

NORTH CAROLINA GENERAL ASSEMBLY

LEGISLATIVE FISCAL NOTE

BILL NUMBER: SB 1226 (First Edition)

SHORT TITLE: Revenue Laws Technical Changes

SPONSOR(S): Senators Cochrane, et al.

FISCAL IMPACT					
	Yes (X)	No ()	No Estimate Available ()		
	<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>
REVENUES					
General Fund		(\$90,000)	(\$95,000)	(\$100,000)	(\$105,000)
Public School Building Capital Fund		\$90,000	\$95,000	\$100,000	\$105,000
PRINCIPAL DEPARTMENT(S) & PROGRAM(S) AFFECTED: Department of Revenue					
EFFECTIVE DATE: Section 1 becomes effective for taxable years beginning on or after January 1, 1999. The remainder of the bill is effective when it becomes law.					

BILL SUMMARY: The bill makes technical and conforming changes to the revenue laws and related statutes.

ASSUMPTIONS AND METHODOLOGY: Except for Section 1, this bill has no revenue impact. Section 1 recodifies the corporate income and franchise taxes on savings institutions. These entities currently pay tax under Article 8D of Chapter 105. The taxes are identical to the income and franchise taxes paid by other corporations, with two adjustments. This section moves the taxation of savings institutions from Article 8D to the regular corporate income and franchise taxes in Articles 3 and 4. The two adjustments are retained.

Under G.S. 115C-546.1, a portion of the corporate income tax is earmarked for the Public School Capital Building Fund. Monies in the fund are distributed to counties on a per average daily membership basis to be used for public school capital outlay projects. Because Savings and Loans pay income tax under a separate Article, no part of their income tax goes to the Public School Building Capital Fund. When they begin to pay the identical tax under the general corporate income

tax, rather than a separate Article, part of their income tax that would otherwise go to the General Fund will go to the Public School Building Capital Fund.

The estimate for the first year cost of earmarking was provided by the Department of Revenue. A growth rate of 5% was used for future years.

FISCAL RESEARCH DIVISION (733-4910)

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DATE: June 8, 1998



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