

**NORTH CAROLINA GENERAL ASSEMBLY
LEGISLATIVE FISCAL NOTE**

BILL NUMBER: House Bill 1594
SHORT TITLE: Repeal Certain Fuel Tax Refunds
SPONSOR(S): Representatives Cole; Bowman and Sexton

FISCAL IMPACT: **Expenditures:** **Increase ()** **Decrease ()**
 Revenues: **Increase (X)** **Decrease ()**
 No Impact ()
 No Estimate Available ()

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

BILL SUMMARY: The bill repeals current refund provisions for payment of motor fuel taxes for fuel used in the following vehicles:
 (1) taxicabs
 (2) concrete mixing vehicles
 (3) solid waste compacting vehicles
 (4) bulk feed vehicles (with power take-offs only)
 (5) bulk lime or fertilizer spreaders (with power take-offs only)

Upon application, taxicabs receive a quarterly refund equal to the tax paid during the preceding quarter minus one cent per gallon.

The refund rate for the other vehicles listed is determined by a formula. One cent is subtracted from the average tax rate in effect during the calendar year for which the refund is claimed, and the difference is multiplied by 33 1/3%. This refund is allowed for the amount of fuel consumed by the vehicle in its mixing, compacting, or unloading operations, and that amount is written into the statutes as one-third of the total fuel used by the vehicle.

EFFECTIVE DATE: July 1, 1994

PRINCIPAL DEPARTMENT(S)/PROGRAM(S) AFFECTED: Department of Revenue, Motor Fuels Tax Division; Department of Transportation

FISCAL IMPACT

	<u>FY95</u>	<u>FY96</u> <u>FY99</u>	<u>FY97</u>	<u>FY98</u>
REVENUES: (in \$millions)				
GENERAL FUND				
HIGHWAY FUND	\$0.480	\$1.142	\$1.165	\$1.189
HIGHWAY TRUST FUND	\$0.213	\$0.380	\$0.388	\$0.396
LOCAL				\$1.212
EXPENDITURES				
POSITIONS: None				

ASSUMPTIONS AND METHODOLOGY: For FY1992-93, the amount of refunds claimed and the number of claims for each vehicle type listed in this bill are as follows:

	<u>\$ Refunds</u>	<u># Claims</u>
(1) Taxicabs	\$319,463	253
(2) Concrete Mixing	\$369,014	55
(3) Solid Waste Compacting	\$274,796	33
(4) Bulk Feed Vehicles	\$457,457	28
(5) Bulk Fertilizer Spreaders	<u>\$ 15,200</u>	7
TOTAL	\$1,435,930	

For-hire taxicabs are eligible for quarterly refunds. An effective repeal date of July 1, 1994 would allow for one additional quarter of refunds (April-June 1994) to be paid from FY1994-95 fuel tax collections, approximately \$80,000.

All other vehicles are eligible for annual refunds. The bill would allow them to apply for half-year refunds (January-June 1994) of approximately \$560,000 from FY1994-95 fuel tax collections.

A 2% growth rate in refunds claimed is assumed for each year.

SOURCES OF DATA: Department of Revenue, Motor Fuels Tax Division

TECHNICAL CONSIDERATIONS:

FISCAL RESEARCH DIVISION 733-4910

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DATE: June 13, 1994



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