

**NORTH CAROLINA GENERAL ASSEMBLY**

**LEGISLATIVE FISCAL NOTE**

**BILL NUMBER:** SB 664 (2nd Edition)  
**SHORT TITLE:** City of Monroe Prepared Food Tax  
**SPONSOR(S):** Sen. Plyler and Sen. Purcell

<b>FISCAL IMPACT</b>				
<b>Yes (X)</b>	<b>No ( )</b>	<b>No Estimate Available ( )</b>		
<u><b>FY 2001-02</b></u>	<u><b>FY 2002-03</b></u>	<u><b>FY 2003-04</b></u>	<u><b>FY 2004-05</b></u>	<u><b>FY 2005-06</b></u>
<b>REVENUES</b>				
<b>General Fund</b>				
<b>* No General Fund Impact*</b>				
<b>City of Monroe</b>				
<b>See Assumptions and Methodology</b>				
<b>PRINCIPAL DEPARTMENT(S) &amp; PROGRAM(S) AFFECTED:</b> City of Monroe.				
<b>EFFECTIVE DATE:</b> When it becomes law.				

**BILL SUMMARY:** The bill authorizes the Monroe City Council to levy a prepared food tax of up to 1% of the sales price of these items sold within the city limits. The bill exempts sales through vending machines, meals provided without charge to employees, items sold together with the rental of a sleeping room or lodging. Sales by retailers who collect an occupancy tax and do not separate the meal from the room are also exempt, as are grocery store sales that are not through the deli or similar department of the store. The legislation stipulates that the city shall administer the tax. Refunds will be given to non-profits that are offered a sales tax refund. The penalties are identical to those associated with the sales tax. The proceeds can be used for economic development, downtown Monroe development, and a civic center.

**ASSUMPTIONS AND METHODOLOGY:** Because the bill impacts only local revenues there is no General Fund impact.

According to the 1997 Economic Census, during that year Monroe foodservice and drinking place establishments reported \$52,052,000 in sales. Assuming this number is a reasonable proxy for prepared meals sales, a 1% tax would have generated approximately \$520,520 in revenue. Using a 5% growth rate since that time suggests the following revenue stream associated with this bill.

<b>Fiscal Year</b>	<b>Revenue</b>
2001-02	648,513
2002-03	680,938
2003-04	714,985
2004-05	750,735
2005-06	788,271

**FISCAL RESEARCH DIVISION 733-4910**

**PREPARED BY:** Linda Struyk Millsaps

**APPROVED BY:** James D. Johnson

**DATE:** August 15, 2001



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