

NORTH CAROLINA GENERAL ASSEMBLY

LEGISLATIVE FISCAL NOTE

BILL NUMBER: HB 56

SHORT TITLE: Eliminate Stamps for Deed Tax

SPONSOR(S): Rep. Hill

FISCAL IMPACT					
	Yes (x)	No ()	No Estimate Available ()		
	<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		insignificant			
EXPENDITURES		\$70,000			
POSITIONS:					
PRINCIPAL DEPARTMENT(S) & PROGRAM(S) AFFECTED: Corporate, Excise and Insurance Division, Department of Revenue, County Register of Deeds Offices.					
EFFECTIVE DATE: Section 1 becomes effective July 1, 2000. The remainder becomes effective when it becomes law.					

BILL SUMMARY: The bill eliminates the use of Department of Revenue produced tax stamps in payment of the conveyance tax. This tax is also known as the excise tax on deeds. The bill provides for the reimbursement to certain counties for the cost of acquiring computer equipment and software to provide an alternate collection means. Counties who are eligible for reimbursement are only those that have not acquired, through purchase or rent, such a computer system before July 1, 1999. Reimbursement funds are drawn from individual income tax collections. Finally, the bill clarifies that the same penalties that apply to other taxes apply to the deed tax.

ASSUMPTIONS AND METHODOLOGY: According to the Department of Revenue, 12 counties have purchased stamps from the Department in the last two years. However, because these purchases are made in mass quantities, the actual number of counties still using such a stamp may be higher. Based on information provided by the Register of Deeds Association

members and key vendors, the Department of Revenue and Fiscal Research estimate that approximately 15-20 counties may be without a computerized stamp system. As such, as many as 15-20 counties may be dependent on the Department for deed stamps. Vendors indicate that the equipment and software needed for a basic computer system for deed stamps costs approximately \$2,500 to \$3,500. Assuming 20 counties purchase equipment at the maximum amount of \$3,500, the cost to the state is \$70,000 (20 x \$3,500).

No estimates are available at this time for potential cost savings to the Department. Also, no estimates are available for potential loss revenue from the lack of stamp sales. However, the Department expects the fiscal impact of these items is insignificant.

TECHNICAL CONSIDERATIONS: A portion of this cost may be carried over to the next fiscal year, as counties have six months after the close of FY 1999-2000 to file for reimbursement.

FISCAL RESEARCH DIVISION 733-4910

PREPARED BY: Linda Struyk Millsaps

APPROVED BY: Tom Covington

DATE: Tuesday, March 09, 1999



Signed Copy Located in the NCGA Principal Clerk's Offices