

NORTH CAROLINA GENERAL ASSEMBLY  
LEGISLATIVE FISCAL NOTE

**BILL NUMBER:** HB 136

**SHORT TITLE:** Local Sales Tax For Schools

**SPONSOR(S):** Representatives Barnes, Bowman, H. Hunter, and Wright

**FISCAL IMPACT:**    **Expenditures:**    Increase ( )        Decrease ( )  
                         **Revenues:**            Increase ( )        Decrease ( )  
                         No Impact (X)  
                         No Estimate Available ( )

**FUND AFFECTED:** General Fund ( )    Highway Fund ( )    Local Govt. (X)  
                         Other Funds ( )

**BILL SUMMARY:** Authorized in 1983, Article 40 provides that 40% of the revenue received by a county from the 1/2 cent sales and use tax, in the first five fiscal years, be used for public school capital outlays and/or the retirement of any existing public school indebtedness. In the remaining five fiscal years, the percentage is reduced to 30%.

The proposed act amends G.S. 105-487(a) by extending the 30% earmark for the "second five" to the "next ten" years.

**EFFECTIVE DATE:** July 1, 1993

**PRINCIPAL DEPARTMENT(S)/PROGRAM(S) AFFECTED:** County General Fund

**FISCAL IMPACT**

	<u>FY</u> 93-94	<u>FY</u> 94-95	<u>FY</u> 95-96	<u>FY</u> 96-97	<u>FY</u> 97-98
<b>LOCAL REVENUES:</b>					
<b>GENERAL FUND</b>					
effect					
cent sales and					
Article 40.					

For county by county revenue projections over the next five years see pages 2-4.

**ASSUMPTIONS AND METHODOLOGY:** The five year county by county revenue estimate assumes a 5.5% annual growth in sale tax collections.

**SOURCES OF DATA:** Statistic of Taxation

**TECHNICAL CONSIDERATIONS:**

**FISCAL RESEARCH DIVISION**

733-4910

**PREPARED BY:** H. Warren Plonk

**APPROVED BY:** Tom L. Covington

**DATE:** May 17, 1993



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