

NORTH CAROLINA GENERAL ASSEMBLY

LEGISLATIVE FISCAL NOTE

BILL NUMBER: SB 450 (1st Edition)

SHORT TITLE: Property Tax Correction

SPONSOR(S): Sen. Queen

FISCAL IMPACT					
	Yes (X)	No ()	No Estimate Available ()		
	<u>FY 2003-04</u>	<u>FY 2004-05</u>	<u>FY 2005-06</u>	<u>FY 2006-07</u>	<u>FY 2007-08</u>
REVENUES					
General Fund	* No General Fund Impact *				
Haywood County	(174,552)				
Haywood municipalities & fire districts		* See Assumptions and Methodology *			
PRINCIPAL DEPARTMENT(S) & PROGRAM(S) AFFECTED: NC Department of Revenue, NC local governments.					
EFFECTIVE DATE: When it becomes law.					

BILL SUMMARY: The bill requires that a local unit of government release or refund certain taxes associated with the inclusion of a septic or well system in the valuation of real property. In particular, the bill defines the “erroneous inclusion of a septic or well system” as the inclusion in the valuation of real property a septic or well system that is not a component part of the real property, and requires that taxes on that amount be refunded. The act applies only to taxes paid for the 2002-03 fiscal year.

ASSUMPTIONS AND METHODOLOGY: According to the Department of Revenue, the controversy centers in Haywood County. The Haywood County attorney indicates that the assessor’s office added a total of \$3,500 in value to each property that had water and sewer or septic as an attempt to reflect the increased value associated with those improvements. However, the schedule of values adopted by the commission suggested that no such adjustment is required. The bill requires the local taxing unit to refund or release all taxes paid on the adjustments. Calculations provided by the county assessor suggest that the bill affects approximately \$28.6 million in value and will result in a county revenue loss of approximately \$174,552. The bill will also negatively affect revenues in the associated municipalities and fire districts, although no specific revenue information is available for those taxing units. Because the bill limits the requirement to the 2002-03 tax year, the impact is for one year only.

Both the Department of Revenue and the Attorney General have advised Haywood County that this situation cannot be corrected under the “clerical error” portion of the Machinery Act.

FISCAL RESEARCH DIVISION: (919) 733-4910

PREPARED BY: Linda Struyk Millsaps

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

DATE: April 7, 2003



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