

**NORTH CAROLINA GENERAL ASSEMBLY  
LEGISLATIVE FISCAL NOTE**

**BILL NUMBER:** SB 569

**SHORT TITLE:** EXTEND 30-DAY TAX PROTEST PERIOD

**SPONSOR(S):** SEN. WEBSTER

**FISCAL IMPACT:**   **Expenditures:**    **Increase ( )**        **Decrease ( )**  
                  **Revenues:**        **Increase ( )**        **Decrease ( )**  
                  **No Impact ( )**  
                  **No Estimate Available (X)**

**FUND AFFECTED:**   **General Fund ( )**   **Highway Fund ( )**   **Local Govt. ( )**  
                      **Other Funds ( )**    **Highway Trust Fund [ ]**

**BILL SUMMARY:** Under the current state tax law a person protesting a tax must first pay the tax and then file a protest within 30 days of paying the tax. The bill extends the protest period to 3 years after the due date for the tax, or 6 months after the tax is paid, whichever is later.

**EFFECTIVE DATE:** Taxes paid on or after July 1, 1995.

**FISCAL IMPACT**

	<u>FY</u>	<u>FY</u>	<u>FY</u>	<u>FY</u>	<u>FY</u>
<b>REVENUES:</b>					
<b>GENERAL FUND</b>					
<b>HIGHWAY FUND</b>					
<b>HIGHWAY TRUST FUND</b>					
<b>LOCAL</b>					
<b>EXPENDITURES</b>					

**POSITIONS:**

**ASSUMPTIONS AND METHODOLOGY:** Discussions with the Department of Revenue and the Attorney General's Office indicated that there is no way to predict what tax laws might be declared unconstitutional in future years. At the present time the Attorney General's Office does not think the state is collecting any taxes that are unconstitutional.

**FISCAL RESEARCH DIVISION**

**733-4910**

**PREPARED BY:** Dave Crofts

**APPROVED BY:** Tom Covington TomC

**DATE:** May 10 1995

**[FRD#001]**

**UPDATED VERSION - JUNE 19, 1995**

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**FISCAL IMPACT**

FY                    FY                    FY                    FY                    FY

**REVENUES:**

**GENERAL FUND**  
    **HIGHWAY FUND**  
    **HIGHWAY TRUST FUND**  
    **LOCAL**

**EXPENDITURES**

**POSITIONS:**

**ASSUMPTIONS AND METHODOLOGY:** In order for a fiscal impact to occur, current or future statutes dealing directly with tax collections would have to be declared unconstitutional. To determine the amount of this impact, one first needs to know which laws will be ruled unconstitutional. Then an analysis could be made using such information as: **(1)** the number of taxpayers filing a protest after 30 days (current law) but within the time allowed by the new law, **(2)** the liability of these taxpayers, and **(3)** the interest rate that would apply to such protests.

Discussions with the Department of Revenue and the Attorney General's Office have indicated that there is no reliable way to forecast which tax laws [affecting which taxpayers] might be declared unconstitutional in future years. At the present time the Attorney General's Office does not think the state is collecting any taxes that are unconstitutional.

**FISCAL RESEARCH DIVISION**  
**733-4910**

**PREPARED BY:** Dave Crotts  
**APPROVED BY:** Tom Covington   **TomC**  
**DATE:** June 16, 1995

[FRD#001]



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