

NORTH CAROLINA GENERAL ASSEMBLY

LEGISLATIVE FISCAL NOTE

BILL NUMBER: HB 759 (1st Edition)

SHORT TITLE: Reduce Utility Equipment Sales Tax

SPONSOR(S): Rep. Goforth

FISCAL IMPACT					
	Yes (X)	No ()	No Estimate Available ()		
	<u>FY 2003-04</u>	<u>FY 2004-05</u>	<u>FY 2005-06</u>	<u>FY 2006-07</u>	<u>FY 2007-08</u>
REVENUES					
General Fund		* Unknown Loss *			
Local Government		* Unknown Loss *			
PRINCIPAL DEPARTMENT(S) & PROGRAM(S) AFFECTED: NC Department of Revenue and Local Governments					
EFFECTIVE DATE: July 1, 2003 and applies to sales make on or after that date.					

BILL SUMMARY: The legislation caps the sales tax levied on each piece of light construction equipment at \$300.00.

ASSUMPTIONS AND METHODOLOGY: Examples of light construction equipment generally include skid loaders, telescopic handlers, asphalt pavers, compact excavators, compact track loaders, all-wheel-steer loaders, compact loaders, backhoes, compactors, skidsteers, generators, light towers, and dewatering pumps, to name a few. The bill caps total state and local sales taxes on the purchase of these items at \$300. This suggests that the cap will affect all light construction equipment with a sales price greater than \$4,285.71 ($\$4,285.71 \times 7.0\% \text{ tax} = \300). A review of industry web sites suggests the price of these items vary from approximately \$12,500 to \$235,000 and higher (these include prices for used equipment). Thus, the revenue loss associated with the purchase of each item varies from \$575 to upwards of \$16,150 per item. However, because Fiscal Research cannot determine the total value of all light construction equipment sold in the state, no exact fiscal estimate is possible on the bill.

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Date: May 1, 2003



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