

N.C. GENERAL ASSEMBLY LEGISLATIVE FISCAL NOTE

Fiscal Research  
733-4910

Prepared By: Dave Crofts	Date Prepared: 2-10-89	Bill No. S 51	Edition: Sen. Dennis Winner
Approved By: Tom L. Covington			Sponsor:
Short Title: Income tax based on Federal Law-2			

TYPE OF FISCAL IMPACT	COUNTY		FUNDS AFFECTED:			
	State Gov't	Local Gov't	(x) General	( ) Highway	( ) Other: Local	
			State Fiscal Impact	FY	FY	FY
No Fiscal Impact	( )	( )	State Total Req'ments	See note below		
Increase Expenditure	( )	( )	Receipts/Revenues			
Decrease Expenditure	( )	( )	Net State Expend./Rev.			
			No. of Positions			
			Local Fiscal Impact	FY	FY	FY
Increase Revenue	( )	( )	Local Total Req'ments			
Decrease Revenue	( )	( )	Receipts/Revenues			
No Estimate Avail.	(x)	( )	Net Local Expend./Rev.			
			No. of Positions			

Description of Legislation

1. Summary of Legislation

Restructures state personal income tax as shown on attached sheet.

2. Effective Date

Tax year beginning on or after January 1, 1990.

3. Fund or Tax Affected

Personal income tax.

4. Principal Department/Program Affected

Cost or Revenue Impact on State

FY

FY

FY

- 1. Non-Recurring Costs/Revenues
- 2. Recurring Costs/Revenues See Technical Considerations/Comments.
- 3. Fiscal/Revenue Assumptions

Cost/Revenue Impact on County or Local Government

	FY	FY	FY
	88-89	89-90	

- 1. Non-Recurring Costs/Revenues
- 2. Recurring Costs/Revenues
- 3. Fiscal/Revenue Assumptions

Sources of Data for Fiscal Note

- N. C. Department of Revenue income tax distribution data
- U. S. Censure Bureau Data on family size, income

Technical Considerations/Comments

Staff estimates for the Tax Fairness Study Commission found that the proposal is approximately revenue-neutral. However, the estimates were not based on a sample of actual returns but family size and income data from the Census Bureau and historical N. C. tax return data.

The Department of Revenue is in the process of analyzing a large sample of 1987 North Carolina returns and verifying results by the use of federal tax tapes from the IRS. This sample will provide a much more reliable indicator of the impact of the bill.



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