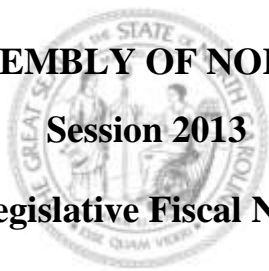


GENERAL ASSEMBLY OF NORTH CAROLINA



Session 2013

Legislative Fiscal Note

BILL NUMBER: House Bill 14 (Second Edition)

SHORT TITLE: Revenue Laws Technical, Clarifying, & Administrative Changes

SPONSOR(S): Representative Howard

FISCAL IMPACT					
(\$ in millions)					
	FY 13-14	FY 14-15	FY 15-16	FY 16-17	FY 17-18
STATE IMPACT					
General Fund Revenues:					
Allow bonus depreciation deduction to a successor business after a business reformulation	-2	0	0	0	0
STATE IMPACT	-2	0	0	0	0
Local Revenues:					
	See Assumptions and Methodology				
LOCAL IMPACT	0	0	0	0	0

BILL SUMMARY:

House Bill 14 makes technical and clarifying changes to various statutes in the Revenue Laws. Additionally, it allows a successor business to continue taking the bonus depreciation deduction that was available to a predecessor business after a transaction whereby a business reformulates itself into another business through a merger, conversion, or by other means. This change is effective retroactively.

Section 25a of HB 14 also removes the July 1, 2013 sunset included in G.S. 161, the fee schedule used when filing instruments with the county register of deeds offices. Session Laws 2011-296 and 2012-79 created a uniform fee schedule for all types of instruments contained within G.S. 161-10. These fee changes were scheduled to sunset so that the Revenue Laws committee could ensure that these changes were as close to revenue neutral as possible.

The pre-2011 session Register of Deeds fees were set at:

- Deeds of trust, mortgages, cancellation of deeds of trust, and cancellation of mortgages: \$28.00 fee for the first page, and a \$3.00 fee for each additional page,
- Records of satisfaction: \$0, and
- Other instruments: \$ 12.00 for the first page, plus \$3.00 for each additional page.

When enacted S.L. 2011-296 created uniform fees for all of the aforementioned instruments:

- Deeds of trust, \$56.00 per document for the first 15 pages, and \$4.00 per page for subsequent pages.
- The fee for all other documents would be set at \$26.00 per document for the first 15 pages, and \$4.00 per page for subsequent pages.

ASSUMPTIONS AND METHODOLOGY:

Section 34: Bonus Depreciation

Except for the bonus depreciation provision, the provisions in House Bill 14 do not have a fiscal impact on general fund revenue. The fiscal impact of the provision allowing the continuation of the bonus depreciation deduction by a successor business after a business reformulation is based on information obtained from the Department of Revenue regarding the number of cases it is aware of pertaining to this issue.

Section 25a: Register of Deeds

Fiscal Research, to review the fiscal impact of S.L. 2011-296, partnered with the North Carolina Association Register of Deeds. The Association and Fiscal Research requested that all 100 counties submit document registration information for the period between April 2012 and October 2012. A total of 78 counties participated in the survey. Fiscal used this information to extrapolate estimated FY 11-12 collections for all 100 counties.

Fiscal Impact of S.L. 2011-296, Register of Deeds		
REVENUES:	FY 10-11	FY 11-12
Register of Deeds (Projected)	\$950,745	\$1,267,660
Register of Deeds (Actual)	Unknown	\$1,330,320
Net Gain Above Projected	N/A	\$62,600

SOURCES OF DATA: NC Department of Revenue, NC Register of Deeds offices

TECHNICAL CONSIDERATIONS: None

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DATE: June 26, 2013



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