

GENERAL ASSEMBLY OF NORTH CAROLINA



Session 2013

Legislative Fiscal Note

BILL NUMBER: House Bill 334 (First Edition)

SHORT TITLE: Buncombe Cty Sales Tax Use Expansion.

SPONSOR(S): Representatives Ramsey and Moffitt

FISCAL IMPACT					
(\$ in millions)					
<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> No Estimate Available					
	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18
State Impact					
General Fund Revenues:					
General Fund Expenditures:					
NET STATE IMPACT	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Local Impact					
Revenues:					
Expenditures:					
NET LOCAL IMPACT	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
PRINCIPAL DEPARTMENT(S) & PROGRAM(S) AFFECTED:					
Buncombe County					
EFFECTIVE DATE When the bill becomes law.					
TECHNICAL CONSIDERATIONS:					
None					

BILL SUMMARY: In 1983, the General Assembly passed [S.L. 1983-534](#) and [S.L. 1983-134](#). This legislation created the Buncombe School Capital Fund Commission. In addition to the amount of sales tax revenue that counties must allocate to public school capital outlay purposes, the Buncombe School Capital Fund Commission (Commission) allocates 50% of Article 39 (1-cent local tax) to public school capital outlay, school construction. This bill provides flexibility in how the funds received by the Commission can be used.

ASSUMPTIONS AND METHODOLOGY:

All counties must allocate 25% of their local sales tax revenue to school construction. G.S. 105-462 and G.S. 105-502 mandate that counties allocate 40% of Article 40 (1/2-cent local tax) and 60% of Article 42 (1/2-cent local tax) to public school capital outlay purposes. In addition to the funds mandated by statute, Buncombe County Schools and Asheville City Schools receive an allocation of sales tax revenue because of the local legislation.

Buncombe County’s contribution to capital outlay exceeds the state mandate—50% of Article 39 represents 25% of the county’s total sales tax revenue. The 50% allocation of Article 39 to capital outlay purposes occurs before the ad-valorem sales tax distribution to the counties contained special property tax districts. The Buncombe School Capital Fund also receives 50% of all sales tax revenue allocated to Buncombe County. For fiscal year 2011-12, the Buncombe County Capital Fund received \$12.7 million.

The Commission divides the money between Buncombe County Schools and Asheville City Schools according to school enrollment/ADM (average daily membership). Table 1 highlights the total revenue received as a result of this additional allocation.

Table 1.

Sales and Use Tax Receipts for School Districts Located within Buncombe County, FY 2010 and FY 2011						
	Sales Tax		% of Total	Property Tax		% of Total
	FY 09-10	FY 10-11	FY 10-11	FY 09-10	FY 10-11	FY 10-11
Asheville City Schools	3,578,851	3,688,786	10.7%	7,733,959	7,925,982	4.9%
Buncombe County Schools	10,222,963	10,662,182	30.6%			
Buncombe County	19,654,140	19,879,469	58.7%	149,601,174	151,006,916	95.0%

SOURCES OF DATA: Buncombe County Comprehensive Annual Financial Report

TECHNICAL CONSIDERATIONS: None

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DATE: June 25, 2013



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