

**NORTH CAROLINA GENERAL ASSEMBLY
LEGISLATIVE FISCAL NOTE**

BILL NUMBER: HB 223 (Committee substitute)

SHORT TITLE: Reduce Soft Drink Tax

SPONSOR(S): Proposed Committee Substitute, I

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

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

BILL SUMMARY: The proposed act reduces the excise tax on bottled soft drinks, liquid base products, and dry base products by 1/4 of the current tax.

The current tax rate on soft drinks sold in containers is 1 cent. Liquid base product is taxed at \$1.00 per gallon and the tax on dry base product is 1 cent per ounce.

<u>FISCAL</u> <u>YEAR</u>	<u>SOFT</u> <u>DRINKS</u>	<u>LIQUID</u> <u>BASE</u>	<u>DRY</u> <u>BASE</u>
96-97	.0075	.75	.0075

EFFECTIVE DATE: July 1, 1996

PRINCIPAL DEPARTMENT(S)/PROGRAM(S) AFFECTED:
 Department of Revenue License and Excise Tax Division

**ESTIMATE
FISCAL IMPACT
(\$ Millions)**

	<u>FY</u> 96-97	<u>FY</u> 97-98	<u>FY</u> 98-99	<u>FY</u> 99-00	<u>FY</u> 00-01
REVENUES:	\$ 38.4	40.4	42.5	44.7	47.0
Estimated General Fund Loss, if HB233 is enacted	(09.6)	(10.1)	(10.5)	(11.2)	(11.7)
COLLECTIONS:	28.8	30.3	32.0	33.5	35.3

ASSUMPTIONS AND METHODOLOGY: The average annual growth in the excise tax for the past 5 years has been 5.2%. The fiscal year 96-97 revenue estimate assumes a base collection of \$38.4 million or a 5.2% increase in collections over the estimate for fiscal year 95-96; \$37.4 million. The estimate was prepared on net collections; collections after allowance for discounts on timely payments and for refunds of over payments.

SOURCES OF DATA: Department of Revenue License and Excise tax Division

FISCAL RESEARCH DIVISION

733-4910

PREPARED BY: H. Warren Plonk

APPROVED BY: Tom L. Covington **TomC**

DATE: July 11, 1995

[FRD#001]



Signed Copy Located in the NCGA Principal Clerk's Offices