

**NORTH CAROLINA GENERAL ASSEMBLY
LEGISLATIVE FISCAL NOTE**

BILL NUMBER: SB 1713 (1)

SHORT TITLE: Restore Juice Tax Exemption

SPONSOR(S): Senator Plexico

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

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

BILL SUMMARY: The proposed act adds juice that would be natural if it did not contain sugar to the list of exemptions under G.S. 105-113.46. A natural "juice" is defined as one without added ingredients of any kind other than vitamins, minerals, or ingredients extracted from an item and later returned to the item during the manufacturing process.

EFFECTIVE DATE: October 1, 1994

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

	FISCAL IMPACT				
	MILLIONS				
	<u>FY</u>	<u>FY</u>	<u>FY</u>	<u>FY</u>	<u>FY</u>
	94-95	95-96	96-97	97-98	98-99
REVENUES:					
GENERAL FUND					
(loss)	\$1.0	\$1.3 to \$1.5 annually			

ASSUMPTIONS AND METHODOLOGY: The estimate assumes that 3.6 million gallons of liquid base product, currently taxed at \$1.00 a gallon or four-fifths of a cent per ounce, at least 1/3 of the total is "natural" juice containing sugar. The loss in FY 94-95 is based on a 8 months collection cycle. The effective date is October 1, 1994 which allows for 9 months remaining in the fiscal year. However, the estimate includes an additional month as a lag in collections for taxpayers to be notified of the change.

Equation
 (3.9 million gal./3) = 1.3 million gal * \$1.00 = \$1.3 million in revenue

SOURCES OF DATA: Department of Revenue

TECHNICAL CONSIDERATIONS:
 See the Department of Revenue memorandum dated June 16, 1994 for additional administrative concerns.

FISCAL RESEARCH DIVISION

733-4910

PREPARED BY: H. Warren Plonk

APPROVED BY: TomC

DATE: June 28, 1994

[RFD#001]

Official

Fiscal Research Division

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