

**NORTH CAROLINA GENERAL ASSEMBLY  
LEGISLATIVE FISCAL NOTE**

**BILL NUMBER:** SB 9  
**SHORT TITLE:** Expand Homestead Exemption  
**SPONSOR(S):** Senators Edwards; Perdue, Albertson, Soles, Speed, Warren, Dannelly, Holye, Hobbs, Kerr, Martin of Guilford, Winner, Odom, Plyler, Rand, Plexico, Gulley, Lucas, and Cooper  
**FISCAL IMPACT:**   **Expenditures:**   **Increase ( )**       **Decrease ( )**  
                           **Revenues:**           **Increase ( )**       **Decrease (X)**  
                           **No Impact ( )**  
                           **No Estimate Available ( )**

**FUND AFFECTED:** General Fund ( ) Highway Fund ( ) Local Govt. (X)  
                           Other Funds ( )

**BILL SUMMARY:** The proposed act increases the property tax exemption from \$15,000 to \$20,000 and increases the income threshold from \$11,000 to \$15,000.

**EFFECTIVE DATE:** Tax years beginning on or after July 1, 1996

**PRINCIPAL DEPARTMENT(S)/PROGRAM(S) AFFECTED:**  
 Local governments who levy a property tax.

	<b>FISCAL IMPACT</b>				
	(\$ Million)				
	<u>FY</u> 96-97	<u>FY</u> 97-98	<u>FY</u> 98-99	<u>FY</u> 99-00	<u>FY</u> 00-01
<b>REVENUES:</b>					
<b>LOCAL</b>	(\$7.0)	(7.0)	(7.0)	(7.0)	(7.0)

**ASSUMPTIONS AND METHODOLOGY:** The \$5,000 increase in the property exemption is estimated to cost \$5.6 million; the cost is equal to \$4.0 for every \$3,000 increase in the value of the exemption and proportionally an additional \$2,000 in the exemption equals \$1.6 million. The increase in the income threshold is estimated to be \$1.2; for every \$1,000 increase in income the cost is \$300,000. The estimate was rounded from \$6.8 to \$7.0.

**SOURCES OF DATA:**  
 N.C. Department of Revenue

**FISCAL RESEARCH DIVISION**

**733-4910**

**PREPARED BY:** H. Warren Plonk

**APPROVED BY:** Tom L. Covington **TomC**

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