

NORTH CAROLINA GENERAL ASSEMBLY
LEGISLATIVE FISCAL NOTE

MARCH 8, 1993

BILL NUMBER: House Bill 232
SHORT TITLE: Emergency Vehicle Tax Exemptions
SPONSOR(S): Representatives Mitchell; Arnold, Balmer, Bowman, Brawley, J. Brown, Culp, Daughtry, DeVane, Dockham, Ellis, Grady, Ives, Kuczmariski, Lemmond, McCombs, Mercer, Miner, Nichols, J. Preston, Sutton, Weatherly, and P. Wilson

FISCAL IMPACT: Expenditures: Increase () Decrease (X)
July 1, 1993.

PRINCIPAL DEPARTMENT(S)/PROGRAM(S) AFFECTED: Division of Motor Vehicles, NC Department of Transportation, Highway Trust Fund construction schedule

Revenues: Increase () Decrease (X)
No Impact ()
No Estimate Available ()

FUND AFFECTED: General Fund () Highway Fund () Local Govt. (X)
Other Funds (Highway Trust Fund) (X)

BILL SUMMARY: The bill grants an exemption from the 3% highway use tax to volunteer fire departments for fire-suppression vehicles and to volunteer rescue squads for emergency services vehicles.

EFFECTIVE DATE: July 1, 1993.

PRINCIPAL DEPARTMENT(S)/PROGRAM(S) AFFECTED: Division of Motor Vehicles, NC Department of Transportation, Highway Trust Fund construction schedule

FISCAL IMPACT

FY94 FY95 FY96 FY97
FY98

REVENUES:

GENERAL FUND

HIGHWAY FUND

HIGHWAY TRUST FUND (\$562,500) (\$562,500) (\$562,500)(\$562,500)(\$562,500)

LOCAL Local expenditures will decrease in situations where fire departments and rescue squads are fully or partially funded by local governments. Cities and counties currently are not exempt from paying the highway use tax.

EXPENDITURES None

POSITIONS: None

ASSUMPTIONS AND METHODOLOGY: In 1990, the N.C. Firemen's Association conducted a survey of manufacturers of fire-suppression vehicles in

North Carolina and surrounding states. Their data indicate that an average of 185 new vehicles are purchased in North Carolina every year.

The Division of Motor Vehicles has 1,320 active registrations for ambulances on file. It is assumed these vehicles are replaced on an average of every 7 years as recommended by the Emergency Management Service.

The maximum highway use tax of \$1500 is assumed to be levied on each fire or emergency vehicle title transaction.

185 fire-suppression vehicles + 190 emergency service vehicles X \$1500
=
\$562,500 annual revenue loss to the Highway Trust Fund

SOURCES OF DATA: Fiscal Research Division, N.C. Firemen's Association, Emergency Management Service, Governor's Highway Safety Program, Division of Motor Vehicles

TECHNICAL CONSIDERATIONS: Local governments currently are not exempt from the 3% highway use tax. An exemption for fire and emergency vehicles would concurrently create an exemption for local governments that fund fire departments and rescue squads in their county or municipal budgets.

FISCAL RESEARCH DIVISION 733-4910
PREPARED BY: Ruth Sappie
APPROVED BY: TOM COVINGTON 3/8/93
DATE: March 1, 1993



Signed Copy Located in the NCGA Principal Clerk's Offices

FISCAL RESEARCH DIVISION

Date

FISCAL NOTE TRANSMITTAL FORM

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