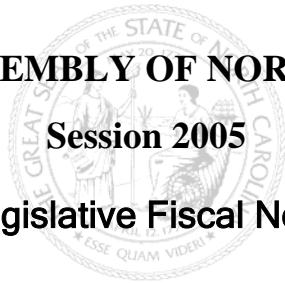


GENERAL ASSEMBLY OF NORTH CAROLINA



Session 2005

Legislative Fiscal Note

BILL NUMBER: House Bill 1752 (First Edition)

SHORT TITLE: Sales Tax on Off-Road Vehicles.

SPONSOR(S): Representatives Allred, Cole, and West

FISCAL IMPACT					
	Yes ()	No ()	No Estimate Available (X)		
	<u>FY 2005-06</u>	<u>FY 2006-07</u>	<u>FY 2007-08</u>	<u>FY 2008-09</u>	<u>FY 2009-10</u>
REVENUES	See Assumptions and Methodology				
PRINCIPAL DEPARTMENT(S) & PROGRAM(S) AFFECTED:	North Carolina Department of Revenue.				
EFFECTIVE DATE:	July 1, 2005 and applies to sales made on or after that date.				

BILL SUMMARY: Currently moped and motorized all-terrain vehicles (ATV) are subject to the state's sales and use taxes. The legislation exempts these items from tax if the vehicle is removed from the state for use outside the state within three days of purchase.

ASSUMPTIONS AND METHODOLOGY: Currently no data is available from the Department of Revenue concerning the sales tax revenue generated by sales of mopeds and ATVs in the state, for transport out of state. Because mopeds do not have to be registered with the state, no data is available from the Division of Motor Vehicles on these vehicles. The industry association, the Specialty Vehicle Institute of America, reports that there were approximately 22,000 new ATVs sold in North Carolina in 2004. No estimate is available on the number of mopeds purchased in the state. It is also not possible to estimate what proportion of the ATVs and mopeds sold in the state are purchased for use outside of state, within three days of purchase. As such, no fiscal estimate is possible on the legislation.

NOTE: Such a change to the sales sourcing rules would likely take North Carolina out of compliance with the National Streamlined Sales Tax effort. This initiative standardizes definitions and technical issues related to sales taxation in an attempt to allow states to collect more of the tax due on remote sales. In addition, it would be difficult for the retailer to accurately ascertain where the vehicle would be taken within three days of purchase.

SOURCES OF DATA: Specialty Vehicle Institute of America.

FISCAL RESEARCH DIVISION: (919) 733-4910

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