

NORTH CAROLINA GENERAL ASSEMBLY

LEGISLATIVE FISCAL NOTE

BILL NUMBER: SB 124 (House Finance Committee Substitute)

SHORT TITLE: Amend White Goods Tax

SPONSOR(S):

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					
Extend Sunset (Current Tax)	\$8,801,596	\$9,312,089	\$9,852,190	-	-
Reduce Tax Rate*	(\$4,576,831)	(\$4,842,286)	(\$5,123,139)	-	-
Net Funds Available	\$4,224,765	\$4,468,803	\$4,729,051		
*Tax Reduction - Loss by Fund					
SWMTF	(\$102,099)	(\$108,020)	(\$114,285)	-	-
WGMA	(\$915,366)	(\$968,457)	(\$1,024,628)	-	-
Counties	(\$3,559,366)	(\$3,765,809)	(\$3,984,226)		
PRINCIPAL DEPARTMENT(S) & PROGRAM(S) AFFECTED:	SWMTF - Solid Waste Management Trust Fund WGMA - White Goods Management Account County Governments that dispose of white goods				
EFFECTIVE DATE:	The act becomes effective July 1, 1998 and expires on July 1, 2001.				

BILL SUMMARY: This bill extends the sunset on the white goods tax from July 1, 1998 to July 1, 2001 and reduces the tax on all new white goods to \$3.00. It tightens the limitations on how the tax proceeds can be expended by counties and increases the reporting requirements for use of the county funds. Finally, the bill changes the allocation of tax revenues. The Solid Waste Management Trust Fund (SWMTF) is to receive 8% of the revenue, instead of 5%, and the county revenue is reduced from 75% to 72%. The percentage of revenue going to the White Goods Management Account (WGMA) does not change.

BACKGROUND: A white good is a domestic or commercial large appliance, such as a refrigerator, a water heater, an air conditioning unit, or a dishwasher. Before 1996 many of these items contained chlorofluorocarbon refrigerants. That refrigerant is now banned by the Environmental Protection Agency and must be removed from appliances before their disposal. The current white goods disposal tax, paid at the point of sale on new goods, is \$5.00 if the item does not contain chlorofluorocarbon refrigerants, and \$10.00 if item contains those refrigerants.

ASSUMPTIONS AND METHODOLOGY: The tax data used in the analysis was provided by the Department of Revenue Sales and Use Tax Division. The Association of Home Appliance Manufacturers provided information on product sales in the State.

The overall rate decrease is equal to 52%. Of the white goods sold in 1996, 39% of the tax revenue came from items that used refrigerants and the remaining 61% of the revenue came from goods that did not contain refrigerants. The rate on white goods containing refrigerants is decreased by 70% (from \$10 to \$3) and the rate on the remaining white goods is reduced by 48% (from \$5 to \$3). The result, as measured in total revenue, is a 52% loss. The annual growth in sales is estimated at 5.8%.

FISCAL RESEARCH DIVISION

733-4910

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