

GENERAL ASSEMBLY OF NORTH CAROLINA



Session 2009

Legislative Fiscal Note

BILL NUMBER: Senate Bill 177 (First Edition)

SHORT TITLE: Increase Disabled Vet Property Tax Exclusion.

SPONSOR(S): Senator Tillman

FISCAL IMPACT (\$millions)					
	Yes (x)	No ()	No Estimate Available ()		
	<u>FY 2009-10</u>	<u>FY 2010-11</u>	<u>FY 2011-12</u>	<u>FY 2012-13</u>	<u>FY 2013-14</u>
REVENUES :					
Local Governments	(\$1.9)	(\$1.9)	(\$1.9)	(\$1.9)	(\$1.9)
PRINCIPAL DEPARTMENT(S) & PROGRAM(S) AFFECTED: NC Department of Revenue, NC Counties and Municipalities.					
EFFECTIVE DATE: Effective for taxes imposed for taxable years beginning July 1, 2009.					

BILL SUMMARY:

SB 177 amends GS 105-277.1C(a), as enacted by SL 2008-107, to increase the disabled veteran property tax homestead exclusion to the first \$65,000 (was, \$45,000) of the appraised value of the residence. Effective for taxable years beginning on or after July 1, 2009

Source: Bill Digest S.B. 177 (02/16/0200).

ASSUMPTIONS AND METHODOLOGY:

Under current law, disabled veterans receive a property tax exclusion on the first \$45,000 of their primary residence for taxable years beginning on or after July 1, 2009. In order to receive this exemption, they must be one of the following: a veteran honorably discharged and rated as totally and permanently disabled with the disability being service connected, the unmarried, surviving spouse of someone honorably discharged whose disability was service connected, or a veteran who receives benefits for specially adapted housing under Title 38 of the United States Code.

Senate Bill 177 would increase the exclusion by \$20,000, to a total of \$65,000, for this same group. According to the North Carolina Division of Veterans Affairs, there are 10,084 veterans in the state who would be eligible for the exclusion and nearly all of these eligible veterans are homeowners. This figure is not expected to change significantly in the next five years.

Multiplying the increase of \$20,000 times the number of eligible taxpayers results in a rough estimate of total change in value of excluded property. The next step is to apply the average weighted tax rate of \$0.934 for North Carolina counties and municipalities, which results in an estimated total revenue loss of \$1.88 million for FY 2009-10. The table below illustrates the net impact of SB 177, taking into account the current exemption.

Fiscal Year	Increase Value Excluded	Eligible Veterans	Property Tax Loss
2009-10	\$20,000	10,084	\$1,883,691
2010-11	\$20,000	10,084	\$1,883,691
2011-12	\$20,000	10,084	\$1,883,691
2012-13	\$20,000	10,084	\$1,883,691
2013-14	\$20,000	10,084	\$1,883,691

SOURCES OF DATA: NC Division of Veterans Affairs, NC Department of Revenue

TECHNICAL CONSIDERATIONS: None

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