

NORTH CAROLINA GENERAL ASSEMBLY

LEGISLATIVE FISCAL NOTE

BILL NUMBER: SB 660 (Second Edition)

SHORT TITLE: Chatham Auto Tax for Econ. Development

SPONSOR(S):

FISCAL IMPACT					
	Yes (X)	No ()	No Estimate Available (X)		
	<u>FY 2001-02</u>	<u>FY 2002-03</u>	<u>FY 2003-04</u>	<u>FY 2004-05</u>	<u>FY 2005-06</u>
REVENUES					
General Fund					
Chatham Co.					
PRINCIPAL DEPARTMENT(S) & PROGRAM(S) AFFECTED:					
EFFECTIVE DATE:					

BILL SUMMARY: The bill authorizes Chatham County to levy a tax of not more than five dollars (\$5.00) per year on motor vehicles in the county. The proceeds of the tax must be used for economic development projects in the county.

ASSUMPTIONS AND METHODOLOGY: Because the bill impacts only local governments, there is not General Fund impact.

April 2001 reports from the Division of Motor Vehicles indicate that there are 52,040 vehicles registered in Chatham County. If the county levies the \$5.00 annual tax, it would generate \$260,200 in the first full year. According to Department of Revenue records, growth in this sector has been very strong due to increasing vehicle cost and in migration. However, the combined growth rate is expected to level off at approximately 7%. Assuming growth is divided equally between value and in migration suggests that 3.5% is an appropriate growth rate for the number of cars in Chatham County. As such, 3.5% is used to grow the rate for out year estimates. Potential revenues from this tax are as follows:

Fiscal Year	2001-02	2002-03	2003-04	2004-05	2005-06
Revenue	260,200	269,307	278,733	288,488	298,585

Because the language is permissive, no exact fiscal estimate is possible on the bill.

TECHNICAL CONSIDERATIONS:

FISCAL RESEARCH DIVISION: 733-4910

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DATE: October 29, 2001



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