

NORTH CAROLINA GENERAL ASSEMBLY

LEGISLATIVE FISCAL NOTE

BILL NUMBER: H.B. 1490

SHORT TITLE: Extend Submerged Lands Claims

SPONSOR(S): Representative Weatherly

FISCAL IMPACT					
	Yes (X)	No ()	No Estimate Available (X)		
	<u>FY 1998-99</u>	<u>FY 1999-00</u>	<u>FY 2000-01</u>	<u>FY 2001-02</u>	<u>FY 2002-03</u>
REVENUES	0	(\$100,000)	(\$100,000)	(\$100,000)	(\$100,000)
PRINCIPAL DEPARTMENT(S) & PROGRAM(S) AFFECTED: Marine Fisheries, Department of Environment and Natural Resources.					
EFFECTIVE DATE: When it becomes law.					

BILL SUMMARY: The bill extends three deadlines related to submerged land claims. First, the bill extends until December 31, 2006, the time allowed to file a submerged land claim. Under current law that period closes on December 31, 2001. As such, the bill gives the potential plaintiff five more years to take action. Second, the bill gives the Department of Environment and Natural Resources until December 31, 2003, to establish a plan to resolve submerged land claims. Under current law, the Department's time expires on December 31, 1998. Third, the bill extends the date by which claimed marshlands must be donated to qualify for a tax credit under G.S. 105-151.12 from December 31, 1998, to December 31, 2003.

ASSUMPTIONS AND METHODOLOGY: The only change in the bill that may have a fiscal impact is the extension of time to claim a tax credit. Under G.S. 105-151.12(e), a person who makes a "qualified" donation of claimed marshland can take an income tax credit of up to 25% of the fair market value of the land. The credit can not exceed \$100,000. Any unused portion of the credit may be carried forward for five years. To "qualify" a donation must be accepted by the state. The tax credit for the marshland donations portion of G.S. 105-151.12(e) sunsets on December 31, 1998. Under current law, the claim to marshland must be made by that date to be eligible for a tax credit, if the land is donated. The bill extends this portion of G.S. 105-151.12(e) to December 31, 2003.

In calendar year 1996 (the most recent year for which data is available) only one organization took advantage of the submerged lands credit. That donation was of 1,143.5 acres. The donor estimated the value of the property at \$205,000. Under current law that donation would create a \$51,250.00 tax credit. (However, because the credit cap for this program was at \$25,000 in 1996, the total liability associated with this claim was \$25,000). Officials from Marine Fisheries have processed claims for approximately 11,000 acres since 1985. They processed less than one claim per year under the program. State officials are only aware on one project that is “in the pipeline” at this time, but more are possible. They do not believe last session’s action to increase the credit cap has had a significant impact on this portion of the conservation program.

Assuming one claim is filed per year, and the maximum tax credit applies, the loss is \$100,000 per year.

The Department currently absorbs the cost of the program out of existing resources, and expects to be able to continue the program without additional appropriations.

FISCAL RESEARCH DIVISION (733-4910)

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DATE: August 17, 1998



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