



NORTH CAROLINA GENERAL ASSEMBLY

2025 Session

Legislative Fiscal Note

Short Title: Temp. Local Sales Tax Changes/Buncombe Co.
Bill Number: Senate Bill 131 (Second Edition)
Sponsor(s): Sen. Timothy D. Moffitt, Sen. Julie Mayfield, and Sen. Warren Daniel

SUMMARY TABLE

FISCAL IMPACT OF S.B. 131, V.2

	<u>FY 2025-26</u>	<u>FY 2026-27</u>	<u>FY 2027-28</u>	<u>FY 2028-29</u>	<u>FY 2029-30</u>
Local Impact					
Local Revenue	-	-	-	-	-
Less Local Expenditures	-	-	-	-	-
NET LOCAL IMPACT	No Fiscal Impact				

FISCAL IMPACT SUMMARY

SB 131(v.2) has no net fiscal impact since it is only shifting the purposes for which current Buncombe County's sales tax distributions can be used for a two-year period.

FISCAL ANALYSIS

For most counties, sales tax proceeds levied under Article 39 of Chapter 105 of the General Statutes (the first 1 cent) are shared among the county and its municipalities and districts and can be spent on any lawful purpose. Buncombe County's Article 39 sales tax distributions follow a different methodology in distributing the \$86 million it generated in FY 2023-24:

- First, the respective municipalities in the county receive their share per the county's distribution method (ad valorem).
- Second, the remaining portion is divided equally (half, or 50%) among the county itself and the Buncombe School Capital Commission (the School Capital Commission).¹ All sales tax distributions the Commission receives are to be deposited into its Public-School Capital Needs Fund, which the Buncombe County Board of County Commissioners appropriate and the School Capital Commission disburses as directed. The School Capital Commission received approximately \$30 million in sales tax revenues in FY 2023-24.

¹ Specifically, these funds are used to finance public school improvement and renovation projects or to retire indebtedness for related purposes.



Under current law, the School Capital Commission's sales tax revenues must be spent on school capital projects or indebtedness. The bill would redirect the School Capital Commission's portion of revenues to instead be distributed to the Buncombe County Board of Commissioners to be spent on both school capital and school operating expense purposes for two fiscal years, FY 2025-26 and FY 2026-27. Beginning in FY 2027-28, the School Capital Commission would resume receiving sales tax revenues required to be spent on school capital projects.

The bill has no fiscal impact as it is only changing the purposes for which Article 39 sales tax revenue can be spent in Buncombe County for a specified period of time.

TECHNICAL CONSIDERATIONS

N/A.

DATA SOURCES

Buncombe County School Capital Fund Commission. Buncombe County Board of Commissioners. NC Department of Revenue.

LEGISLATIVE FISCAL NOTE – PURPOSE AND LIMITATIONS

This document is an official fiscal analysis prepared pursuant to Chapter 120 of the General Statutes and rules adopted by the Senate and House of Representatives. The estimates in this analysis are based on the data, assumptions, and methodology described in the Fiscal Analysis section of this document. This document only addresses sections of the bill that have projected direct fiscal impacts on State or local governments and does not address sections that have no projected fiscal impacts.

CONTACT INFORMATION

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