

NORTH CAROLINA GENERAL ASSEMBLY

LEGISLATIVE FISCAL NOTE

BILL NUMBER: SB 1338

SHORT TITLE: Reduce Corporate Income Tax

SPONSOR(S): Senator McDaniel

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: Reduces corporate income tax rate from 7 % to 7% and adjusts earmarking formula to maintain existing level of state school facilities assistance from tax.

EFFECTIVE DATE: Tax years beginning on or after January 1, 1996

PRINCIPAL DEPARTMENT(S)/PROGRAM(S) AFFECTED: The tax is collected by the Department of Revenue

FISCAL IMPACT

(\$ Million)

		<u>FY</u>	<u>FY</u>	<u>FY</u>	<u>FY</u>
	1996-97	1997-98	1998-99	1999-00	2000-01
REVENUES:					
GENERAL FUND	-138.7	-95.5	-95.4	-96.6	-97.
HIGHWAY FUND					
HIGHWAY TRUST FUND					
LOCAL					
EXPENDITURES					

POSITIONS: None

ASSUMPTIONS AND METHODOLOGY:

The estimated calendar year tax liability for North Carolina was based on a proration of U.S. Pre-Tax Profits (N.C. is 2.1% of National total). Fiscal year impact projection assumes that 45% of annual calendar year impact comes through April and June quarterly estimated tax payments.

The 1996-97 fiscal year impact includes the full 1996 tax year impact plus the first two estimated tax payments for the 1997 tax year.

SOURCES OF DATA:

TECHNICAL CONSIDERATIONS:

FISCAL RESEARCH DIVISION

733-4910

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