

GENERAL ASSEMBLY OF NORTH CAROLINA



Session 2009

Legislative Fiscal Note

**BILL NUMBER:** House Bill 148 (Fourth Edition)

**SHORT TITLE:** Congestion Relief/Intermodal Transport Fund.

**SPONSOR(S):** Representatives Carney, Allen, Ross, and McGee

<b>FISCAL IMPACT</b>					
	<b>Yes (X)</b>	<b>No ( )</b>	<b>No Estimate Available ( )</b>		
	<b><u>FY 2009-10</u></b>	<b><u>FY 2010-11</u></b>	<b><u>FY 2011-12</u></b>	<b><u>FY 2012-13</u></b>	<b><u>FY 2013-14</u></b>
<b>REVENUES:</b>	<b>SEE ASSUMPTIONS AND METHODOLOGY</b>				
<b>EXPENDITURES:</b>					
<b>PRINCIPAL DEPARTMENT(S) &amp; PROGRAM(S) AFFECTED:</b>	NC local governments; NC Department of Revenue				
<b>EFFECTIVE DATE:</b>	Effective when it becomes law, Section 3(d) is effective July 1, 2010.				

**BILL SUMMARY:** House Bill 148 establishes a Congestion Relief and Intermodal Transportation 21<sup>st</sup> Century Fund to be used for:

- Local governments and transportation authorities for public transportation.
- Short line railroads for maintenance and expansion of freight service.
- Railroads for Intermodal and multimodal facilities and inland ports.
- State ports for terminal railroads and improved access to military facilities.
- Expansion of intercity passenger rail service.

The bill also extends the taxing authority of local governments to generate revenue for public transportation:

- It gives transportation authorities the power, with voter approval, to levy a 1/2% local sales tax to be used only for public transportation systems. (Applies to some counties in the Triangle Transit Authority and Piedmont Authority for Regional Transportation)
- It gives counties that operate a public transportation system the power, with voter approval, to adopt a 1/4% local sales tax to be used only for public transportation systems.

- It authorizes regional transit authorities to increase the local vehicle registration tax from a maximum of \$5.00 to a maximum of \$7.00 to adjust for inflation. The authorization is increased to \$8.00, effective July 1, 2010.
- It authorizes counties with a county or municipal transit system to levy a maximum local vehicle registration tax of \$7.00 per year.
- It authorizes a county to levy an additional property tax within a research and production service district not in excess of ten cents on each \$100 of value to be used only for public transportation. This property tax applies to the Research Triangle Park special tax district.
- It adds special districts that levy a local sales tax for public transportation purposes to the list of governmental entities allowed an annual sales tax refund.

**ASSUMPTIONS AND METHODOLOGY:** HB 148 bill creates a fund financed through an undesignated amount of General Fund appropriations and gives local jurisdictions the authority to levy additional sales and property taxes.

Section 1 of the bill establishes the Congestion Relief and Intermodal Transportation 21<sup>st</sup> Century Fund. Grants towards public transportation purposes would be made from the fund based on the criteria set forth in the bill. The amount of grant funding would depend on the appropriations authorized for the fund.

The sales tax option in Section 2 allows Wake, Orange, Durham, Guilford and Forsyth counties to levy a half-cent sales tax for public transportation. Other counties with public transit systems would be allowed the option of a quarter-cent sales tax (except for Mecklenburg, which already has a half-cent sales tax for public transportation).

Section 3 of the bill allows counties within the Triangle Transit Authority (TTA) and Piedmont Authority for Regional Transportation (PART) to by resolution increase the current motor vehicle registration fee by three dollars. The fee could be increased by two dollars in FY 09-10 and another dollar in FY 10-11. All counties with a public transit system would be allowed to levy an additional three dollars in vehicle registration taxes towards regional transit funding.

