

**NORTH CAROLINA GENERAL ASSEMBLY**

**LEGISLATIVE FISCAL NOTE**

**BILL NUMBER:** House Bill 1544 (First Edition)

**SHORT TITLE:** Refund Overpayment of Deed Stamp Tax

**SPONSOR(S):** Rep. Pope, et al.

<b>FISCAL IMPACT</b>					
	<b>Yes (X)</b>	<b>No ( )</b>	<b>No Estimate Available ( )</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><u>FY 2004-05</u></b>
<b>REVENUES</b>					
General Fund					No Impact
Parks & Rec. Trust Fund					No Impact to Less than \$2000 per Year
Natural Heritage Trust Fund					No Impact to Less than \$1000 per Year
Local Government					Minimal Impact in Selected Counties
<b>EXPENDITURES</b>					
<b>PRINCIPAL DEPARTMENT(S) &amp; PROGRAM(S) AFFECTED:</b> North Carolina Department of Revenue, N.C. Department of Environment and Natural Resources, County Registers of Deeds, and County Boards of Commissioners.					
<b>EFFECTIVE DATE:</b> The bill is effective when it becomes law and applies retroactively to taxes paid on or after July 1, 1997.					

**BILL SUMMARY:**

This bill clarifies that a taxpayer can receive a refund of an overpayment of the Deed Stamp Tax. The act lays out the procedures to apply for such a refund, provides for refunds for overpayments dating back to July 1, 1997, and requires that the taxpayer be paid interest if the money is held more than 90 days before a refund is given.

**BACKGROUND:**

Under current law, a tax is levied when an interest in real property is transferred. A County Register of Deeds collects the tax rate of \$1.00 for every \$500.00 of value transferred. The county retains approximately 51% of these funds (50% plus an administrative allowance) and forwards the balance to the state. Seventy-five percent (75%) of the state funds are deposited in the Parks and Recreation Trust Fund and twenty-five percent (25%) is given to the Natural Heritage Trust Fund. No revenue is retained for the General Fund.

**ASSUMPTIONS AND METHODOLOGY:**

Taxpayers often file for a refund because either the deed is filed in the wrong county, or a taxpayer paid the tax on a transfer that was not subject to the tax. According to the Department of Revenue, Property Tax Division, some counties currently provide refunds when an error is made. Others do not.

The Department reports that in a typical year they see less than \$2000 in requests for refunds. They have generally paid the taxpayer if they find that a refund is due. This year, however, one request was filed for a \$160,000 refund (\$80,000 state, \$80,000 local). The state paid its portion of the refund, but the county continues to believe they do not have statutory authority to refund the balance. Some additional refunds may be issued as a result of the retroactive effective date. However, the fiscal impact on local governments is still expected to be very small. The retroactive date should have no fiscal impact on the state funds since the state generally offers the refund.

**FISCAL RESEARCH DIVISION 733-4910**

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**DATE:** May 19, 2000



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