

**NORTH CAROLINA GENERAL ASSEMBLY  
LEGISLATIVE FISCAL NOTE**

**BILL NUMBER:** HB 1318 (Second Edition)  
**SHORT TITLE:** Limit Nonresident Withholding  
**SPONSOR(S):** Representatives Neely, et al.

<b>FISCAL IMPACT</b>					
	Yes (X)	No ( )	No Estimate Available ( )		
	(\$million)				
	<u>FY 1998-99</u>	<u>FY 1999-00</u>	<u>FY 2000-01</u>	<u>FY 2001-02</u>	<u>FY 2002-03</u>
<b>REVENUES</b>					
General Fund	(7.0)	(7.0)	(7.0)	(7.0)	(7.0)
<b>PRINCIPAL DEPARTMENT(S) &amp; PROGRAM(S) AFFECTED:</b> Department of Revenue					
<b>EFFECTIVE DATE:</b> The act is effective retroactively as of January 1, 1998.					

**BILL SUMMARY:** This bill will limit the withholding requirement for payments over \$5,000 to nonresident contractors to apply only to athletes and entertainers.

**ASSUMPTIONS AND METHODOLOGY:** The fiscal note for HB 57 (S. L. 1997-109) estimated that \$10 million in General Fund revenue would be gained through nonresident withholding. Of this amount, \$3 million was attributed to athletes and entertainers and \$7 million to other contractors. Since this revenue was included in budget availability for future fiscal years, removal of “other contractors” from withholding will reduce General Fund revenues by \$7 million each fiscal year.

Changing the withholding threshold from \$600 in the current law to \$5,000 in this bill will have no impact on the estimate for athletes and entertainers. The estimate made in 1997 was based on payments to entertainers performing in the state’s largest venues and to athletes in events sponsored by professional groups such as the PGA, USTA, and NASCAR.

**FISCAL RESEARCH DIVISION (733-4910)**

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**Official**



**Fiscal Research Division**

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