

**NORTH CAROLINA GENERAL ASSEMBLY
LEGISLATIVE FISCAL NOTE**

BILL NUMBER: House Bill 1231
SHORT TITLE: Local Transit Revenue Options
SPONSOR(S): Proposed Committee Substitute (Edition 3)

FISCAL IMPACT					
(in Millions \$)					
	Yes (x)	No ()	No Estimate Available ()		
	<u>FY 1997-98</u>	<u>FY 1998-99</u>	<u>FY 1999-00</u>	<u>FY 2000-01</u>	<u>FY 2001-02</u>
LOCAL REVENUES					
½ Sales Tax	\$21.8	\$46.2	\$48.9	\$51.8	\$54.9
Registration \$5.00					
Triad TA	\$ 2.30	\$ 4.70	\$ 4.80	\$ 4.9	\$ 5.0
Choanoke TA	.24	.49	.50	.51	.52
Kerr TA	.38	.79	.80	.81	.82
Inter-Co. TA	.17	.36	.37	.38	.39
License \$5.00					
Triangle TA Cities	\$ 1.3	\$ 2.6	\$ 2.7	\$ 2.7	\$ 2.8
Triad TA Cities	1.5	3.3	3.4	3.5	3.6
Gross Receipts 5%					
Triangle TA	3.3	6.6	6.7	6.8	7.0
Triad TA	1.3	2.6	2.7	2.8	2.9
PRINCIPAL DEPARTMENT(S) & PROGRAM(S) AFFECTED:					
Charlotte Transportation System, Triangle Transportation Authority, Regional Transportation Authority, Choanoke Public Transportation Authority, Kerr Area Transportation Authority, Inter-County Public Transportation Authority; Any municipality having a public transportation system.					
EFFECTIVE DATE:					
When it becomes law					

BILL SUMMARY: The proposed act allows for the implementation of several revenue sources for the funding of public transportation services in qualified counties and cities of the State. Each local funding option authorized by this act is subject to the approval of the county board of commissioners or the city council except for the local option sales tax which is subject to a vote of the qualified voters of the county.

Funding option: ½ cent sales tax

Mecklenburg County is authorized to levy a one half cent sales and use tax. The proceeds are to be used for financing the construction and maintenance of a public transportation system as defined in G.S. 105-506(2) of the act.

Funding option: municipal vehicle tax

The act authorizes any municipality in the State, that has a public transportation system, to levy a \$5.00 municipal vehicle tax for public transportation. The tax is levied on motor vehicles sited in the municipality for property tax purposes. This tax is in addition to the general municipal vehicle tax authorized under G.S. 20-97.

Funding option: gross receipts

Counties that form a transportation authority under Article 26 or 27 of Chapter 160A of the General Statutes are authorized to impose a 5% vehicle rental tax on the short term lease of motor vehicles leased in the region. The Triangle Transit Authority would be eligible to levy this tax. The Triad Transit Authority will be eligible if it is organized under Article 27 of Chapter 160A, which is created in House Bill 993. (HB 993 has passed the House and is in Senate Finance.) See addendum I for a list of the counties that make-up the authorities.

This bill does not limit other counties from organizing a transit authority under either of these articles and imposing this tax. The revenue from the tax is to be used by an authority for any authorized purpose.

Funding option: vehicle registration

Transit authorities organized under Article 25, Article 26, and Article 27 of Chapter 160A of the General Statutes, are allowed to charge a \$5.00 registration fee on motor vehicles sited in each member county for property taxation. This is the same authorization given to the Triangle Transit Authority.

ASSUMPTIONS AND METHODOLOGY:

The increase in the sales tax for Mecklenburg County is based on the most recent prediction of the General Fund financial model for a statewide increase in the local sales and use tax by county. The expected growth in sales tax collections for Mecklenburg County is 6% a year for fiscal years 1997-98 through 1999-00 and 5.9% for each additional year.

The revenue estimate from a \$5.00 increase in the registration fee is based on vehicle registrations by county as of July 25, 1997. The estimates on the \$5.00 local vehicle license is based on vehicle registrations by municipality as of July 25, 1997. Both the registration and municipal license revenues are expected to grow at the same rate as the statewide population. The expected statewide growth in population is 1.5% a year over the next five years.

The revenue associated with the 5% vehicle rental tax is based on a percentage of the 8% gross receipts tax on short term rentals. The percentages are based on the value of vehicles in counties having a major airport. Of the \$374.7 million in value identified throughout the State, it is estimated that Wake has 37% of the revenue, Guilford has 11%, and Forsyth has 2%. If an 8% tax on the gross receipts of the short term lease of motor vehicles produces \$29 million in revenue, a 5% tax on the same revenues would produce \$18.0 million statewide. To derive the tax receipts by individual county, the percentages for Wake, Guilford, and Forsyth Counties were applied to the \$18 million. The expected growth is 1.5% on average over the next five years.

In the first fiscal year the expected revenues are based on a six month collection period.

Sources:

General Fund Financial Model
N.C. Department of Motor Vehicles
Property Tax Administrators for Select Counties

FISCAL RESEARCH DIVISION

733-4910

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Signed Copy Located in the NCGA Principal Clerk's Offices

Addendum I

PUBLIC TRANSPORTATION AUTHORITIES BY ARTICLE

Article 25, Chapter 160A

CHOANOKE PUBLIC TRANSPORTATION AUTHORITY

- Bertie County
- Halifax County
- Hertford County
- Northampton County

KERR AREA TRANSPORTATION AUTHORITY

- Franklin County
- Granville County
- Person County
- Vance County
- Warren County

INTER-COUNTY PUBLIC TRANSPORTATION AUTHORITY

- Camden County
- Chowan County
- Currituck County
- Pasquotank County
- Perquimans County

Article 26, Chapter 160A

RESEARCH TRIANGLE REGIONAL PUBLIC TRANSPORTATION AUTHORITY

- Durham County
- Orange County
- Wake County

Article 27, Chapter 160A - House Bill 993

TRIAD TRANSIT AUTHORITY

- Alamance County
- Davidson County
- Forsyth County
- Guilford County
- Randolph County