

GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2013

Legislative Fiscal Note

BILL NUMBER: Senate Bill 790 (Second Edition)

SHORT TITLE: Cape Hatteras EMC Tax Status.

SPONSOR(S): Senator Cook

FISCAL IMPACT					
(\$ in millions)					
	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> No Estimate Available		
	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19
State Impact					
General Fund Revenues:	(0.23)	0.0	0.0	0.0	0.0
NET STATE IMPACT	(0.23)	\$0.0	\$0.0	\$0.0	\$0.0
Local Impact					
Revenues:	(0.18)	0.0	0.0	0.0	0.0
NET LOCAL IMPACT	(0.18)	\$0.0	\$0.0	\$0.0	\$0.0
PRINCIPAL DEPARTMENT(S) & PROGRAM(S) AFFECTED: North Carolina Department Revenue					
EFFECTIVE DATE: July 1, 2014					
TECHNICAL CONSIDERATIONS: None					

BILL SUMMARY: SB 790 (second edition) repeals Section 4.5 of S.L. 2013-316, the sales tax on electricity sold by the Cape Hatteras Electric Membership Corporation and implements a phase in of the full sales tax rate of 7%.

ASSUMPTIONS AND METHODOLOGY:

Fiscal Research estimates that SB 790 (second addition) will result in a General Fund revenue loss of \$0.23 million in FY 2014-15. The bill will also eliminate a \$0.18 million distribution to the municipalities served by the Cape Hatteras Electric Membership Corporation. This fiscal estimate is based on data gathered from the U.S. Energy Information Administration (EIA).

According to the EIA, the Cape Hatteras Electric Membership Corporation generated \$11.9 million in residential utility sales in 2012. The fiscal impact of applying a reduced sales tax rate on electricity of (3.5% instead of the full 7%) is \$0.41 million. After adjusting for inflation, accounting for the local distribution (44% of tax revenue from electricity sold within city limits is allocated to cities), the net loss to the General Fund is \$0.23 million.

SOURCES OF DATA: Energy Information Administration and NC Department of Revenue

TECHNICAL CONSIDERATIONS: None

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DATE: June 1, 2014



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