>FY</u> 1999-00	<u>FY</u> 2000-01
REVENUES:					
State GF	\$(4.65)	(4.65)	(4.65)	(4.65)	(4.65)

ASSUMPTIONS AND METHODOLOGY:

The total cost of the Homestead Exemption is \$20 million. The 50% share in FY 90-91 was \$16 million; \$8 million for the State and \$8 million for the locals. In 1993, the property exemption was increased from \$12,000 to \$15,000 at a cost of \$4 million to local governments. Approximately 80% of the total \$20 million cost is related to exempt property while 20% of the cost is identified with the income threshold. The proposed act increases the value of the exempt property 20% and increases the income threshold 36%. If 80% of the cost or \$16 million is devoted to the exemption, then a 20% increase equals (\$3.2) million. If 20% of the cost of the program is devoted to the income threshold or \$4 million, then a 36% increase in the threshold equals (\$1.45) million; the sum of these two numbers is (\$4.65) million.

SOURCES OF DATA:

Department of Revenue
Fiscal Research Division

FISCAL RESEARCH DIVISION

733-4910

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