

NORTH CAROLINA GENERAL ASSEMBLY

LEGISLATIVE FISCAL NOTE

BILL NUMBER: SB 1234

SHORT TITLE: Refund Intangibles Tax

SPONSOR(S): Senator Fountain Odom

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

FUND AFFECTED: General Fund (x) Highway Fund () Local Govt. ()
 Other Funds ()

BILL SUMMARY: The 1995 General Assembly repealed the intangibles tax, effective January 1, 1995. The bill repeals the tax on shares of stock retroactively for the 1993 and 1994 tax years and establishes a mechanism to allow tax refunds for those years.

The language in the bill requires the Department of Revenue to send a written notice to each taxpayer due a refund. The notice shall state that the taxpayer may choose to receive a refund check, apply the refund against any 1996 tax liability, or to donate the refund to one of the following:

Parks and Recreation Trust Fund
 Natural Heritage Trust Fund
 State Zoo
 Trust Fund created for acquisition of land for riparian buffers
 and conservation easements

Finally, the bill contains an appropriation of an unspecified amount to the Department of Revenue for the 1996-97 fiscal year to finance the implementation of the bill. The funds do not revert until the Department of Revenue has completed all duties to implement the refunds.

EFFECTIVE DATE: Tax repeal is retroactive to January 1, 1993.

PRINCIPAL DEPARTMENT(S)/PROGRAM(S) AFFECTED:
The tax refunds/credits will be administered by the Department of Revenue.

FISCAL IMPACT

FY FY FY FY FY

	1996-97	1997-98	1998-99	1999-00	2000-01
REVENUES:					
GENERAL FUND	-211,200,000				
HIGHWAY FUND					
HIGHWAY TRUST FUND					
LOCAL					
EXPENDITURES	596,681				

POSITIONS: None

ASSUMPTIONS AND METHODOLOGY:

(1) It is impossible to predict the number of taxpayers who will direct the Secretary of Revenue to earmark their refund for the purposes used above. (2) The Department of Revenue has estimated the nonrecurring cost of administering the tax refunds and credits at \$596,681. The primary costs are for postage and related expenses associated with two mailings (written notice of options, refund check).

SOURCES OF DATA: Refund/credit liability data was provided by Department of Revenue based on a tabulation of actual tax returns.

TECHNICAL CONSIDERATIONS:

FISCAL RESEARCH DIVISION

733-4910

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DATE: June 4, 1996



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