

# NORTH CAROLINA GENERAL ASSEMBLY

## LEGISLATIVE FISCAL NOTE

**BILL NUMBER:** House Bill 62 (First Edition)

**SHORT TITLE:** EFT of Corporate Estimated Income Tax

**SPONSOR(S):** Representatives Gray, et al.

<b>FISCAL IMPACT</b>					
	<b>Yes (X)</b>	<b>No ( )</b>	<b>No Estimate Available ( )</b>		
	<b><u>FY 1999-00</u></b>	<b><u>FY 2000-01</u></b>	<b><u>FY 2001-02</u></b>	<b><u>FY 2002-03</u></b>	<b><u>FY 2003-04</u></b>
<b>GENERAL FUND</b>					
Revenue	\$268,771	\$537,543	\$537,543	\$537,543	\$537,543
Expenditures	<u>\$10,039</u>	<u>\$20,078</u>	<u>\$20,078</u>	<u>\$20,078</u>	<u>\$20,078</u>
NET G.F. Gain	\$278,810	\$557,621	\$557,621	\$557,621	\$557,621
<b>PRINCIPAL DEPARTMENT(S) &amp; PROGRAM(S) AFFECTED:</b> Department of Revenue					
<b>EFFECTIVE DATE:</b> The effective date is Monday, March 15, 1999 for taxable years beginning on after January 1, 2000.					

### **BILL SUMMARY:**

The bill requires corporations that pay federal income tax estimated payments by electronic funds transfers (EFT) to also pay state income tax estimated payments by EFT.

### **ASSUMPTIONS AND METHODOLOGY:**

The Department of Revenue estimates an annual gain of \$557,621 from the required electronic funds transfer (EFT) provision in this bill. By processing 15,707 transactions by EFT instead of paper based transactions, the state will earn an additional six days of interest on tax collections of \$357.7 million each fiscal year. Using the State Treasurer's FY 1997-98 short-term interest rate of 5.51%, the additional interest is anticipated to be \$537,543 per year. The remainder of the gain (\$20,078) is from a reduction in printing, postage and processing of the coupon sized payment vouchers now used by corporate taxpayers. Due to a January 1, 2000 effective date, the first fiscal year savings will be half of the estimate. This assumes that the quarterly estimated tax payments are equal and that the April and June 2000 payments are made by EFT.

**FISCAL RESEARCH DIVISION (733-4910)**

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**APPROVED BY:** Tom Covington

**DATE:** March 15, 1999



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