

NORTH CAROLINA GENERAL ASSEMBLY

LEGISLATIVE FISCAL NOTE

**BILL NUMBER:** SB 853

**SHORT TITLE:** Global TransPark Development Zone

**SPONSOR(S):** Senator(s) Kerr, Warren, Albertson, Codington, Cooper, Martin of Pitt, Perdue, Speed, and Jordan

**FISCAL IMPACT:**     **Expenditures:**     **Increase ( )**     **Decrease ( )**  
                              **Revenues:**           **Increase (X)**     **Decrease ( )**

**Other Fund (X)**

**BILL SUMMARY:** The proposed act authorizes any three or more counties, having the potential to derive economic benefit from the North Carolina Global TransPark, to create a special economic development district to be called the Global TransPark Development Zone. In order to create the Zone, at least three counties must each hold a public hearing and adopt a resolution on or before July 7, 1993. Each county's resolution must be similar by adhering to the guidelines set forth in the act when preparing each resolution for adoption. Every county that adopts a resolution must, on or before July 12, 1993, file with the Secretary of State a certified copy of the approved resolution and proof that public notice of the hearing was given no later than 10 days before the hearing was held.

In addition, to establishing certain powers governing the conduct of the affairs of the Zone, the Zone is granted the power to levy within the member counties a **temporary** 1% sales and use tax. Before the tax can be implemented the Zone must conduct a public hearing on or before August 11, 1993 and adopt a resolution levying the tax on or before August 18, 1993.

The tax would become effective for 6 months beginning on October 1, 1993 and expire March 31, 1994. The proceeds from the tax plus the interest may be used by the zone to make loans and grants for economic development projects and infrastructure projects within the jurisdiction of the Zone but not within the Global TransPark Complex.

The Secretary of Revenue is to remit the tax to the Zone on a quarterly basis.

**EFFECTIVE DATE:** Upon Ratification

**PRINCIPAL DEPARTMENT(S)/PROGRAM(S) AFFECTED:**

Department of Revenue  
Counties imposing the sales tax

**FISCAL IMPACT**

Estimate

(\$Million)

**Global TransPark Development Zone**

Quarter Ending

December 31, 1993

Quarter Ending

March 31, 1994

**LOCAL FUNDS**

\$ 12.3

\$11.6

**ASSUMPTIONS AND METHODOLOGY:** (1) All of the counties listed in the bill will join the Zone. (2) The average annual growth in sales tax receipts will be at least 5% for each county in both of the quarters for which the tax will be in effect. The estimate assumes that the State's economy will remain stable and the individual counties will experience similar growth patterns in sales tax collections as they have over the past 10 years. (See attachment for the sales tax estimate by county.)

**SOURCES OF DATA:**

Department of Revenue; Local Government Sales and Use Tax Distribution Report for Quarters ending in March of 1992 and December of 1992.

**TECHNICAL CONSIDERATIONS:**

The revenue expected to be collected from this special tax could differ significantly if any one county did not join the Zone. The estimate is based on when sales occurred. Due to the quarterly distributions of proceeds from the tax, the Zone will receive revenue over three distribution periods; February, May, and August. Sales tax receipts are remitted to the Department of Revenue on the 15th of each month for collections in the preceding month. Therefore if the tax is imposed on the first of October the revenue from sales made in October will not be remitted to the Department until November 15, and sales made in the month of March will be remitted to the Department on the 15th of April. Therefore the Zone will not receive the March proceeds until the third quarter distribution is made in August.

**FISCAL RESEARCH DIVISION**

733-4910

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**DATE:** April 19, 1993

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