

*****<FONT=9>

NORTH CAROLINA GENERAL ASSEMBLY

LEGISLATIVE FISCAL NOTE

BILL NUMBER: SB 1706

SHORT TITLE: Phase Out State Food Tax

SPONSOR(S): Senator Walker

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

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

BILL SUMMARY: Phases out state 4% sales tax on food for home consumption over a four-year period. The phase-out is in the form of a 1% rate reduction in July of each year.

EFFECTIVE DATE: Phase-out begins July 1, 1994.

PRINCIPAL DEPARTMENT(S)/PROGRAM(S) AFFECTED:

FISCAL IMPACT
 (\$ Million)

	<u>FY 95</u>	<u>FY 96</u>	<u>FY 97</u>	<u>FY 98</u>	<u>FY 99</u>
REVENUES:					
GENERAL FUND	-74.1	-159.5	-251.5	-350.8	-364.8
HIGHWAY FUND					
HIGHWAY TRUST FUND					
LOCAL					
EXPENDITURES					

POSITIONS:

ASSUMPTIONS AND METHODOLOGY:

The estimate assumes 4% annual growth in taxable food sales. The annualized 1994-95 impact of food tax repeal is based on analysis by N.C. Department of Revenue of sales tax receipts of grocers and other establishments with off-premises sales of food.

SOURCES OF DATA: N.C. Department of Revenue

TECHNICAL CONSIDERATIONS:

FISCAL RESEARCH DIVISION

733-4910

PREPARED BY: David Crotts

APPROVED BY: Tom Covington **TomC**

DATE: June 13, 1994

DC:ja



Signed Copy Located in the NCGA Principal Clerk's Offices