

**NORTH CAROLINA GENERAL ASSEMBLY**

**LEGISLATIVE FISCAL NOTE**

**BILL NUMBER:** Senate Bill 365

**SHORT TITLE:** Property Tax Clerical Errors

**SPONSOR(S):** Senator Rucho, et al.

	<b>FISCAL IMPACT</b>				
	<b>Yes (x)</b>	<b>No ( )</b>	<b>No Estimate Available ( )</b>		
	<b><u>FY 1997-98</u></b>	<b><u>FY 1998-99</u></b>	<b><u>FY 1999-00</u></b>	<b><u>FY 2000-01</u></b>	<b><u>FY 2001-02</u></b>
<b>REVENUES</b>	<b>See section on assumption and methodology; estimated property tax loss between \$3,000,000 and \$4,000,000, statewide</b>				
<b>EXPENDITURES</b>	\$2,000,00 to \$3,000,000 annual administrative costs across all local governments, statewide				
<b>PRINCIPAL DEPARTMENT(S) &amp; PROGRAM(S) AFFECTED:</b>	Local units of government that levy a property tax				
<b>EFFECTIVE DATE:</b>	Tax years beginning on or after July 1, 1997				

**BILL SUMMARY:**

The proposed legislation adds a definition of "clerical or mathematical error" to the property tax laws. The definition defines errors in calculating units of measurement, transposition of numbers, errors in zoning classification, and errors in description of real property improvements. The definition does not include errors resulting from misapplication of schedules, standards, or rules, or appraisal judgments.

Amends G.S. 105-287 to provide that when a county increases the appraised value of property to correct a clerical or mathematical error, the increased value of the property is treated as a "discovery" and subject to taxation under G.S. 105-312, but the discovery does not apply to any year that precedes the year of the county's most recent general reappraisal or horizontal adjustment, and no late listing penalty applies unless the error was made by the taxpayer or the taxpayer's agent and resulted in substantial understatement of the property's value or quantity. When a county decreases the appraised value to correct a clerical or mathematical error the taxpayer is entitled to a release or refund of the principal amount of the tax for the current tax year and for up to five prior tax years, but release or refund is not allowed for any year in that five-year period that precedes the year of the county's most recent general reappraisal or horizontal adjustment.

G.S. 105-322 is amended to allow boards of equalization and review to correct appraisals, assessments, and amounts of taxes resulting from clerical or mathematical error. Additional conforming changes are made to the property tax laws.

Source of above text: North Carolina General Assembly Bill Digest System

**ASSUMPTIONS AND METHODOLOGY:**

Representatives of the Tax Assessors and Collectors Association surveyed member counties (100) and the results revealed that some counties expect little or no additional administrative costs while others believe the costs could be significant.

**Using data obtained from the survey, the additional administrative costs are expected to range from \$2 million to \$3 million annually statewide. The loss in property tax revenue is estimated to fall between \$3 million and \$ 4 million annually statewide.**

**FISCAL RESEARCH DIVISION**

**733-4910**

**PREPARED BY:** Warren Plonk

**APPROVED BY:** Tom Covington

**DATE:** May 19, 1997



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