



NORTH CAROLINA GENERAL ASSEMBLY

2023 Session

Legislative Fiscal Note

Short Title: Add'l Local Sales Tax/Sampson County.
Bill Number: Senate Bill 26 (Second Edition)
Sponsor(s): Sen. Brent Jackson

SUMMARY TABLE

FISCAL IMPACT OF S.B. 26, V.2 (\$ in millions)

	<u>FY 2023-24</u>	<u>FY 2024-25</u>	<u>FY 2025-26</u>	<u>FY 2026-27</u>	<u>FY 2027-28</u>
Local Impact					
Local Revenue	-	8.5	8.8	9.2	9.5
Less Local Expenditures	-	-	-	-	-
NET LOCAL IMPACT	-	\$8.5	\$8.8	\$9.2	\$9.5

FISCAL IMPACT SUMMARY

The bill has fiscal impact because it authorizes a new sales and use tax in Sampson County. The proceeds of the tax would not be shared with municipalities in the county. There is a fiscal impact to the Department of Revenue (DOR) for its costs associated with the new tax.

FISCAL ANALYSIS

The bill authorizes the Sampson County Board of Commissioners to impose and levy up to an additional 1% sales and use tax. The tax will not apply to food purchases. Sampson County would be the only county with the authority to levy this additional sales tax. FRD assumes the County will not begin levying this tax until July 2024 because of various timing requirements and the need to align collections with the first day of a calendar year quarter. The estimate is based on historical sales and use tax distributions and is adjusted for timing and expected economic growth. FRD estimates the new tax will generate approximately \$8.5 million beginning in FY 2024-25.

DOR estimates that to implement the new tax it will cost \$600,000 in one-time expenditures (\$300,000 in each of the first two fiscal years) and additional expenses on an ongoing basis (administration, communications, etc.). The bill does not allow DOR's costs to be reduced from the tax's revenues. Therefore, DOR would be required to absorb these costs within its existing resources.

TECHNICAL CONSIDERATIONS

N/A.

DATA SOURCES

N.C. 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

Questions on this analysis should be directed to the Fiscal Research Division at (919) 733-4910.

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