In addition to the regional transit vehicle registration fee increases, Section 4 of the bill allows all counties to enact Article 52, the County Vehicle Registration Fee. The county registration fee cannot exceed seven dollars per vehicle. Revenue from the county sales and vehicle registration taxes would be distributed between the county and municipalities based on population; however, no county or municipality would receive funding unless it operates a public transit system.

Tables 1 and 2 below provide data on the additional revenue that could be generated in the TTA and PART counties by the increases in the current vehicle registration tax, the county vehicle registration tax and the half-cent or quarter-cent sales tax. Because food is exempted from the Article 43 tax option, the sales tax estimates exclude food as a taxable item.

<b>Table 1: Motor Vehicle Registration Fee and Sales and Use Tax Increases Triangle Transit Authority</b>					
<b>County</b>	<b>Regional Transit Registration Fee above \$5*</b>		<b>County Vehicle Registration Fee</b>	<b>Total Vehicle Registration Increase (\$10)</b>	<b>Collections from 1/2-cent Sales Tax</b>
	<b>\$ 2 Increase</b>	<b>\$ 1 Increase</b>	<b>\$7 Increase</b>		
<b>TTA Counties</b>					
Durham	377,644	188,822	1,321,754	1,888,220	16,168,302
Orange	195,852	97,926	685,482	979,260	4,844,717
Wake	1,460,366	730,168	5,111,176	7,301,680	51,703,119
<b>Total</b>	<b>\$2,033,832</b>	<b>\$ 1,016,916</b>	<b>\$ 7,118,412</b>	<b>\$10,169,160</b>	<b>\$72,716,139</b>

\* Vehicle Registration figures represent full-year collection amounts. Actual collections will be less during the year of implementation; the legislation does not allow for an effective date for a new tax or an increase until six months after the adoption of a resolution.

Table 3.

<b>Table 2: Motor Vehicle Registration Fee and Sales and Use Tax Increases PART Counties</b>					
	<b>Regional Transit Registration Fee above \$5**</b>		<b>County Vehicle Registration Fee</b>	<b>Total Vehicle Registration Increase (\$10)</b>	<b>Collections from 1/2-cent or 1/4-cent sales tax</b>
	<b>\$ 2 Increase</b>	<b>\$ 1 Increase</b>	<b>\$7 Increase</b>		
<b>PART Counties</b>					
Alamance	274,198	137,099	959,693	1,370,990	3,583,139
Davidson	343,618	171,809	1,202,663	1,718,090	2,290,047
Davie	92,276	46,138	322,966	461,380	569,423
Forsyth	584,158	292,079	2,044,553	2,920,790	19,826,046*
Guilford	786,566	393,283	2,752,981	3,932,830	26,750,519*
Randolph	297,290	148,645	1,040,515	1,486,450	2,013,763
Rockingham	190,492	95,246	666,722	952,460	1,420,909
Stokes	104,700	52,350	366,450	523,500	416,870
Surry	175,496	87,748	614,236	877,480	1,602,834
Yadkin	85,110	42,555	297,885	425,550	456,572
<b>Total</b>	<b>\$2,933,904</b>	<b>\$ 1,466,952</b>	<b>\$ 10,268,664</b>	<b>\$ 14,669,520</b>	<b>\$58,930,125</b>

\*Sales and use tax figures marked w/ an asterisk represent collections from a 1/2-cent sales and use tax levy.

\*\*Vehicle Registration figures represent full-year collection amounts. Actual collections will be less during the year of implementation; the legislation does not allow for an effective date for a new tax or an increase until six months after the adoption of a resolution.

**Property Tax**

The bill also allows a ten-cent increase in the property tax rate for the Research Triangle Park Special Tax District. Currently, the property tax in the district generates \$430,000 per penny. Therefore, a ten-cent increase would generate \$4.3 million in additional revenue.

**SOURCES OF DATA:** NC Department of Revenue, NC Department of Motor Vehicles

**TECHNICAL CONSIDERATIONS:** None

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