



NORTH CAROLINA GENERAL ASSEMBLY

2025 Session

Legislative Fiscal Note

Short Title: Brownfields Property Reuse Act Revisions.
Bill Number: Senate Bill 387 (Third Edition)
Sponsor(s): Sen. Tom McInnis, Sen. Timothy D. Moffitt, and Sen. Steve Jarvis

SUMMARY TABLE

FISCAL IMPACT OF SB 387 [V.3]

	<u>FY 2025-26</u>	<u>FY 2026-27</u>	<u>FY 2027-28</u>	<u>FY 2028-29</u>	<u>FY 2029-30</u>
State Impact					
Special Fund Revenues	-	-	-	-	-
Less Expenditures	-	-	-	-	-
Special Fund Impact	-	-	-	-	-

NET STATE IMPACT	No Estimate Available-Refer to Fiscal Analysis Section
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Local Impact

Local Revenue	-	-	-	-	-
Less Local Expenditures	-	-	-	-	-

NET LOCAL IMPACT	No Estimate Available-Refer to Fiscal Analysis Section
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FISCAL IMPACT SUMMARY

The bill will have an unknown fiscal impact on local government revenues because it allows an additional Brownfields tax benefit for subsequent property improvements so long as a separate Brownfields agreement is in place.

The bill also adds a new fee payable by a prospective developer in the Brownfields Program if they are out of compliance with the statutory requirements regarding Brownfields property. It also requires that if the Department of Environmental Quality seeks to recover costs unanticipated in a Brownfields agreement, it must provide certain information to the prospective developer or owner on any fees the Department charges.

FISCAL ANALYSIS

Brownfields Property Tax. Current state law provides a partial property tax exclusion for owners of real property for the first five years after entering into a Brownfields agreement with the



Department of Environmental Quality (DEQ). The property is then appraised annually for subsequent improvements made to the property for the five years that the owners receive the tax benefit, and the amount excluded is based on the year in which they are receiving the benefit. Data on the amount and corresponding local revenue loss due to the current exclusion is not collected.

The bill would authorize an additional five-year exclusionary period for subsequent qualifying improvements to the property so long as a separate Brownfields agreement is in place. The subsequent qualifying improvement, with the corresponding newly executed agreement, would be entitled to a separate and new exclusionary period over five years.

Brownfields Compliance Fee. The bill also makes various changes to the process and timing of the payment of fees established under current law for the Brownfields program and adds a new fee payable by the prospective developer if they are out of compliance with the statutory requirements regarding the Notice of Brownfields property. The fee would be an amount sufficient to cover the costs to the State to enforce or correct the noncompliance. No estimate is available regarding the fiscal impact of this fee. Revenue will be deposited into a special fund in DEQ. The bill also requires that, if DEQ must recover unanticipated costs, they must provide any supporting documentation on the fees it charges to a prospective developer or current owner.

TECHNICAL CONSIDERATIONS

N/A.

DATA SOURCES

NC Departments of Environmental Quality and Revenue.

LEGISLATIVE FISCAL NOTE – PURPOSE AND LIMITATIONS

This document is an official fiscal analysis prepared pursuant to Chapter 120 of the General Statutes and rules adopted by the Senate and House of Representatives. The estimates in this analysis are based on the data, assumptions, and methodology described in the Fiscal Analysis section of this document. This document only addresses sections of the bill that have projected direct fiscal impacts on State or local governments and does not address sections that have no projected fiscal impacts.

CONTACT INFORMATION

Questions on this analysis should be directed to the Fiscal Research Division at (919) 733-4910.

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