

**NORTH CAROLINA GENERAL ASSEMBLY**

**LEGISLATIVE FISCAL NOTE**

**BILL NUMBER:** House Bill 133 (Transportation Committee Substitute)

**SHORT TITLE:** Exempt Disabled Veteran Vehicles

**SPONSOR(S):** Representative Rogers

<b>FISCAL IMPACT</b>					
	<b>Yes (X)</b>	<b>No ( )</b>	<b>No Estimate Available ( )</b>		
	<b><u>FY 1999-00</u></b>	<b><u>FY 2000-01</u></b>	<b><u>FY 2001-02</u></b>	<b><u>FY 2002-03</u></b>	<b><u>FY 2003-04</u></b>
<b>EXPENDITURES</b>					
Local Governments	(\$119,059)	(\$120,604)	(\$122,538)	(\$124,987)	(\$127,109)
<b>PRINCIPAL DEPARTMENT(S) &amp; PROGRAM(S) AFFECTED:</b> Department of Revenue					
<b>EFFECTIVE DATE:</b> Effective for taxable years beginning on or after July 1, 1999.					

**BILL SUMMARY:**

The proposed bill exempts from property tax those motor vehicles owned by disabled veterans who are eligible for federal special equipment allowances.

**BACKGROUND:**

Veterans who have a service-connected loss of one or both hands or feet, a permanent loss of use of one or both hands or feet, or permanent impairment of vision of both eyes qualify for federal automobile assistance. The United States Department of Veterans Affairs (VA) offers a one-time payment of up to \$8,000 toward the purchase of an automobile. The VA will also pay for adaptive equipment and for the repair, replacement, or reinstallation of adaptive equipment.

**ASSUMPTIONS AND METHODOLOGY:**

The North Carolina Division of Veterans Affairs in the Department of Administration reports that 1,560 veterans living in North Carolina are entitled to a federal automobile grant or adaptive equipment allowance for service-connected disabilities. For this fiscal note, it is assumed that each veteran will claim the property tax exemption for one vehicle. The average value of a vehicle in North Carolina is \$7,632 in 1999. This vehicle value is the average of vehicle valuations taken from Cabarrus, Orange, Haywood, Surry, Halifax, and Sampson counties. A

company that provides vehicle tax values to county tax assessors statewide provided the data for 1999 vehicle values.

Since it is difficult to predict whether this veteran population will trade, buy, or retain their vehicles in the next five years, the average vehicle price is adjusted by a national inflation rate for light vehicles. A Standard & Poor's DRI national forecast for light vehicles (cars and trucks) in January 1999 predicted an increase in car values as follows:

1999 1%  
 2000 1.3%  
 2001 1.6%  
 2002 2.0%  
 2003 1.7%

Without a printout of addresses for disabled veterans, a statewide tax rate is used to estimate the fiscal impact of this bill. The unified property tax rate for all government jurisdictions in North Carolina has fluctuated from .994 per \$100 of assessed valuation in 1993-94 to .968 per \$100 in 1997-98. Due to pressures in many counties to build schools and provide other services, an estimated rate of \$1.00 per \$100 of assessed value is used in this note.

Using the variables mentioned above, the revenue impact is calculated as follows:

	Average Car Values	DRI Inflation est.	Disabled Veterans	Value of Exempted Property	Unified Property Tax Rate	Property Tax Exempted
1999-00	\$7,632	1.0%	1,560	\$11,905,920	\$1.00	\$119,059
2000-01	\$7,731	1.3%	1,560	\$12,060,360	\$1.00	\$120,604
2001-02	\$7,855	1.6%	1,560	\$12,253,800	\$1.00	\$122,538
2002-03	\$8,012	2.0%	1,560	\$12,498,720	\$1.00	\$124,987
2003-04	\$8,148	1.7%	1,560	\$12,710,880	\$1.00	\$127,109

**FISCAL RESEARCH DIVISION 733-4910**

**PREPARED BY:** Richard Bostic

**APPROVED BY:** Tom Covington

**DATE:** Friday, June 25, 1999



**Signed Copy Located in the NCGA Principal Clerk's Offices**