

**NORTH CAROLINA GENERAL ASSEMBLY
LEGISLATIVE FISCAL NOTE**

BILL NUMBER: Senate Bill 124
SHORT TITLE: Amend White Goods Tax
SPONSOR(S): Proposed Committee Substitute

Estimate (\$ Loss)					
FISCAL IMPACT					
	Yes (X)	No ()	No Estimate Available ()		
	<u>FY 1997-98</u>	<u>FY 1998-99</u>	<u>FY 1999-00</u>	<u>FY 2000-01</u>	<u>FY 2001-02</u>
REVENUES					
Total (Loss)	\$ (4,325,926)	(4,576,830)	(4,842,286)	(5,123,139)	(5,420,281)
Gain/Loss by Fund					
SWMTF 8%	\$ (96,501)	(102,099)	(108,020)	(114,285)	(120,914)
WGMA 20%	\$ (865,185)	(915,366)	(968,457)	(1,024,628)	(1,084,056)
COUNTY 72%	\$ (3,364,240)	(3,559,366)	(3,765,809)	(3,984,226)	(4,215,311)
PRINCIPAL DEPARTMENT(S) & PROGRAM(S) AFFECTED:					
SWMTF- Solid Waste Management Trust Fund					
WGMA - White Goods Management Account					
County units of government that dispose of white goods					
EFFECTIVE DATE: January 1, 1998 and expires on July 1, 2003					

BILL SUMMARY:

The current white goods disposal tax, paid at the point of sale on new goods, is \$5.00 on those that do not contain refrigerants and \$10.00 on those that do. This bill reduces the tax on all white goods to \$3.00.

The act changes the allocation of tax revenues. The SWMTF is to receive 8% of the revenue instead of 5% and the county distribution is reduced from 75% to 72%. The percentage of revenue going to the WGMA does not change. Under the act, if a county has surplus revenue after covering its cost of managing discarded white goods it may use the additional revenue to clean-up illegal dump sites.

ASSUMPTIONS AND METHODOLOGY:

The fiscal summary is found on page 3. The tax data used in the analysis was provided by the Department of Revenue Sales and Use Tax Division. The Association of Home Appliance Manufactures provided information on product sales in the State.

The over all rate decrease is equal to 52%. Thirty nine percent of the white goods sold in 1996 used refrigerants and the remaining 61% of the goods sold did not contain refrigerants.

The rate on white goods containing refrigerants is decreased by 70% and the rate on the remaining white goods is reduced 48%. The result, as measured in total revenue loss is 52%.

FISCAL RESEARCH DIVISION

733-4910

PREPARED BY: H. Warren Plonk

APPROVED BY: Tom Covington **TomC**

DATE: April 29, 1997



Signed Copy Located in the NCGA Principal Clerk's Offices

Revenue Forecast Summary

<u>Collections By FY Quarters</u>	<i>Estimate</i> <u>FY 97-98</u>	<i>Estimate</i> <u>FY 98-99</u>	<i>Estimate</i> <u>FY 99-00</u>	<i>Estimate</i> <u>FY 00-01</u>	<i>Estimate</i> <u>FY 01-02</u>
September	\$2,774,029	\$2,934,922	\$3,105,148	\$3,285,246	\$3,475,791
December	\$1,809,041	\$1,913,966	\$2,024,976	\$2,142,424	\$2,266,685
March	\$1,632,706	\$1,727,403	\$1,827,592	\$1,933,593	\$2,045,741
June	\$2,103,313	\$2,225,305	\$2,354,373	\$2,490,926	\$2,635,400
	\$8,319,089	\$8,801,596	\$9,312,089	\$9,852,190	\$10,423,617
52% (loss)	(\$4,325,926)	(\$4,576,830)	(\$4,842,286)	(\$5,123,139)	(\$5,420,281)
Collections	\$3,993,163	\$4,224,766	\$4,469,803	\$4,729,051	\$5,003,336

Current Distribution under Revenue Forecast

<i>SWMTF 5%</i>	\$415,954	\$440,080	\$465,604	\$492,609	\$521,181
<i>WGMA 20%</i>	\$1,663,818	\$1,760,319	\$1,862,418	\$1,970,438	\$2,084,723
<i>COUNTY 75%</i>	\$6,239,317	\$6,601,197	\$6,984,067	\$7,389,142	\$7,817,713
Total	\$8,319,089	\$8,801,596	\$9,312,089	\$9,852,190	\$10,423,617

Revenue Distribution under SB 124

<i>SWMTF 8%</i>	\$319,453	\$337,981	\$357,584	\$378,324	\$400,267
<i>WGMA 20%</i>	\$798,633	\$844,953	\$893,961	\$945,810	\$1,000,667
<i>COUNTY 72%</i>	\$2,875,077	\$3,041,832	\$3,218,258	\$3,404,917	\$3,602,402
Total	\$3,993,163	\$4,224,766	\$4,469,803	\$4,729,051	\$5,003,336

Gain/(Loss) by Fund under SB 124

<i>SWMTF 8%</i>	(\$96,501)	(\$102,099)	(\$108,020)	(\$114,285)	(\$120,914)
<i>WGMA 20%</i>	(\$865,185)	(\$915,366)	(\$968,457)	(\$1,024,628)	(\$1,084,056)
<i>COUNTY 72%</i>	(\$3,364,240)	(\$3,559,366)	(\$3,765,809)	(\$3,984,226)	(\$4,215,311)
Total	(\$4,325,926)	(\$4,576,830)	(\$4,842,286)	(\$5,123,139)	(\$5,420,281)