

**NORTH CAROLINA GENERAL ASSEMBLY  
LEGISLATIVE FISCAL NOTE**

**BILL NUMBER:** SB 1108

**SHORT TITLE:** Chocolate Milk/ Soft Drink Tax

**SPONSOR(S):** Senators Perdue and Foxx

<b>FISCAL IMPACT:</b>	<b>Expenditures:</b>	<b>Increase ( )</b>	<b>Decrease ( )</b>
	<b>Revenues:</b>	<b>Increase ( )</b>	<b>Decrease (X)</b>

<b><u>FUND AFFECTED:</u></b>	<b>General Fund (X)</b>	<b>Highway Fund ( )</b>	<b>Local Govt. ( )</b>
	<b>Other Funds ( )</b>		

**BILL SUMMARY:** The proposed act exempts a natural liquid milk drink produced by a farmer or a dairy and to which chocolate syrup has been added from the excise tax on soft drinks without the registration requirement of G.S. 105-113.47.

**EFFECTIVE DATE:** July 1, 1996

**PRINCIPAL DEPARTMENT(S)/PROGRAM(S) AFFECTED:**  
Department of Revenue Excise Tax Division

**FISCAL IMPACT**

	<u>FY</u>	<u>FY</u>	<u>FY</u>	<u>FY</u>	<u>FY</u>
	1996-97	1997-98	1998-99	1999-00	2000-01
<b>REVENUES:</b>					
<b>GENERAL FUND</b>	\$(646,750)	(646,750)	(646,750)	(646,750)	(646,750)

**ASSUMPTIONS AND METHODOLOGY:** The Department of Revenue reports an insignificant amount of tax has been collected from non-registered chocolate milk drinks. Assessments have been charged against producers in the State for non-registered product and these assessments remain outstanding, under protest. Due to the confidentiality of the taxpayers the Department of Revenue can only report an average value of the current outstanding assessments. The average assessment including tax penalty and interest is \$646,750 in a given year. Assessments span a three to five fiscal year period.

**SOURCES OF DATA:**  
Department of Revenue Excise Tax Division

**TECHNICAL CONSIDERATIIONS** The bill is not retroactive to a date prior to the earliest assessment charged.

The Revenue Department has expressed concerns, in their 20 May 1996 critique, that there are more partial milk products subject to the registration requirement than chocolate milk.

**FISCAL RESEARCH DIVISION**

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**Official  
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Publication**



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