

GENERAL ASSEMBLY OF NORTH CAROLINA



Session 2007

Legislative Fiscal Note

BILL NUMBER: Senate Bill 1309 (Second Edition)

SHORT TITLE: Fairness in PT Values/Lien on Mobile Home.

SPONSOR(S): Senator Clodfelter

FISCAL IMPACT					
	Yes (x)	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:					
Local Governments					
	Minimal Revenue Gain for Local Governments				
EXPENDITURES:					
County Governments					
	Additional Expenditures Required for More Frequent Revaluations				
PRINCIPAL DEPARTMENT(S) & PROGRAM(S) AFFECTED: NC Local Governments, NC Department of Revenue.					
EFFECTIVE DATE: Sections 1 and 2 of this act are effective for taxable years beginning on or after the year in which a county conducts its next general reappraisal. Section 3 of this act is effective for taxable years beginning on or after July 1, 2008.					

BILL SUMMARY: Senate Bill 1309 does the following:

- Changes the eight-year property tax valuation cycle to a four-year cycle, and authorizes a county to postpone a scheduled four-year reappraisal if the county's sales assessment ratio exceeds .90.
- Creates a tax lien on mobile homes listed as personal property.

ASSUMPTIONS AND METHODOLOGY: Senate Bill 1309 would eliminate the current octennial plan for general reappraisals of real property and replace it with a quadrennial plan. However, the four-year reappraisal would be postponed if at the time of reappraisal, the ratio of the appraised value of real property to the true value of real property exceeds .90 and the board of

county commissioners adopts a resolution to postpone the reappraisal until the next subsequent quadrennial reappraisal. Any resolution adopted by the county to postpone the reappraisal must be promptly submitted to the Department of Revenue. This change would also eliminate the need for horizontal adjustment provisions in the reappraisal system.

This would have the effect of narrowing the gap between assessed values and market values and preventing the property tax burden from becoming weighted more heavily toward properties increasing relatively slowly or decreasing in value. Because it is unknown to what extent counties will adjust tax rates following the likelihood of more frequent revaluations, FRD is unable to determine the fiscal impact. Counties tax assessors will also incur additional expenses to conduct more frequent revaluations, however the amount of the impact is not known.

Senate Bill 1309 would also provide that a tax lien attaches to a mobile home listed as personal property and to all real property of the taxpayer in the taxing unit on the date the mobile home is listed (January 1). Once the lien has attached, its priority is not affected by transfer of title, by death, or by receivership of the property owner. In other words, the delinquent taxes follow the mobile home, and a subsequent buyer is liable for the unpaid taxes. The North Carolina Association of County Commissioners and the North Carolina Tax Collectors Association support this proposal. Although this change is anticipated to improve collection of property taxes on mobile homes, the amount of the impact is unknown.

SOURCES OF DATA: NC Department of Revenue

TECHNICAL CONSIDERATIONS: None

FISCAL RESEARCH DIVISION: (919) 733-4910

PREPARED BY: Rodney Bizzell

APPROVED BY: Lynn Muchmore, Director
Fiscal Research Division

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