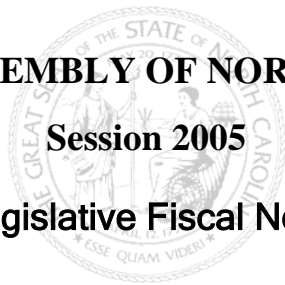


**GENERAL ASSEMBLY OF NORTH CAROLINA**

**Session 2005**

**Legislative Fiscal Note**



**BILL NUMBER:** House Bill 449 (First Edition)

**SHORT TITLE:** Gift Tax Changes.

**SPONSOR(S):** Representatives Gibson and Stam

<b>FISCAL IMPACT</b>					
	<b>Yes (x)</b>	<b>No ( )</b>	<b>No Estimate Available ( )</b>		
	<u><b>FY 2005-06</b></u>	<u><b>FY 2006-07</b></u>	<u><b>FY 2007-08</b></u>	<u><b>FY 2008-09</b></u>	<u><b>FY 2009-10</b></u>
<b>REVENUES:</b>	<b>See "Assumptions and Methodology"</b>				
<b>EXPENDITURES:</b>					
<b>POSITIONS (cumulative):</b>					
<b>PRINCIPAL DEPARTMENT(S) &amp; PROGRAM(S) AFFECTED:</b>					
<b>EFFECTIVE DATE:</b>	Gifts made on or after January 1, 2006.				

**BILL SUMMARY:** Modifies the state gift tax law by providing that the value of a gift is determined in accordance with the Internal Revenue Code and makes technical changes to gift tax valuation language.

**ASSUMPTIONS AND METHODOLOGY:** The Department of Revenue indicates that there is no tax return data available on this issue. However, the gift tax generates only \$18 million per year. In addition, a discussion with the North Carolina Bar Association and the Department of Revenue indicates that in some cases the Department already uses the federal valuation standards.

**SOURCES OF DATA:**

**TECHNICAL CONSIDERATIONS:** None

**FISCAL RESEARCH DIVISION:** (919) 733-4910

**PREPARED BY:** David Crotts

**APPROVED BY:** James D. Johnson, Director  
Fiscal Research Division

**DATE:** March 15, 2005



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