

**NORTH CAROLINA GENERAL ASSEMBLY**

**LEGISLATIVE FISCAL NOTE**

**BILL NUMBER:** H.B. 735

**SHORT TITLE:** Robeson Local Sales Tax

**SPONSOR(S):** Rep. Sutton

<b>FISCAL IMPACT</b>					
	<b>Yes (X)</b>	<b>No ( )</b>	<b>No Estimate Available ( )</b>		
	<b>\$ Millions</b>				
	<b><u>FY 1999-00</u></b>	<b><u>FY 2000-01</u></b>	<b><u>FY 2001-02</u></b>	<b><u>FY 2002-03</u></b>	<b><u>FY 2003-04</u></b>
<b>REVENUES</b>	<b>NO GENERAL FUND IMPACT</b>				
Robeson County	4.77	6.68	7.02	7.37	7.74
<b>EXPENDITURES</b>	<b>NO GENERAL FUND IMPACT</b>				
<b>PRINCIPAL DEPARTMENT(S) &amp; PROGRAM(S) AFFECTED:</b> Robeson County Government.					
<b>EFFECTIVE DATE:</b> When it becomes law.					

**BILL SUMMARY:** The bill authorizes the Robeson County Commission to levy an additional 1% sales and use tax. The Commission can approve such a tax levy through a resolution, once a public hearing is held. The bill also instructs the Department of Revenue to administer the tax, and forward the net proceeds to the county on a quarterly basis. The Secretary of Revenue can deduct from the quarterly payment the costs associated with administering the tax. Special provisions are made for certain contracts entered into or awarded before the effective date of the law or levy. The new tax would not apply to food.

**ASSUMPTIONS AND METHODOLOGY:** Every county in the state currently levies a 1% point of origin sales tax. (The tax is point of origin because the money raised in a particular county is returned to that county, or its point of origin). Historical reports from the Department of Revenue indicate the amount of revenue returned to each county, by quarter, from this tax. Robeson County revenue from the 1% point of origin tax, less food tax revenues, have been as follows:

<b>1992-93</b>	<b>1993-94</b>	<b>1994-95</b>	<b>1995-96</b>	<b>1996-97</b>
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\$ 5,068,018	\$ 5,681,533	\$ 6,026,574	\$ 6,099,878	\$ 6,233,300
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Assuming this revenue source continues to grow by 5% per year, new income from the tax will be as follows:

<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>
\$ 6,365,775	\$ 6,684,064	\$ 7,018,267	\$ 7,369,180	\$ 7,737,639

This note assumes that Robeson County tax will not be collected until July 1, 1999. As such, the county will not see additional revenue until the second quarter of FY 1999-00. The actual amount shown as the fiscal estimate has been adjusted for this lag. The estimate makes no assumptions about how the revenue will be distributed inside the county. The estimate only reflects the total amount generated for countywide use.

NOTE: The bill instructs the Secretary of Revenue to deduct the cost associated with administering the tax from the proceeds of the tax. This cost, however, has not been deducted from the estimate. The Department of Revenue is not prepared to offer an estimated cost at this time.

**FISCAL RESEARCH DIVISION 733-4910**

**PREPARED BY:** Linda Struyk Millsaps

**APPROVED BY:** Tom Covington

**DATE:** Tuesday, March 30, 1999



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