

GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2011

Legislative Fiscal Note

BILL NUMBER: House Bill 668 (First Edition)

SHORT TITLE: Increase Deduction: Volunteer Rescue Workers.

SPONSOR(S): Representatives West, Faison, Wilkins, and Dixon

<b>FISCAL IMPACT</b>					
	<b>Yes ( X )</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 (\$ Thousands)</b>		<b>(210,000)</b>	<b>(210,000)</b>	<b>(210,000)</b>	<b>(210,000)</b>
<b>EXPENDITURES</b>					
<b>POSITIONS (cumulative):</b>					
<b>PRINCIPAL DEPARTMENT(S) &amp; PROGRAM(S) AFFECTED: Department of Revenue</b>					
<b>EFFECTIVE DATE: January 1, 2012</b>					

**BILL SUMMARY:**

*SOURCE:*

The bill amends GS 105-134.6(d)(6) to allow a taxpayer who is an eligible firefighter or rescue squad worker to deduct \$400 (currently, \$250) from taxable income.

**ASSUMPTIONS AND METHODOLOGY:** Based on tax return data analysis by the Department of Revenue, it is estimated that the current tax deduction lowers Personal Income tax collections by \$350,000 per tax year. Increasing the deduction to \$400, a sixty percent increase, would likewise increase the cost of the deduction by sixty percent, or \$210,000 (\$350,000 x 0.60).

Because the effective date is set for the 2012 tax year, the fiscal impact of the change will not be realized until FY 2012-13 when taxpayers file returns on or by April 15<sup>th</sup>, 2013. Finally, Fiscal Research does not expect the population of qualified firefighters and rescue squad workers to grow significantly over the next 5 years, and therefore, no additional adjustments were made to the fiscal estimates.

**SOURCES OF DATA:** Department of Revenue

**TECHNICAL CONSIDERATIONS:** None

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**Fiscal Research Division**

**DATE:** May 11, 2011



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