

**NORTH CAROLINA GENERAL ASSEMBLY**

**LEGISLATIVE FISCAL NOTE**

**BILL NUMBER:** House Bill 1302 ( Senate Finance Committee Substitute)

**SHORT TITLE:** Charter Schools Fuel Exemption

**SPONSOR(S):** Representative Bonner

<b>FISCAL IMPACT</b>					
	<b>Yes (X)</b>	<b>No ( )</b>	<b>No Estimate Available ( )</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><u>FY 2004-05</u></b>
<b>REVENUES</b>					
Highway Fund	(\$18,555)	(\$24,807)	(\$24,472)	(\$24,249)	(\$24,249)
Highway Trust Fund	(\$6,185)	(\$8,269)	(\$8,157)	(\$8,083)	(\$8,083)
Total	(\$24,740)	(\$33,076)	(\$32,629)	(\$32,332)	(\$32,332)
<b>EXPENDITURES</b>					
<b>POSITIONS:</b>					
<b>PRINCIPAL DEPARTMENT(S) &amp; PROGRAM(S) AFFECTED:</b> Department of Revenue – Motor Fuels Tax Division					
<b>EFFECTIVE DATE:</b> This act becomes effective October 1, 2000.					

**BILL SUMMARY:**

The act exempts charter schools from paying the motor fuels tax.

**ASSUMPTIONS AND METHODOLOGY:**

Based on data from the Department of Public Instruction accounting system, 22 out of 34 charter schools (65%) reported purchases of motor fuel in 1997-98. The average charter school spent \$2,630 on motor fuel that year. Given the average gallon of gas sold for \$1.15 per gallon in 1997-98, then those charter schools reporting fuel use consumed 2,287 gallons of motor fuel in a year.

The number of charter schools in North Carolina is capped at 100 in G.S. 115C-38.29D(6). If the current motor fuel usage rate of 65% is applied to the 100 charter schools, then 65 schools in the

state will take advantage of the fuel tax exemption in future years. Future gas tax rates are projected by the Office of State Budget and Management (OSBM) using refined petroleum price and consumption data compiled by Standard & Poor's DRI. The chart below shows the estimated motor fuel tax that will be paid by charter schools in the next five years. The estimated revenue loss from a fuel tax exemption is divided between the Highway Fund (75%) and the Highway Trust Fund (25%). With an October 1, 2000 effective date, the first year revenue loss is 75% of the estimate for FY 2000-01.

	# using	Gallons per	Total	Tax rate	Total Tax	Highway	Trust
FY	motor fuel	school	Gallons	per gal.	Loss	Fund Loss	Fund Loss
2000-01	65	2,287	148,655	\$0.2219	\$32,987	\$24,740	\$8,247
2001-02	65	2,287	148,655	\$0.2225	\$33,076	\$24,807	\$8,269
2002-03	65	2,287	148,655	\$0.2195	\$32,629	\$24,472	\$8,157
2003-04	65	2,287	148,655	\$0.2175	\$32,332	\$24,249	\$8,083
2004-05	65	2,287	148,655	\$0.2175	\$32,332	\$24,249	\$8,083

**FISCAL RESEARCH DIVISION 733-4910**  
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**DATE:** June 11, 2000



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