

GENERAL ASSEMBLY OF NORTH CAROLINA



Session 2007

Legislative Fiscal Note

BILL NUMBER: Senate Bill 1422 (First Edition)

SHORT TITLE: Income Tax - Title 32 National Guard Exempt.

SPONSOR(S): Senator Queen

FISCAL IMPACT					
	Yes ()	No ()	No Estimate Available ()		
	<u>FY 2007-08</u>	<u>FY 2008-09</u>	<u>FY 2009-10</u>	<u>FY 2010-11</u>	<u>FY 2011-12</u>
REVENUES: (\$ millions)	-	(\$7.5)	(\$7.5)	(\$7.5)	(\$7.5)
EXPENDITURES:					
POSITIONS (cumulative):					
PRINCIPAL DEPARTMENT(S) & PROGRAM(S) AFFECTED: Department of Revenue					
EFFECTIVE DATE: January 1, 2008					

BILL SUMMARY:

March 22, 2007

SB 1422 amends GS 105-134.6(b) (adjustments to taxable income) to allow a deduction for base pay compensation paid by the US Armed Forces to a member of the NC National Guard for up to 48 drill periods of inactive duty training and up to 15 days of annual training active duty as an officer or enlisted member. For married couples filing jointly, each spouse may qualify for the deduction. Effective for taxable years beginning on or after January 1, 2008.

Source: Bill Digest S.B. 1422 (03/22/0200)

ASSUMPTIONS AND METHODOLOGY: The fiscal impact of the bill is based on payroll data provided by the National Guard Association. In 2006, pay for drill training and annual training was \$110 million. Applying the payroll amount to the average effective rate of the personal income tax of 6.8%, means the fiscal impact in FY2008-09 will be \$7.5 million. Drill training can vary from year to year, which could make the fiscal impact rise or fall, therefore, it was assumed the 2006 pay was representative of the average pay over the next five fiscal years.

SOURCES OF DATA: National Guard Association

TECHNICAL CONSIDERATIONS: None

FISCAL RESEARCH DIVISION: (919) 733-4910

PREPARED BY: Barry Boardman

APPROVED BY: Lynn Muchmore, Director
Fiscal Research Division

DATE: July 26, 2007



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