

GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2011

Legislative Fiscal Note

BILL NUMBER: House Bill 92 (First Edition)

SHORT TITLE: Repeal Land Transfer Tax

SPONSOR(S): Representatives Howard, Starnes, Brawley, and Jordan

FISCAL IMPACT					
	Yes ()	No (X)	No Estimate Available ()		
	<u>FY 2011-12</u>	<u>FY 2012-13</u>	<u>FY 2013-14</u>	<u>FY 2014-15</u>	<u>FY 2015-16</u>
REVENUES	*No Fiscal Impact*				
EXPENDITURES					
POSITIONS (cumulative):					
PRINCIPAL DEPARTMENT(S) & PROGRAM(S) AFFECTED:	North Carolina Department of Revenue, County Register of Deeds				
EFFECTIVE DATE:	When the bill becomes law.				

BILL SUMMARY:

House Bill (HB) 92 repeals Article 60 of the General Statutes Chapter 105, the County Land Transfer Tax. The land transfer tax represents one of two local financing options enacted during the 2007 legislative session (S.L. 2007-323 under Sec. 31.17). As an alternative to the land transfer tax, counties also received the option levy a one-quarter cent sales and use tax, Article 46.

Article 60 provides counties with the authority to levy a tax on conveyances if a majority of referendum voters support the tax. The land transfer tax operates alongside the excise stamp tax on conveyances of land and is administered in the same manner as the tax on conveyances. Land exempt from the tax on conveyances is also exempt from the land transfer tax. The maximum land transfer tax rate levied equals 0.4% of the greater: 1) the property value or 2) consideration paid for the property. Counties can enact or increase the land transfer tax in increments of 0.1%.

If HB 92 is enacted, the repeal of the County Land Transfer Tax will become effective when the bill becomes law.

ASSUMPTIONS AND METHODOLOGY: The repeal of Article 60, the Land Transfer Tax, has no fiscal impact because none of the counties implemented the levy. Since the enactment of Article 60 in 2007, 21 of the 100 counties have submitted the option to public vote, with two counties submitting the option twice. The decision to levy Article 60 failed public referendum in all instances.

Table 1 of the appendix covers the forgone revenue associated with the counties' decisions to not implement the levy and/ or the repeal of Article 60.

SOURCES OF DATA: North Carolina Association of County Commissioners, "Local Option Referendum Results," available at: <http://www.ncacc.org/revenueoptions.html>.

North Carolina Department of Revenue, Statistical Abstract, "Table 65. County Tax Levies and County Shares of State Taxes by Type, Fiscal Year 2009-10."

TECHNICAL CONSIDERATIONS: None

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APPENDIX

Table 1. Revenue Associated with the Enactment of Article 60, by County, FY 2009-10					
Counties	Value of Property Sold Subject to Article 60 [\$] In Millions	Revenue Associated with a 0.1% Land Transfer Tax under Article 60 [\$] In Dollars	Counties	Value of Property Sold Subject to Article 60 [\$] In Millions	Revenue Associated with a 0.1% Land Transfer Tax under Article 60 [\$] In Dollars
Alamance	397.8	397,826	Jones	19.7	19,708
Alexander	52.5	52,499	Lee	114.6	114,554
Alleghany	50.5	50,522	Lenoir	74.8	74,841
Anson	29.3	29,350	Lincoln	261.4	261,355
Ashe	100.3	100,305	Macon	215.8	215,802
Avery	130.0	129,962	Madison	65.9	65,946
Beaufort	113.2	113,182	Martin	24.0	24,004
Bertie	23.6	23,607	McDowell	103.9	103,878
Bladen	49.8	49,825	Mecklenburg	4,794.0	4,794,029
Brunswick	1,003.6	1,003,566	Mitchell	29.5	29,468
Buncombe	1,131.7	1,131,709	Montgomery	54.2	54,239
Burke	128.8	128,802	Moore	391.8	391,787
Cabarrus	563.4	563,422	Nash	177.9	177,897
Caldwell	152.8	152,770	New Hanover	1,138.8	1,138,779
Camden	29.0	28,974	Northampton	35.4	35,412
Carteret	427.3	427,347	Onslow	874.1	874,142
Caswell	38.7	38,713	Orange	731.3	731,342
Catawba	388.6	388,590	Pamlico	54.3	54,297
Chatham	352.9	352,898	Pasquotank	90.5	90,527
Cherokee	118.0	118,045	Pender	244.7	244,715
Chowan	35.2	35,165	Perquimans	42.2	42,225
Clay	54.6	54,627	Person	74.3	74,277
Cleveland	153.8	153,781	Pitt	468.9	468,857
Columbus	53.1	53,118	Polk	64.9	64,947
Craven	284.3	284,349	Randolph	245.2	245,244
Cumberland	816.1	816,081	Richmond	63.6	63,613
Currituck	271.9	271,872	Robeson	104.5	104,521
Dare	821.2	821,249	Rockingham	136.6	136,596
Davidson	346.4	346,390	Rowan	245.4	245,395
Davie	111.7	111,735	Rutherford	169.7	169,692
Duplin	66.7	66,654	Sampson	76.9	76,865
Durham	1,276.5	1,276,509	Scotland	39.5	39,546
Edgecombe	46.0	45,971	Stanly	110.7	110,725
Forsyth	1,131.9	1,131,855	Stokes	73.4	73,417
Franklin	190.0	189,986	Surry	70.0	69,994
Gaston	480.7	480,680	Swain	31.4	31,372
Gates	16.7	16,687	Transylvania	173.5	173,518
Graham	14.5	14,471	Tyrrell	6.1	6,116
Granville	144.4	144,429	Union	1,011.5	1,011,459
Greene	22.5	22,493	Vance	49.7	49,661
Guilford	1,551.7	1,551,720	Wake	5,249.1	5,249,074
Halifax	73.6	73,556	Warren	49.4	49,387
Harnett	374.3	374,335	Washington	23.8	23,816
Haywood	207.5	207,472	Watauga	309.9	309,884
Henderson	395.4	395,411	Wayne	231.8	231,784
Hertford	27.3	27,260	Wilkes	132.9	132,942
Hoke	174.7	174,693	Wilson	177.6	177,559
Hyde	24.9	24,941	Yadkin	46.8	46,773
Iredell	705.9	705,906	Yancey	66.0	65,964
Jackson	346.4	346,381	Total	35,103	35,103,294
Johnston	559.7	559,659			