



NORTH CAROLINA GENERAL ASSEMBLY

Session 2017

Legislative Fiscal Note

Short Title: Pretax Supplemental Benefits.
Bill Number: House Bill 569 (Third Edition)
Sponsor(s): Representatives Dollar, Malone, Hall, and Corbin

SUMMARY TABLE

FISCAL IMPACT OF H.B. 569, V.3 (\$ in millions)					
	<u>FY 2017-18</u>	<u>FY 2018-19</u>	<u>FY 2019-20</u>	<u>FY 2020-21</u>	<u>FY 2021-22</u>
State Impact					
General Fund Revenue		(1.2)	(2.3)	(2.4)	(2.5)
Less Expenditures	-	(1.7)	(3.4)	(3.5)	(3.6)
General Fund Impact	-	0.5	1.1	1.1	1.1
NET STATE IMPACT	-	\$0.5	\$1.1	\$1.1	\$1.1

FISCAL IMPACT SUMMARY

House Bill 569 would allow State employees to purchase benefits offered by Employee Insurance Committees on a pretax basis. This would reduce the amount of personal income tax revenue collections because it reduces taxable wages, while reducing the amount of State expenditures for the employer share of FICA payments.

FISCAL ANALYSIS

According to a Performance Evaluation Division report on supplemental post-tax benefits, there is approximately \$44 million in benefits purchased that would be available on a pretax basis under House Bill 569. The estimated change in revenue is estimated by applying the 5.25% personal income tax rate to the \$44 million. The estimated change in expenditures is estimated by applying the 7.65% FICA rate to the \$44 million. There is a partial fiscal year impact in FY 18-19 based on a 2019 effective date.

TECHNICAL CONSIDERATIONS

N/A.

DATA SOURCES

Performance Evaluation Division

LEGISLATIVE FISCAL NOTE – PURPOSE AND LIMITATIONS

This document is an official fiscal analysis prepared pursuant to Chapter 120 of the General Statutes and rules adopted by the Senate and House of Representatives. The estimates in this analysis are based on the data, assumptions, and methodology described in the Fiscal Analysis section of this document. This document only addresses sections of the bill that have projected direct fiscal impacts on State or local governments and does not address sections that have no projected fiscal impacts.

CONTACT INFORMATION

Questions on this analysis should be directed to the Fiscal Research Division at (919) 733-4910.

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June 13, 2018



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