

**GENERAL ASSEMBLY OF NORTH CAROLINA**

**Session 2011**

**Legislative Fiscal Note**

**BILL NUMBER:** House Bill 248 (First Edition)

**SHORT TITLE:** Establish Tax Modernization Commission.

**SPONSOR(S):** Representative Rhyne

<b>FISCAL IMPACT</b>					
	<b>Yes ( )</b>	<b>No ( )</b>	<b>No Estimate Available ( )</b>		
	<b><u>FY 2011-12</u></b>	<b><u>FY 2012-13</u></b>	<b><u>FY 2013-14</u></b>	<b><u>FY 2014-15</u></b>	<b><u>FY 2015-16</u></b>
<b>REVENUES</b>					
<b>EXPENDITURES</b>	<b>\$90,372</b>				
<b>POSITIONS (cumulative):</b>					
<b>PRINCIPAL DEPARTMENT(S) &amp; PROGRAM(S) AFFECTED:</b> North Carolina General Assembly					
<b>EFFECTIVE DATE:</b> Effective when it becomes law.					

**BILL SUMMARY:**

The legislation establishes the 30-member Tax Modernization Study Commission (Commission), consisting of Governor appointees, members of the House of Representatives, and members of the Senate. Also establishes the Commission’s five duties, including examining current income tax rates to determine whether the rate is negatively impacting our competitive position, determining whether the tax bases should be broadened to allow for a revenue-neutral modernization, and evaluating the state’s current system of economic incentives to ensure a good return on investment and recruitment of high value jobs. The legislation provides for compensation of Commission members and Commission administration. Requires the Commission’s recommendations to be revenue neutral, taken collectively, when compared to the revenue projections for the taxes used in the budget bill for the 2011-12 fiscal year. Finally, provides five specified legislative procedures that must be followed if recommendations are adopted by the Commission by a vote of at least two-thirds of the members. Requires the Commission to report to the 2012 Regular Session of the General Assembly by May 1, 2012, at which time the Commission will terminate.

**ASSUMPTIONS AND METHODOLOGY:** With Section 4 of the bill allowing the Commission to meet during a regular or extra session of the General Assembly, the assumption is that the Commission could begin meeting during the 2011 Session as early as May 2011. This assumption provides the potential for 13 meetings with the last scheduled by May 1, 2012.

If 30 members, consisting of 8 members – four each from the House of Representatives and the Senate; and 22 non-members were to conduct business in 13 meetings the estimated cost for subsistence, travel expenses, and clerical support would be \$106,803. This cost is apportioned between two meetings in FY 2010-11 at a cost of \$16,431, and 11 meetings in FY 2011-12 with a cost of \$90,372. This estimate does not include an allowance for special travel and expenses or other ancillary costs.

**SOURCES OF DATA:** NC General Assembly.

**TECHNICAL CONSIDERATIONS:** None

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**DATE:** March 30, 2011



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