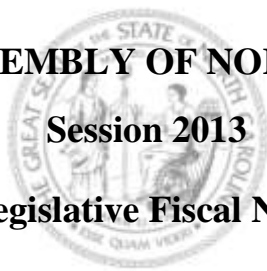


GENERAL ASSEMBLY OF NORTH CAROLINA



Session 2013

Legislative Fiscal Note

REVISED

BILL NUMBER: House Bill 14 (Second Edition)

SHORT TITLE: Rev Laws Technical, Clarifying, & Admin. Chg.

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 after transfer of assets	An unknown amount in FY 13-14. No impact in subsequent years.				
STATE IMPACT	0	0	0	0	0
Local Revenues:					
	See assumptions and methodology				
LOCAL IMPACT	0	0	0	0	0

REVISION NOTE: This revision updates the fiscal estimate of the bonus depreciation provision from \$2 million to an unknown amount that is greater than \$2 million. The update is based on additional information obtained by the Department of Revenue.

Additionally, this revision corrects the descriptions in the fiscal impact table and in the summary to note that that the policy change proposed by this bill regarding the deductibility of bonus depreciation after certain transfers of assets would allow the original taxpayer that added bonus depreciation to its income to claim the deductions. The previous fiscal note mistakenly indicated that the bill allowed a successor business to claim the deductions for bonus depreciation.

BILL SUMMARY:

House Bill 14 makes technical and clarifying changes to various statutes in the Revenue Laws. Additionally, House Bill 14 includes a substantive change to allow a taxpayer to take bonus depreciation deductions after a transfer of assets as described in the legislation.

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 regarding the bonus depreciation deduction 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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