

GENERAL ASSEMBLY OF NORTH CAROLINA
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SENATE BILL DRS35363-NKa-97

Short Title: Restore the American Dream. (Public)

Sponsors: Senators Smith, Batch, and Garrett (Primary Sponsors).

Referred to:

A BILL TO BE ENTITLED
AN ACT TO EXPAND MIDDLE-CLASS HOUSING BY PROVIDING CURRENT AND
ONGOING FUNDING FOR THE HOUSING TRUST FUND.

Whereas, the North Carolina Housing Trust Fund was created by the General Assembly in 1987 and is administered by the North Carolina Housing Finance Agency; and

Whereas, the North Carolina Housing Trust Fund is North Carolina's most flexible resource for the State's growing and complex affordable housing needs. The Fund leverages private funding to create a variety of housing solutions, including home ownership, rentals, supportive housing, new construction, rehabilitation, and emergency repairs; and

Whereas, housing is not only an integral part of a family's budget but is also integral to the economy of the State. Ensuring that all North Carolinians have access to safe, decent, and affordable housing is a sound financial investment in North Carolina's future; and

Whereas, in 2005, bipartisan leadership filed Senate Bill 330 to fund the Housing Trust Fund at \$50 million. Senate Bill 330 addressed the "shortage of decent, safe, and sanitary...housing available at affordable prices" and the importance of affordable housing to economic development "because businesses will not locate in communities where workers cannot live"; and

Whereas, in Governor Pat McCrory's budget for the 2015-2017 fiscal biennium, former Budget Director Lee Harris Roberts wrote that "the NC Housing Finance Agency represents one of the greatest returns on investment of any State money spent"; and

Whereas, North Carolina's investment in the Housing Trust Fund has decreased nearly 68% over the last 10 years—from \$21 million in the 2007 fiscal year to a low-water mark of \$6.8 million in the 2015 fiscal year; and

Whereas, over 815,000 North Carolinians do not have access to affordable housing, with over 319,000 North Carolinians in disaster areas from Hurricane Matthew and Hurricane Florence. In addition, 930,000 citizens are cost-burdened with their housing—those households spending more than 30% of their income on housing costs and utilities being cost-burdened, and those spending more than half of their income on housing costs being severely cost-burdened; and

Whereas, there is only one unit of housing for every eight North Carolinians in need of affordable housing; and

Whereas, the current fund balance of the Housing Trust Fund is approximately \$6 million, which is less than the originally established fund balance of \$50 million. For every \$1 million that the Housing Trust Fund spends: 108 households are assisted; \$5,169,000 in affordable housing real estate value is generated; 110 jobs are supported; and \$455,000 in State and local revenue is generated; and



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Whereas, this act would enact a one-time allocation to recapitalize the Housing Trust Fund and would provide recurring revenue sources to ensure a sustainable Fund that can be used to address the critical shortage of affordable housing in North Carolina; Now, therefore, The General Assembly of North Carolina enacts:

SECTION 1. There is appropriated from the General Fund to the North Carolina Housing Trust Fund, established under G.S. 122E-3, the sum of thirty million dollars (\$30,000,000) in nonrecurring funds for the 2024-2025 fiscal year to be used in accordance with the purposes provided in Chapter 122E of the General Statutes.

SECTION 2. G.S. 161-11.5 reads as rewritten:

"§ 161-11.5. Fees to be remitted to State Treasurer.

Six dollars and twenty cents (\$6.20) of each fee collected by the register of deeds under G.S. 161-10(a)(1) and (a)(1a) shall be remitted by the register of deeds to the county finance officer, who shall remit the funds to the State Treasurer on a monthly basis to be credited as follows:

- (1) Fifty-five percent (55%) to the Floodplain Mapping Fund established under G.S. 143-215.56A.
- (2) ~~Twenty-Eight~~ and one-half percent ~~(20%)~~ (18.5%) to the General Fund as nontax revenue.
- (3) Twenty-five percent (25%) to the Department of Natural and Cultural Resources to be used as provided in G.S. 121-5(e).
- (4) One and one-half percent (1.5%) to the North Carolina Housing Trust Fund, established under G.S. 122E-3."

SECTION 3. G.S. 105-228.30 reads as rewritten:

"§ 105-228.30. Imposition of excise tax; distribution of proceeds.

(a) An excise tax is levied on each instrument by which any interest in real property is conveyed to another person. The tax rate is one dollar (\$1.00) on each five hundred dollars (\$500.00) or fractional part thereof of the consideration or value of the interest conveyed. The transferor must pay the tax to the register of deeds of the county in which the real estate is located before recording the instrument of conveyance. If the instrument transfers a parcel of real estate lying in two or more counties, however, the tax must be paid to the register of deeds of the county in which the greater part of the real estate with respect to value lies.

The excise tax on instruments imposed by this Article applies to timber deeds and contracts for the sale of standing timber to the same extent as if these deeds and contracts conveyed an interest in real property.

(b) The register of deeds of each county must remit the proceeds of the tax levied by this section to the county finance officer. The finance officer of each county must credit one-half of the proceeds to the county's general fund and remit the remaining one-half of the proceeds, less taxes refunded and the county's allowance for administrative expenses, to the Department of Revenue on a monthly basis. A county may retain two percent (2%) of the amount of tax proceeds allocated for remittance to the Department of Revenue as compensation for the county's cost in collecting and remitting the State's share of the tax. The Department of Revenue shall credit an amount equal to thirty-three percent (33%) of the funds remitted to the Department of Revenue under this subsection to the North Carolina Housing Trust Fund, established under G.S. 122E-3, and shall credit the remaining funds to the General Fund."

SECTION 4. This act becomes effective July 4, 2024.