

**NORTH CAROLINA GENERAL ASSEMBLY**

**LEGISLATIVE FISCAL NOTE**

**BILL NUMBER:** H.B. 362

**SHORT TITLE:** Repeal Gift Tax

**SPONSOR(S):** Rep. Lyons Gray

	<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>REVENUES</b>	<b>(8.9)</b>	<b>(18.9)</b>	<b>(20.0)</b>	<b>(20.8)</b>	<b>(22.3)</b>
<b>PRINCIPAL DEPARTMENT(S) &amp; PROGRAM(S) AFFECTED:</b> Department of Revenue.					
<b>EFFECTIVE DATE:</b> January 1, 2000.					

**BILL SUMMARY:** Under current law a tax is levied on the donor against all property transferred as gifts in excess of \$10,000, real or personal, during a calendar year. Special arrangements are made for non-residents. Gifts to a spouse are exempt from taxation. This amendment would repeal, in total, the North Carolina Gift Tax.

**ASSUMPTIONS AND METHODOLOGY:** Since 1987 gift tax revenue has grown from a low of \$4 million to a maximum of \$20.7 million in 1997-8. While this revenue source is highly volatile and subject to significant spikes, the overall trend has been upward. Extending the growth trend experienced in the last 11 years to the future creates revenue estimates from the gift tax of \$17.8 million in FY 1999-00, \$18.9 million in FY 2000-01, \$20.0 million in FY 2001-02, \$20.8 million in FY 2002-03, and \$22.3 million in FY 2003-4. If repealed, these amounts would be the loss to the general fund. The Department of Revenue, Inheritance and Gift Tax Division, believe that the recent changes in North Carolina's Inheritance and Estate Tax laws will not significantly impact gift tax revenue. Of course, any real evidence of change would not be available for at least eighteen months. The revenue loss estimate for FY 1999-2000 has been adjusted to account for the effective date.

**FISCAL RESEARCH DIVISION 733-4910**

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**DATE:** Tuesday, March 09, 1999

**Official**



**Fiscal Research Division**

**Publication**

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